

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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HOUSE BILL 259
Committee Substitute Favorable 4/3/23
Third Edition Engrossed 4/6/23
Senate Appropriations/Base Budget Committee Substitute Adopted with unengrossed
amendments 5/16/23
Senate Finance Committee Favorable with unengrossed amendments 5/16/23
Senate Pensions and Retirement and Aging Committee Substitute Adopted 5/16/23
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Proposed Conference Committee Substitute H259-CCSMQX-2 [v.2]
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Short Title: 2023 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 6, 2023

1
2 A BILL TO BE ENTITLED
3 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS
4 OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. TITLE AND INTRODUCTION**

8
9 **TITLE OF ACT**

10 **SECTION 1.1.** This act shall be known as the "Current Operations Appropriations
11 Act of 2023."

12
13 **INTRODUCTION**

14 **SECTION 1.2.** The appropriations made in this act are for maximum amounts
15 necessary to provide the services and accomplish the purposes described in the budget in
16 accordance with the State Budget Act. Savings shall be effected where the total amounts
17 appropriated are not required to perform these services and accomplish these purposes, and the
18 savings shall revert to the appropriate fund at the end of each fiscal year, except as otherwise
19 provided by law.

20
21 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

22
23 **GENERAL FUND APPROPRIATIONS**

24 **SECTION 2.1.(a)** Appropriations from the General Fund for the budgets of the State
25 departments, institutions, and agencies, and for other purposes as enumerated, are made for each
26 year of the 2023-2025 fiscal biennium, according to the following schedule:

27
28 **Current Operations - General Fund**

FY 2023-2024

FY 2024-2025



1	EDUCATION		
2	North Carolina Community College System		
3	Requirements	1,877,925,960	1,902,511,556
4	Less: Receipts	403,685,353	388,408,799
5	Net Appropriation	1,474,240,607	1,514,102,757
6			
7	Department of Public Instruction		
8	Requirements	13,492,320,541	13,699,714,749
9	Less: Receipts	1,927,760,615	1,750,698,621
10	Net Appropriation	11,564,559,926	11,949,016,128
11			
12	THE UNIVERSITY OF NORTH CAROLINA		
13	East Carolina Univ. - Academic Affairs		
14	Requirements	431,788,788	432,957,458
15	Less: Receipts	167,185,795	168,350,410
16	Net Appropriation	264,602,993	264,607,048
17			
18	East Carolina Univ. - Health Affairs		
19	Requirements	110,410,728	114,341,160
20	Less: Receipts	19,020,872	13,587,770
21	Net Appropriation	91,389,856	100,753,390
22			
23	Elizabeth City State University		
24	Requirements	49,820,539	50,985,154
25	Less: Receipts	3,660,169	4,824,784
26	Net Appropriation	46,160,370	46,160,370
27			
28	Fayetteville State University		
29	Requirements	90,646,751	91,811,366
30	Less: Receipts	11,935,205	13,099,820
31	Net Appropriation	78,711,546	78,711,546
32			
33	Appalachian State University		
34	Requirements	311,994,580	313,413,598
35	Less: Receipts	124,504,307	124,504,786
36	Net Appropriation	187,490,273	188,908,812
37			
38	NC A&T University		
39	Requirements	244,098,043	240,062,658
40	Less: Receipts	87,678,145	88,842,760
41	Net Appropriation	156,419,898	151,219,898
42			
43	NC School of Science and Mathematics		
44	Requirements	45,595,072	45,331,072
45	Less: Receipts	3,555,677	3,291,677
46	Net Appropriation	42,039,395	42,039,395
47			
48	NC State University - Academic Affairs		
49	Requirements	955,054,072	954,304,072
50	Less: Receipts	438,387,357	438,387,357
51	Net Appropriation	516,666,715	515,916,715

1			
2	NC State University - Ag. Research		
3	Requirements	78,878,032	79,228,032
4	Less: Receipts	19,124,784	19,124,784
5	Net Appropriation	59,753,248	60,103,248
6			
7	NC State University - Coop. Extension		
8	Requirements	64,983,558	64,983,558
9	Less: Receipts	18,874,550	18,874,550
10	Net Appropriation	46,109,008	46,109,008
11			
12	North Carolina Central University		
13	Requirements	143,519,077	144,633,692
14	Less: Receipts	51,895,844	53,010,459
15	Net Appropriation	91,623,233	91,623,233
16			
17	UNC at Asheville		
18	Requirements	72,301,113	73,465,728
19	Less: Receipts	21,876,242	23,040,857
20	Net Appropriation	50,424,871	50,424,871
21			
22	UNC at Chapel Hill - Academic Affairs		
23	Requirements	762,333,122	723,833,122
24	Less: Receipts	376,959,533	376,959,533
25	Net Appropriation	385,373,589	346,873,589
26			
27	UNC at Chapel Hill - Area Health Ed.		
28	Requirements	56,271,874	56,271,874
29	Less: Receipts	1,000,000	0
30	Net Appropriation	55,271,874	56,271,874
31			
32	UNC at Chapel Hill - Health Affairs		
33	Requirements	371,568,724	369,568,724
34	Less: Receipts	140,758,876	138,758,876
35	Net Appropriation	230,809,848	230,809,848
36			
37	UNC at Charlotte		
38	Requirements	485,592,624	486,757,239
39	Less: Receipts	178,652,793	179,817,408
40	Net Appropriation	306,939,831	306,939,831
41			
42	UNC at Greensboro		
43	Requirements	313,725,257	314,889,872
44	Less: Receipts	116,192,973	117,357,588
45	Net Appropriation	197,532,284	197,532,284
46			
47	UNC at Pembroke		
48	Requirements	124,344,011	125,508,626
49	Less: Receipts	26,162,155	27,326,770
50	Net Appropriation	98,181,856	98,181,856
51			

1	UNC at Wilmington		
2	Requirements	313,631,547	314,796,162
3	Less: Receipts	114,684,281	115,848,896
4	Net Appropriation	198,947,266	198,947,266
5			
6	UNC BOG - Aid to Private Institutions		
7	Requirements	2,709,300	1,209,300
8	Less: Receipts	1,500,000	0
9	Net Appropriation	1,209,300	1,209,300
10			
11	UNC BOG - Institutional Programs		
12	Requirements	379,975,287	431,005,955
13	Less: Receipts	78,686,295	51,750,000
14	Net Appropriation	301,288,992	379,255,955
15			
16	UNC BOG - Related Ed. Programs		
17	Requirements	699,765,350	810,451,818
18	Less: Receipts	153,888,975	167,855,939
19	Net Appropriation	545,876,375	642,595,879
20			
21	UNC School of the Arts		
22	Requirements	56,488,236	56,488,236
23	Less: Receipts	17,148,612	17,148,612
24	Net Appropriation	39,339,624	39,339,624
25			
26	UNC System Office		
27	Requirements	47,640,384	47,640,384
28	Less: Receipts	259,217	259,217
29	Net Appropriation	47,381,167	47,381,167
30			
31	Western Carolina University		
32	Requirements	185,596,722	186,734,561
33	Less: Receipts	29,507,260	30,671,875
34	Net Appropriation	156,089,462	156,062,686
35			
36	Winston-Salem State University		
37	Requirements	91,945,473	93,110,088
38	Less: Receipts	22,435,103	23,599,718
39	Net Appropriation	69,510,370	69,510,370
40			
41	HEALTH AND HUMAN SERVICES		
42	Aging and Adult Services		
43	Requirements	163,902,299	163,989,332
44	Less: Receipts	110,387,749	110,359,697
45	Net Appropriation	53,514,550	53,629,635
46			
47	Central Management and Support		
48	Requirements	455,836,489	516,342,065
49	Less: Receipts	237,329,668	290,358,595
50	Net Appropriation	218,506,821	225,983,470
51			

1	Child and Family Well-Being		
2	Requirements	598,235,409	598,865,804
3	Less: Receipts	538,497,331	538,307,550
4	Net Appropriation	59,738,078	60,558,254
5			
6	Child Development and Early Education		
7	Requirements	894,290,703	893,346,831
8	Less: Receipts	639,965,909	638,948,539
9	Net Appropriation	254,324,794	254,398,292
10			
11	Emp. & Indep. for People with Disabilities		
12	Requirements	186,405,070	184,426,242
13	Less: Receipts	142,882,705	140,253,360
14	Net Appropriation	43,522,365	44,172,882
15			
16	Health Benefits		
17	Requirements	28,737,477,319	31,608,353,002
18	Less: Receipts	23,269,219,375	25,823,717,053
19	Net Appropriation	5,468,257,944	5,784,635,949
20			
21	Health Services Regulation		
22	Requirements	81,765,736	82,341,123
23	Less: Receipts	56,854,010	56,649,546
24	Net Appropriation	24,911,726	25,691,577
25			
26	Mental Hlth./Dev. Disabl./Subs. Use Serv.		
27	Requirements	1,913,498,634	1,955,920,868
28	Less: Receipts	1,070,836,251	1,102,274,961
29	Net Appropriation	842,662,383	853,645,907
30			
31	Public Health		
32	Requirements	490,574,984	497,375,103
33	Less: Receipts	361,050,412	362,909,576
34	Net Appropriation	129,524,572	134,465,527
35			
36	Services for the Blind/Deaf/Hard of Hearing		
37	Requirements	45,351,158	45,470,847
38	Less: Receipts	36,012,108	35,981,255
39	Net Appropriation	9,339,050	9,489,592
40			
41	Social Services		
42	Requirements	2,205,426,974	2,214,193,327
43	Less: Receipts	1,983,851,401	1,993,537,351
44	Net Appropriation	221,575,573	220,655,976
45			
46	AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
47	Agriculture and Consumer Services		
48	Requirements	276,985,638	274,102,971
49	Less: Receipts	96,058,772	91,858,909
50	Net Appropriation	180,926,866	182,244,062
51			

1	Commerce		
2	Requirements	544,903,642	642,797,732
3	Less: Receipts	370,622,400	439,193,455
4	Net Appropriation	174,281,242	203,604,277
5			
6	Environmental Quality		
7	Requirements	312,486,149	299,399,902
8	Less: Receipts	203,784,374	189,844,998
9	Net Appropriation	108,701,775	109,554,904
10			
11	Labor		
12	Requirements	43,902,629	44,468,963
13	Less: Receipts	18,291,651	18,112,941
14	Net Appropriation	25,610,978	26,356,022
15			
16	Natural and Cultural Resources		
17	Requirements	351,947,543	336,533,868
18	Less: Receipts	63,129,682	54,842,950
19	Net Appropriation	288,817,861	281,690,918
20			
21	Wildlife Resources Commission		
22	Requirements	114,715,321	98,586,402
23	Less: Receipts	96,502,052	81,855,762
24	Net Appropriation	18,213,269	16,730,640
25			
26	JUSTICE AND PUBLIC SAFETY		
27	Indigent Defense Services		
28	Requirements	164,439,200	170,714,444
29	Less: Receipts	14,589,207	13,962,679
30	Net Appropriation	149,849,993	156,751,765
31			
32	Department of Public Safety		
33	Requirements	931,448,939	932,942,136
34	Less: Receipts	245,702,873	237,764,523
35	Net Appropriation	685,746,066	695,177,613
36			
37	Department of Adult Correction		
38	Requirements	2,032,822,259	2,070,615,156
39	Less: Receipts	36,165,743	24,612,230
40	Net Appropriation	1,996,656,516	2,046,002,926
41			
42	Administrative Office of the Courts		
43	Requirements	758,146,146	780,128,108
44	Less: Receipts	7,441,730	1,210,166
45	Net Appropriation	750,704,416	778,917,942
46			
47	Department of Justice		
48	Requirements	111,302,130	112,115,754
49	Less: Receipts	45,605,802	45,147,562
50	Net Appropriation	65,696,328	66,968,192
51			

1	GENERAL GOVERNMENT		
2	Administration		
3	Requirements	78,838,024	80,145,616
4	Less: Receipts	12,893,084	12,636,055
5	Net Appropriation	65,944,940	67,509,561
6			
7	Administrative Hearings		
8	Requirements	9,280,684	9,449,343
9	Less: Receipts	1,268,311	1,216,625
10	Net Appropriation	8,012,373	8,232,718
11			
12	Auditor		
13	Requirements	25,780,581	26,171,092
14	Less: Receipts	7,029,524	6,899,163
15	Net Appropriation	18,751,057	19,271,929
16			
17	Budget and Management		
18	Requirements	22,353,628	12,567,620
19	Less: Receipts	11,110,708	1,036,517
20	Net Appropriation	11,242,920	11,531,103
21			
22	Budget and Management - Special Approp.		
23	Requirements	1,384,305,000	57,275,000
24	Less: Receipts	1,344,205,000	46,725,000
25	Net Appropriation	40,100,000	10,550,000
26			
27	Controller		
28	Requirements	36,259,940	36,837,536
29	Less: Receipts	1,071,185	875,957
30	Net Appropriation	35,188,755	35,961,579
31			
32	Elections		
33	Requirements	17,841,169	9,861,207
34	Less: Receipts	5,763,121	102,000
35	Net Appropriation	12,078,048	9,759,207
36			
37	General Assembly		
38	Requirements	100,869,872	100,286,556
39	Less: Receipts	1,180,928	561,000
40	Net Appropriation	99,688,944	99,725,556
41			
42	Governor		
43	Requirements	7,638,436	7,771,765
44	Less: Receipts	1,045,683	1,000,730
45	Net Appropriation	6,592,753	6,771,035
46			
47	Housing Finance Agency		
48	Requirements	55,660,000	55,660,000
49	Less: Receipts	45,000,000	45,000,000
50	Net Appropriation	10,660,000	10,660,000
51			

1	Human Resources		
2	Requirements	16,653,363	11,252,211
3	Less: Receipts	5,767,638	100,888
4	Net Appropriation	10,885,725	11,151,323
5			
6	Industrial Commission		
7	Requirements	24,334,029	24,516,649
8	Less: Receipts	20,556,516	20,739,136
9	Net Appropriation	3,777,513	3,777,513
10			
11	Insurance		
12	Requirements	57,332,708	58,428,398
13	Less: Receipts	5,493,452	5,140,347
14	Net Appropriation	51,839,256	53,288,051
15			
16	Lieutenant Governor		
17	Requirements	1,322,435	1,343,471
18	Less: Receipts	9,756	0
19	Net Appropriation	1,312,679	1,343,471
20			
21	Military and Veterans Affairs		
22	Requirements	14,131,285	11,642,217
23	Less: Receipts	54,662	0
24	Net Appropriation	14,076,623	11,642,217
25			
26	Revenue		
27	Requirements	189,349,897	189,810,136
28	Less: Receipts	70,984,788	68,697,348
29	Net Appropriation	118,365,109	121,112,788
30			
31	Secretary of State		
32	Requirements	19,301,082	19,574,159
33	Less: Receipts	457,008	330,036
34	Net Appropriation	18,844,074	19,244,123
35			
36	Treasurer		
37	Requirements	74,082,340	74,099,682
38	Less: Receipts	73,873,266	73,890,608
39	Net Appropriation	209,074	209,074
40			
41	Treasurer - Other Retirement Plans/Benefits		
42	Requirements	22,773,708	22,923,708
43	Less: Receipts	0	0
44	Net Appropriation	22,773,708	22,923,708
45			
46	INFORMATION TECHNOLOGY		
47	Department of Information Technology		
48	Requirements	141,695,168	110,450,423
49	Less: Receipts	60,392,638	31,479,233
50	Net Appropriation	81,302,530	78,971,190
51			

1	RESERVES AND LOTTERY		
2	General Fund Reserve		
3	Requirements	450,000	117,743,582
4	Less: Receipts	0	0
5	Net Appropriation	450,000	117,743,582
6			
7	Total Requirements	65,577,042,485	67,786,850,165
8	Less: Total Receipts	35,869,919,461	36,963,536,167
9	Total Net Appropriation	29,707,123,024	30,823,313,998

10

11 **SECTION 2.1.(b)** For purposes of this act and the Committee Report described in
 12 Section 43.2 of this act, the requirements set forth in this section represent the total amount of
 13 funds, including agency receipts, appropriated to an agency, department, or institution.
 14

15

GENERAL FUND AVAILABILITY

16

17 **SECTION 2.2.(a)** General Fund Availability. – The General Fund availability
 18 derived from State tax revenue, nontax revenue, and other adjustments used in developing the
 19 budget for each year of the 2023-2025 fiscal biennium is as follows:

20

	FY 2023-2024	FY 2024-2025	
20	Unappropriated Balance Remaining FY 2022-23	818,331,123	1,564,437,931
21	Actual/Anticipated Reversions	1,021,600,829	300,000,000
22	Actual FY 2022-23 Overcollections	3,025,504,013	-
23	S.L. 2023-11, 2022 Budget Technical Corrections	(26,207,523)	-
24	Tech. Adj., FY 2022-23 Unfunded Liab. Solvency Reserve	10,000,000	-
25	Total, Prior Year-End Fund Balance	4,849,228,442	1,864,437,931

26

Revised Consensus Revenue Forecast

27

28	Tax Revenue	32,115,800,000	32,395,200,000
29	Non-Tax Revenue	1,723,100,000	1,480,100,000
30	Total, Tax and Non-Tax Revenue	33,838,900,000	33,875,300,000

31

Revenue Adjustments

32

33	Adjustments to Tax Revenue	(134,577,000)	(652,020,000)
34	Adjustments to Non-Tax Revenue	(3,604,984)	(2,167,189)
35	Gross Premiums Tax Contingent on H.B. 149	21,500,000	113,390,000
36	S.L. 2023-42, Sport Wagering/Horse Racing Wagering	8,500,000	36,100,000
37	S.L. 2023-93, Treasury Administrative Changes Act	(5,056,718)	(5,056,718)
38	Total, Revenue Adjustments	(113,238,702)	(509,753,907)

39

Reservations of Revenue, Statutory* and Discretionary

40

41	State Capital and Infrastructure Fund (SCIF)*	(1,412,592,500)	(1,461,333,238)
42	Additional Transfer to SCIF	(1,050,000,000)	(700,000,000)
43	Savings Reserve	-	(125,000,000)
44	Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
45	Regional Economic Development Reserve	(1,250,000,000)	-
46	Economic Development Project Reserve	(630,000,000)	(100,000,000)
47	Medicaid Contingency Reserve	(400,000,000)	(250,000,000)
48	Medicaid Transformation Reserve	(5,000,000)	-
49	State Emergency Response and Disaster Relief Fund	(75,000,000)	(75,000,000)
50	Information Technology Reserve	(450,000,000)	-
51	Federal Infrastructure Match Reserve	(50,000,000)	-

1	Housing Reserve	(45,000,000)	(45,000,000)
2	Retiree Supplement Reserve	(145,600,000)	-
3	Transportation Reserve	(450,000,000)	(100,000,000)
4	NCInnovation Reserve	(250,000,000)	(250,000,000)
5	Tech. Adj., Unfunded Liability Solvency Reserve	(10,000,000)	-
6	Total, All Reservations of Revenue	(7,223,192,500)	(4,106,333,238)
7			
8	Revised Total General Fund Availability	31,351,697,240	31,123,650,786
9			
10	General Fund Net Appropriations		
11	S.L. 2023-14, Care for Women, Children, & Families Act	(80,136,285)	(79,336,285)
12	H.B. 259, 2023 Appropriations Act	(29,707,123,024)	(30,823,313,998)
13	Total, General Fund Net Appropriations	(29,787,259,309)	(30,902,650,283)
14			
15	Unappropriated Balance Remaining	1,564,437,931	221,000,503

17 **SECTION 2.2.(b)** SCIF. – In addition to the amount required under
18 G.S. 143C-4-3.1, the State Controller shall transfer to the State Capital and Infrastructure Fund
19 established under G.S. 143C-4-3.1 the sum of one billion fifty million dollars (\$1,050,000,000)
20 in the 2023-2024 fiscal year and the sum of seven hundred million dollars (\$700,000,000) in the
21 2024-2025 fiscal year.

22 **SECTION 2.2.(c)** Medicaid Contingency Reserve. – The State Controller shall
23 reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available
24 in the General Fund the sum of four hundred million dollars (\$400,000,000) in nonrecurring
25 funds for the 2023-2024 fiscal year and the sum of two hundred fifty million dollars
26 (\$250,000,000) in nonrecurring funds for the 2024-2025 fiscal year.

27 **SECTION 2.2.(d)** IT Reserve. – The State Controller shall reserve to the Information
28 Technology Reserve established in Section 2.2(h) of S.L. 2021-180 from funds available in the
29 General Fund the sum of four hundred fifty million dollars (\$450,000,000) in nonrecurring funds
30 for the 2023-2024 fiscal year. The State Controller shall transfer funds available in the
31 Information Technology Reserve to State agencies and departments for information technology
32 projects in accordance with the following schedule, and the funds transferred are appropriated
33 for the fiscal year in which they are transferred:

35	State Agency or Department	2023-2024	2024-2025
37	(1) Department of Information Technology		
38	(Budget Code: 14660)	\$43,546,653	\$14,806,653
39	(2) Department of Environmental Quality		
40	(Budget Code: 14300)	7,500,000	2,500,000
41	(3) Department of Environmental Quality-Spec. Rev.		
42	(Budget Code: 24317)	5,510,000	5,510,000
43	(4) General Assembly		
44	(Budget Code: 21000)	15,000,000	0
45	(5) Department of Public Safety		
46	(Budget Code: 14550)	3,000,000	0
47	(6) Department of Health and Human Services		
48	(Budget Code: 14440)	8,180,000	680,000
49	(7) Department of Health and Human Services		
50	(Budget Code: 14410)	14,177,000	0
51	(8) University of North Carolina – BOG Instit. Pgms.		

1	(Budget Code: 16011)	3,250,000	0
2	(9) University of North Carolina – BOG Related Ed. Pgms.		
3	(Budget Code: 16012)	22,622,000	25,518,000
4	(10) State Board of Elections		
5	(Budget Code: 18025)	5,600,000	0
6	(11) Office of State Human Resources		
7	(Budget Code: 14111)	5,600,000	0
8	(12) NC Community College System		
9	(Budget Code: 26802)	0	15,000,000
10	(13) State Capital and Infrastructure Fund		
11	(Budget Code: 24001)	8,000,000	0
12	(14) Revenue		
13	(Budget Code: 14700)	1,650,000	0

SECTION 2.2.(e) SERDRF. – The State Controller shall reserve to the State Emergency Response and Disaster Relief Fund established in G.S. 166A-19.42 from funds available in the General Fund the sum of seventy-five million dollars (\$75,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of seventy-five million dollars (\$75,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the State Emergency Response and Disaster Relief Fund to State agencies and departments for the purposes described in Section 5.6 of this act and in accordance with the following schedule. The funds transferred are appropriated for the five-year period ending June 30, 2028.

	State Agency or Department	2023-2024	2024-2025
27	(1) Emergency Management		
28	(Budget Code: 24552)	\$174,601,092	\$0
29	(2) Office of State Budget and Management – Special		
30	Appropriations (Budget Code: 13085)	22,255,000	0
31	(3) DACS–Soil & Water Conservation		
32	(Budget Code: 23704)	20,000,000	0
33	(4) Department of Insurance		
34	(Budget Code: 63903)	20,000,000	0
35	(5) Department of Environmental Quality		
36	(Budget Code: 14300)	7,500,000	0
37	(6) Department of Environmental Quality – Disaster		
38	(Budget Code: 24310)	10,493,953	987,906
39	(7) Wildlife Resources Commission		
40	(Budget Code: 14350)	11,000,000	0
41	(8) DEQ – Special Revenue		
42	(Budget Code: 24317)	10,000,000	10,000,000
43	(9) UNC at Chapel Hill – Academic Affairs		
44	(Budget Code: 16020)	330,000	330,000
45	(10) NC School of Science & Math		
46	(Budget Code: 16094)	264,000	0
47	(11) North Carolina Central University		
48	(Budget Code: 16090)	50,000	0

SECTION 2.2.(f) Retiree Supplement Reserve. – There is established in the General Fund a Retiree Supplement Reserve to provide funds for a four percent (4%) retiree supplement.

1 The State Controller shall reserve to the Retiree Supplement Reserve from funds available in the
 2 General Fund the sum of one hundred forty-five million six hundred thousand dollars
 3 (\$145,600,000) in nonrecurring funds for the 2023-2024 fiscal year. The State Controller shall
 4 transfer to State agencies and departments the funds needed to provide the four percent (4%)
 5 supplement as provided in Section 39.27 of this act, and the funds transferred are appropriated
 6 for the fiscal year in which they are transferred.

7 **SECTION 2.2.(g)** Clean Water and Drinking Water Reserve. – The State Controller
 8 shall reserve to the Clean Water and Drinking Water Reserve established in Section 2.2(p) of
 9 S.L. 2022-74 from funds available in the General Fund the sum of one billion dollars
 10 (\$1,000,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one billion
 11 dollars (\$1,000,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State
 12 Controller shall transfer to the Department of Environmental Quality the funds needed for clean
 13 water and drinking water projects in accordance with Section 12.2 of this act, and the funds
 14 transferred are appropriated for the fiscal year in which they are transferred.

15 **SECTION 2.2.(h)** Economic Development Project Reserve. – The State Controller
 16 shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L.
 17 2021-180 from funds available in the General Fund the sum of six hundred thirty million dollars
 18 (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred
 19 million dollars (\$100,000,000) for the 2024-2025 fiscal year. The State Controller shall transfer
 20 funds available in the Economic Development Project Reserve to State agencies and departments
 21 for economic development initiatives in accordance with the following schedule, and the funds
 22 transferred are appropriated for the fiscal year in which they are transferred:

State Agency or Department	2023-2024	2024-2025
(1) Department of Commerce (Budget Code: 14601)	\$10,000,000	\$0
(2) Department of Commerce (Budget Code: 14602)	10,600,000	108,400,000
(3) Department of Environmental Quality (Budget Code: 14300)	1,000,000	0

33 **SECTION 2.2.(i)** Housing Reserve. – The State Controller shall reserve to the
 34 Housing Reserve established in Section 2.2(k) of S.L. 2022-74 from funds available in the
 35 General Fund the sum of forty-five million dollars (\$45,000,000) in nonrecurring funds for the
 36 2023-2024 fiscal year and the sum of forty-five million dollars (\$45,000,000) in nonrecurring
 37 funds for the 2024-2025 fiscal year. The State Controller shall transfer funds available in the
 38 Housing Reserve to the Housing Finance Agency (Budget Code: 13010) in the sum of forty-five
 39 million dollars (\$45,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of
 40 forty-five million dollars (\$45,000,000) in nonrecurring funds for the 2024-2025 fiscal year, and
 41 those funds are appropriated for the fiscal year in which they are transferred.

42 **SECTION 2.2.(j)** Transportation Reserve. – There is established in the General Fund
 43 a Transportation Reserve. The State Controller shall reserve to the Transportation Reserve from
 44 funds available in the General Fund the sum of four hundred fifty million dollars (\$450,000,000)
 45 in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred million dollars
 46 (\$100,000,000) in nonrecurring funds for the 2024-2025 fiscal year. Funds transferred under this
 47 subsection are appropriated to the Department of Transportation (Budget Code: 84210) for the
 48 fiscal year in which they are transferred to be used in accordance with this act.

49 **SECTION 2.2.(k)** NCInnovation. – There is established in the General Fund an
 50 NCInnovation Reserve to make funds available for NCInnovation, Inc. (NCInnovation), a North
 51 Carolina nonprofit corporation, for the purposes set out in Section 11.9 of this act. The State

1 Controller shall reserve to the NCInnovation Reserve from funds available in the General Fund
2 the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the
3 2023-2024 fiscal year and the sum of two hundred fifty million dollars (\$250,000,000) in
4 nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer portions of
5 the funds in the NCInnovation Reserve to the Department of Commerce (Department) as
6 provided in this subsection, and these funds are hereby appropriated to the Department for
7 allocation to NCInnovation for purposes consistent with Section 11.9 of this act. The required
8 transfers are as follows:

- 9 (1) Two hundred fifty million dollars (\$250,000,000) upon the Department
10 certifying to the State Controller that NCInnovation has met the requirements
11 set out in Article 76B of Chapter 143 of the General Statutes, as enacted by
12 Section 11.9 of this act.
- 13 (2) Two hundred fifty million dollars (\$250,000,000) upon the later of July 1,
14 2024, or the Department certifying to the State Controller that NCInnovation
15 has met the following requirements:
 - 16 a. NCInnovation has established a network of regional innovation hubs
17 with at least four regional innovation hubs.
 - 18 b. NCInnovation has completed (i) research, technology, and innovation
19 studies of the four regional innovation hubs to maximize local
20 educational research efforts and the commercialization of those efforts
21 to meet regional needs and (ii) a statewide strategic technology
22 development plan.
 - 23 c. NCInnovation has produced and provided to the Joint Legislative
24 Commission on Governmental Operations detailed spending plans and
25 performance management programs for awarding funds.
 - 26 d. NCInnovation has received written commitments for private
27 contributions totaling at least twenty-five million dollars
28 (\$25,000,000) to be received within four years of receipt of the
29 endowment.
 - 30 e. NCInnovation has reported, at least semiannually, to the Joint
31 Legislative Commission on Governmental Operations on the progress
32 of meeting the requirements of this subdivision.

33 **SECTION 2.2.(l)** World University Games Reserve. – Section 2.2(j) of S.L. 2022-74
34 reads as rewritten:

35 "**SECTION 2.2.(j)** There is established in the General Fund a World University Games
36 Reserve to make funds available to support the State of North Carolina as a host of the ~~2027-2029~~
37 World University Games upon an act of appropriation by the General Assembly. The State
38 Controller shall reserve to the World University Games Reserve from funds available in the
39 General Fund the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the
40 2022-2023 fiscal year. Funds in the reserve that have not been appropriated by ~~June 30, 2026,~~
41 June 30, 2024, shall revert to the General Fund and the World University Games Reserve shall
42 be eliminated."

43 **SECTION 2.2.(m)** World University Games Appropriation. – The State Controller
44 shall transfer to the Department of Commerce (Budget Code: 14602) the sum of twenty-five
45 million dollars (\$25,000,000) in the 2023-2024 fiscal year from the World University Games
46 Reserve, and the funds transferred are appropriated for the fiscal year in which they are
47 transferred. The Department shall annually report no later than October 1 following the
48 conclusion of any fiscal year in which funds appropriated by this section are expended or
49 encumbered on activities and programs supported by the funds. Funds appropriated by this
50 subsection that have not been expended or encumbered by June 30, 2024, shall revert to the
51 General Fund.

1 **SECTION 2.2.(n)** Regional Economic Development Reserve. – There is established
 2 in the General Fund a Regional Economic Development Reserve. The State Controller shall
 3 reserve to the Regional Economic Development Reserve from funds available in the General
 4 Fund the sum of one billion two hundred fifty million dollars (\$1,250,000,000) in nonrecurring
 5 funds for the 2023-2024 fiscal year and shall transfer funds available in the Reserve in accordance
 6 with the following schedule, and the funds transferred are appropriated for the fiscal year in
 7 which the funds are transferred:

State Agency or Department	2023-2024	2024-2025
(1) Office of State Budget and Management – Spec. Approp. (Budget Code: 13085)	\$1,245,350,000	\$4,650,000

13 **SECTION 2.2.(p)** Federal Infrastructure Match Reserve. – The State Controller shall
 14 reserve to the Federal Infrastructure Match Reserve established in Section 2.2(m) of S.L. 2022-74
 15 from funds available in the General Fund the sum of fifty million dollars (\$50,000,000) in
 16 nonrecurring funds for the 2023-2024 fiscal year. The State Controller shall transfer funds
 17 available in the Federal Infrastructure Match Reserve to agencies and departments as needed to
 18 draw down federal funds in accordance with the following schedule, and the funds transferred
 19 are appropriated for the fiscal year in which the funds are transferred:

State Agency or Department	2023-2024	2024-2025
(1) Department of Commerce (Budget Code: 14600)	\$250,000	\$250,000
(2) Department of Environmental Quality (Budget Code: 14300)	850,000	850,000
(3) Department of Environmental Quality (Budget Code: 24300)	1,388,921	1,388,921
(4) Department of Environmental Quality Budget Code: 64305)	500,000	500,000
(5) Department of Environmental Quality (Budget Code: 64311)	3,975,123	8,675,950
(6) Department of Environmental Quality (Budget Code: 64320)	6,605,875	14,417,727
(7) Office of State Budget and Management (Budget Code: 13005)	10,000,000	0

38 **SECTION 2.2.(q)** Medicaid Transformation Reserve. – The State Controller shall
 39 reserve to the Medicaid Transformation Reserve from funds available in the General Fund the
 40 sum of five million dollars (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year. The
 41 State Controller shall transfer the sum of one hundred million dollars (\$100,000,000) for the
 42 2023-2024 fiscal year and the sum of sixty million six hundred forty-two thousand one hundred
 43 seventy dollars (\$60,642,170) for the 2024-2025 fiscal year from funds available in the Medicaid
 44 Transformation Reserve in the General Fund to the Medicaid Transformation Fund, established
 45 under Section 12H.29 of S.L. 2015-241.

46 **SECTION 2.2.(r)** Savings Reserve. – Notwithstanding G.S. 143C-4-2, the State
 47 Controller shall transfer to the Savings Reserve the sum of one hundred twenty-five million
 48 dollars (\$125,000,000) in nonrecurring funds in the 2024-2025 fiscal year.

49 **SECTION 2.2.(s)** Golden LEAF. – G.S. 143C-9-3(a1) reads as rewritten:
 50 "(a1) Each year, the sum of ~~seventeen million five hundred thousand dollars (\$17,500,000)~~
 51 twenty-five million dollars (\$25,000,000) from the Settlement Reserve Fund is appropriated to

The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit corporation, and these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds credited to the Settlement Reserve Fund each fiscal year shall be transferred to the General Fund and included in General Fund availability as nontax revenue."

SECTION 2.2.(t) Directives to Controller. – The State Controller shall ensure that the funds directed to be reserved in the 2023-2024 fiscal year under this section are completed as soon as practicable but no later than the end of the 2023-2024 fiscal year and the funds directed to be reserved in the 2024-2025 fiscal year under this section are completed as soon as practicable but no later than the end of the 2024-2025 fiscal year. In making the transfers required under this section, the State Controller shall prioritize transfers to Reserves that support expenditures occurring in the 2023-2025 fiscal biennium.

SECTION 2.2.(u) Reservations Not Appropriation. – Except as otherwise specifically provided, nothing in this section shall be construed as appropriating funds reserved pursuant to this section. Funds reserved pursuant to this section do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

SECTION 3.1. Appropriations from the State Highway Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2025, according to the following schedule:

Highway Fund	FY 2023-24	FY 2024-25
Administration	\$117,336,157	\$117,336,157
Division of Highways		
Administration	58,305,975	57,986,424
Construction	81,043,078	77,543,078
Maintenance	1,893,649,560	2,165,993,362
Governor's Highway Safety Program	324,111	324,111
OSHA	358,030	358,030
Aid to Municipalities	170,375,000	185,875,000
Intermodal Divisions		
Ferry	74,029,849	64,679,849
Public Transportation, Bicycle and Pedestrian	79,510,286	69,510,286
Aviation	184,174,429	179,374,429
Rail	45,299,938	45,299,938
Division of Motor Vehicles	172,914,364	147,883,896
Other State Agencies, Reserves, Transfers	59,459,404	72,817,577
Capital Improvements	29,819,819	10,571,863
Highway Fund Total	\$2,966,600,000	\$3,195,554,000

HIGHWAY FUND AVAILABILITY

SECTION 3.2. The Highway Fund availability used in developing the 2023-2025 fiscal biennial budget is shown below:

	FY 2023-2024	FY 2024-2025
Beginning Balance	\$0	\$0
Consensus Revenue Forecast		
Motor Fuels Tax	1,805,200,000	1,827,700,000

1	Licenses and Fees	895,100,000	1,053,300,000
2	Short-Term Lease	116,700,000	121,500,000
3	Investment Income	40,700,000	35,700,000
4	Sales Tax Transfer	106,300,000	163,000,000
5			
6	Adjustments to Availability		
7	Aviation Fuels Tax Changes	0	(11,100,000)
8	Sales Tax Changes	(100,000)	(300,000)
9	Title Fees – Transfer from Highway Trust Fund	1,500,000	1,954,000
10	Electric Vehicle Registration Fee Increase	500,000	2,000,000
11	Plug-In Hybrid Registration Fee	700,000	1,800,000
12			
13	Total Highway Fund Availability	\$2,966,600,000	\$3,195,554,000

HIGHWAY TRUST FUND APPROPRIATIONS

SECTION 3.3. Appropriations from the State Highway Trust Fund for construction, for operations of the Department of Transportation, and for other purposes as enumerated are made for the fiscal biennium ending June 30, 2025, according to the following schedule:

20	Highway Trust Fund	FY 2023-24	FY 2024-25
21	Program Administration	42,017,311	42,017,311
22	Bond	121,439,825	121,436,775
23	Turnpike Authority	49,000,000	49,000,000
24	State Ports Authority	45,000,000	45,000,000
25	FHWA State Match	6,070,440	6,176,440
26	Strategic Prioritization Funding		
27	Plan for Transportation Investments	2,044,867,396	2,181,475,474
28	Transfer to Visitor Center	640,000	640,000
29	Highway Trust Fund Total	\$2,309,034,972	\$2,445,746,000

HIGHWAY TRUST FUND AVAILABILITY

SECTION 3.4. The Highway Trust Fund availability used in developing the 2023-2025 fiscal biennial budget is shown below:

33		FY 2023-2024	FY 2024-2025
34	Beginning Balance	\$0	\$0
35	Unspent Advance Acquisition Hardship Funds	109,834,972	0
36			
37	Consensus Revenue Forecast		
38	Highway Use Tax	1,112,400,000	1,160,800,000
39	Motor Fuels Tax	598,900,000	602,500,000
40	Fees	142,100,000	170,900,000
41	Investment Income	28,900,000	25,300,000
42	Sales Tax Transfer	318,800,000	489,200,000
43			
44	Adjustments to Availability		
45	Sales Tax Changes	(400,000)	(1,000,000)
46	Title Fees – Transfer to Highway Fund	(1,500,000)	(1,954,000)
47			
48	Total Highway Trust Fund Availability	\$2,309,034,972	\$2,445,746,000

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

SECTION 4.1.(a) State funds, as defined in G.S. 143C-1-1(d)(25), are appropriated for each year of the 2023-2025 fiscal biennium, as follows:

- (1) All budget codes listed in the Governor's Recommended Base Budget for the 2023-2025 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 43.2 of this act, or in another act of the General Assembly.
- (2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2023-2025 fiscal biennium.

SECTION 4.1.(b) Receipts collected in a fiscal year in excess of the amounts appropriated by this section shall remain unexpended and unencumbered until appropriated by the General Assembly, unless the expenditure of overrealized receipts in the fiscal year in which the receipts were collected is authorized by G.S. 143C-6-4. Overrealized receipts are appropriated in the amounts necessary to implement this subsection.

SECTION 4.1.(c) Funds may be expended only for the specified programs, purposes, objects, and line items or as otherwise authorized by the General Assembly.

OTHER RECEIPTS FROM PENDING AWARD GRANTS

SECTION 4.2.(a) Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded after the enactment of this act for grant awards that are for less than two million five hundred thousand dollars (\$2,500,000). State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds.

State agencies may spend up to the greater of one percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental Operations, the chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such funds, including specifying the total amount of grants awarded to respond to the emergency.

State agencies may spend all other funds from grants awarded after the enactment of this act only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations.

SECTION 4.2.(b) The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated up to the applicable amount set forth in subsection (a) of this section and shall be incorporated into the authorized budget of the recipient State agency.

SECTION 4.2.(c) Notwithstanding the provisions of this section, no State agency may accept a grant not anticipated in this act if (i) acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds or (ii) the grant funds will be used for a capital project.

EDUCATION LOTTERY FUNDS/NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND CHANGES

1	\$10 billion	\$20 billion	15%
2	\$20 billion	\$30 billion	25%
3	\$30 billion	\$40 billion	35%

4 (b) Grant funds shall be used only for the construction of new school buildings and
5 additions, repairs, and renovations. Grant funds shall not be used for real property acquisition or
6 for capital improvements to administrative buildings. Grant funds shall be disbursed in a series
7 of payments based on the progress of the project. To obtain a payment, the grantee shall submit
8 a request for payment along with documentation of the expenditures for which the payment is
9 requested and evidence that the matching requirement contained in subsection (a) of this section
10 has been met. No portion of grant funds may be used to acquire a Leadership in Energy and
11 Environmental Design (LEED) certification.

12 (c) Maximum grant award amounts shall be determined as follows:

- 13 (1) Up to ~~thirty-fourty-two~~ million dollars ~~(\$30,000,000)~~ (\$42,000,000) for an
14 elementary school.
- 15 (2) Up to ~~forty-fifty-two~~ million dollars ~~(\$40,000,000)~~ (\$52,000,000) for a middle
16 school or a combination of an elementary and middle school.
- 17 (3) Up to ~~fifty-sixty-two~~ million dollars ~~(\$50,000,000)~~ (\$62,000,000) for a high
18 school.

19 (d) The Department of Public Instruction shall review projected enrollment to evaluate
20 the reasonableness of a project's size and scope. A county may include in a grant application a
21 minimum grant amount that would enable the project to proceed. A grant application that
22 proposes to consolidate two or more schools by (i) making additions or renovations at one or
23 more school facilities and (ii) closing one or more existing school facilities may be submitted
24 and considered by the Department of Public Instruction as a single project. Each application for
25 a grant under this Article shall be evaluated independent of other grant applications submitted. A
26 county may not apply for projects that exceed an aggregate amount greater than the maximum
27 grant award amounts listed in subsection (c) of this section in any single year. The Department
28 of Public Instruction shall not award a grant to an applicant at less than the requested amount or
29 less than the maximum grant amounts listed in subsection (c) of this section for the purpose of
30 reserving the amount of grant funds available for other grant applications. If a county declines or
31 otherwise forfeits a grant awarded under this section, the Department shall not award additional
32 grants to that county for 24 months from the date the grant award was declined or forfeited.

33 **"§ 115C-546.12. Grant agreement; requirements.**

34 (a) A county receiving grant funds pursuant to this Article shall enter into an agreement
35 with the Department of Public Instruction detailing the use of grant funds. The agreement shall
36 contain at least all of the following:

- 37 (1) A requirement that the grantee seek planning assistance and plan review from
38 the School Planning Section of the Department of Public Instruction.
- 39 (2) A progress payment provision governing disbursements to the county for the
40 duration of the school construction project based upon the construction
41 progress and documentation satisfactory to the Department that the matching
42 requirement in G.S. 115C-546.11 has been met.
- 43 (3) A provision requiring periodic reports to the Department of Public Instruction
44 on the use of disbursed grant funds and the progress of the school construction
45 project.
- 46 (4) A requirement that matching funds paid by the county pursuant to
47 G.S. 115C-546.11 must be derived from non-State and nonfederal funds.
- 48 (5) A provision requiring repayment in full of awarded grant funds in the event
49 the grant recipient declines the grant award or the grant is forfeited.

1 (b) Project construction must be initiated within 24 months of the award of grant funds.
2 The Superintendent of Public Instruction may grant a 12-month extension under extraordinary
3 circumstances.

4 (c) A grant awarded under this section may be forfeited if any of the following occur:

5 (1) Project construction is not initiated on time.

6 (2) Project scope changes significantly from what was outlined in the grant
7 agreement.

8 (3) Any statement or information provided in the grant application is later
9 determined to be materially false.

10 (4) Local funding is subsequently decreased from the amount provided in the
11 grant application.

12 (d) For grant awards that, due to extraordinary circumstances, are forfeited or declined,
13 the Department of Public Instruction may deduct reasonable administrative costs incurred by the
14 grant recipient in connection with the project from grant funds disbursed to the grant recipient in
15 the calculation of fund repayment. A grant recipient shall provide documentation satisfactory to
16 the Department to support any administrative costs to be deducted.

17 **"§ 115C-546.13. Lease exception; requirements.**

18 (a) Notwithstanding any provision of this Article to the contrary, a county may utilize
19 grant funds for a lease agreement if all of the following criteria are met:

20 (1) Ownership of the subject property on which the leased school is constructed
21 shall be retained by the county.

22 (2) The lease agreement shall include a repairs and maintenance provision that
23 requires the landlord to bear the entire expense of all repairs, maintenance,
24 alterations, or improvements to the basic structure, fixtures, appurtenances,
25 and grounds of the subject property for the term of the lease.

26 (3) The lease agreement shall be for a term of at least 15 years and no more than
27 25 years.

28 (4) In lieu of the progress payment requirement provided in G.S. 115C-546.11(b),
29 a county that has entered into a lease agreement shall provide a copy of the
30 lease agreement to the Department of Public Instruction and shall be
31 periodically reimbursed upon submission of documentation satisfactory to the
32 Department that the matching requirement of this section has been met.

33 (b) For the purposes of this section, the term "lease agreement" shall include any ancillary
34 agreements or predevelopment agreements entered into in anticipation of or in accordance with
35 a lease. A lease agreement entered into pursuant to this subsection shall be subject to the
36 requirements of Article 8 of Chapter 159 of the General Statutes. In determining whether the
37 lease agreement is necessary or expedient pursuant to G.S. 159-151(a)(1) and
38 G.S. 159-151(b)(1), the Local Government Commission may consider any other relevant
39 construction and financing methods available to the county.

40 **"§ 115C-546.14. Reporting.**

41 (a) On or before April 1 of each year, a grant recipient shall submit to the Department of
42 Public Instruction an annual report for the preceding year that describes the progress of the
43 project for which the grant was received. The grant recipient shall submit a final report to the
44 Department of Public Instruction within three months of the completion of the project.

45 (b) On or before May 1 of each year, the Department of Public Instruction shall submit a
46 report to the chairs of the Senate Appropriations Committee on Education/Higher Education, the
47 chairs of the House Appropriations Committee on Education, and the Fiscal Research Division.
48 The report shall contain at least all of the following information for the fiscal year:

49 (1) Number, description, and geographic distribution of projects awarded.

50 (2) Total cost of each project and amount supported by the Needs-Based Public
51 School Capital Fund.

- 1 (3) Projections for local school administrative unit capital needs for the next 30
2 years based upon present conditions and estimated demographic changes.
3 (4) Any legislative recommendations for improving the Needs-Based Public
4 School Capital Fund program."

5 **SECTION 4.3.(c)** The Department of Public Instruction may award additional grant
6 funds for new construction, up to the maximum amounts provided in subsection (a) of this
7 section, to a county that received an award for new construction under G.S. 115C-546.11(c)
8 during the 2022-2023 fiscal year, provided that the county has not yet begun construction on the
9 project. A county seeking additional funding pursuant to this subsection shall request additional
10 funds from the Department in an amount not exceeding twelve million dollars (\$12,000,000) by
11 June 30, 2024, and shall provide actual bids or other documentation of cost increases satisfactory
12 to the Department based upon the original project scope outlined in the grant agreement to
13 support the requested additional funding. The additional grant awards provided pursuant to this
14 subsection shall be subject to the same local matching requirement applicable when the previous
15 grant was awarded. The Department may amend any existing agreements entered into with grant
16 recipients from the initial grant award to accommodate the increased grant funding provided in
17 this subsection. The Department may award additional grant funds under this subsection outside
18 of the regular application process and time line; provided, however, all additional grant funds
19 shall be awarded no later than June 30, 2025.

20 **SECTION 4.3.(d)** No later than January 1, 2024, the Department of Public
21 Instruction shall publish guidelines for the Needs-Based Public School Capital Fund program
22 specifying the following:

- 23 (1) The extraordinary circumstances justifying an extension for the initiation of
24 project construction.
25 (2) The criteria to determine if the project scope has changed significantly.
26 (3) The criteria to determine material falsehood in an application.
27 (4) The time line for repayment of forfeited grant awards.
28 (5) The extraordinary circumstances justifying a deduction of reasonable
29 expenses incurred by a grant recipient from disbursed funds repayment due to
30 forfeiture or declining a grant award.
31

32 **LIMIT ONLINE LOTTERY GAMES**

33 **SECTION 4.3A.(a)** G.S. 18C-103 is amended by adding a new subdivision to read:

34 "(1a) "Casino-style game" means a simulated or an online interactive version of any
35 game traditionally offered for play in a casino, including slot machines,
36 roulette, blackjack, craps, or poker, that is all of the following:

- 37 a. Provided via computerized, digital simulation, or as a virtual version
38 of the game, or is conducted by one or more live persons.
39 b. Played in the same manner as the game. For purposes of this Chapter,
40 a "lottery game" shall be deemed to be played in the same or similar
41 manner as a casino-style game if any of the following apply:
42 1. The game operates as a slot machine or involves the use of a
43 random number generator in conjunction with each play.
44 2. The game involves the use of a weighted reel, cascading reel,
45 or similar mechanic in displaying the outcome.
46 3. The game involves the use of one or more pay lines or the
47 ability to have simultaneous play on one or more pay lines.
48 4. The game allows a player simultaneously to reveal all of the
49 symbols in the game through a single action, such as by
50 activating a "reveal all" game control.
51 5. The game has an unlimited number of plays.

- 1 6. The game is based on slot machines, roulette, blackjack, craps,
- 2 poker, or other game traditionally offered for play in a casino.
- 3 7. The game includes casino-style graphics, themes, or titles,
- 4 including the depiction of slot machine-style symbols,
- 5 cherries, cards, card suits, dice, craps, or roulette symbols, or
- 6 uses terms such as "bet" or "wager."
- 7 c. Subject to commonly utilized rules of play for that casino-style game,
- 8 including methods and factors for determining winners, prizes, or
- 9 bonuses. For purposes of this Chapter, a "lottery game" shall be
- 10 deemed to be subject to commonly utilized rules of play for a
- 11 casino-style game if any of the following apply:
- 12 1. The game does not feature a predetermined outcome.
- 13 2. The game includes a bonus or secondary game that is triggered
- 14 during play, including wheel spins, locking reels, expanding
- 15 reels, and pick and reveal games.
- 16 3. The game uses a non-depleting prize pool or a prize structure
- 17 or pay table that is based on a total return to player.
- 18 d. Made available to players through use of the internet via computers,
- 19 mobile applications, or other interactive means.
- 20 e. Played upon payment, including acceptance of money or other
- 21 compensation by a server-based gaming system or other similar
- 22 technology."

SECTION 4.3A.(b) G.S. 18C-103(4) reads as rewritten:

"(4) "Game" or "lottery game" means any procedure or amusement authorized by the Commission where prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares that provide the opportunity to win those ~~prizes~~ prizes, is not a casino-style game, and does not utilize a video gaming machine as defined in G.S. 14-306.1(c)."

SECTION 4.3A.(c) G.S. 18C-130 reads as rewritten:

"§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain disclosures and information to be provided.

(a) The Commission shall determine the types of lottery games that may be used in the ~~Lottery Games Lottery, which may include instant lotteries, lottery games, online lottery games,~~ lottery games played on computer terminals or other devices, and other lottery games traditional to a lottery or that have been conducted by any other state government-operated lottery. No lottery game shall be a simulated or an online interactive version of a casino-style game.

...

(c) In lottery games using electronic computer terminals or other devices to play the lottery games, ~~no coins or currency coins, currency, or redemption ticket~~ shall be dispensed to players from those electronic computer terminals or devices.

(d) No lottery games shall be based on the outcome of a particular sporting event or on the results of a series of sporting events. Sports wagers shall be governed by Article 9 of this Chapter.

...."

SECTION 4.3A.(d) This section is effective when it becomes law and applies to any lottery game played on or after that date.

INDIAN GAMING EDUCATION REVENUE FUND APPROPRIATIONS/CLARIFY INDIAN GAMING LAWS TO MAKE CONSISTENT WITH COMPACT

SECTION 4.4.(a) Allocations are made from the Indian Gaming Education Revenue Fund for the fiscal biennium ending June 30, 2025, as follows:

1		FY 2023-2024	FY 2024-2025
2	Textbook and Digital Resources Allotment	\$10,000,000	\$10,000,000
3	Classroom Materials	11,000,000	1,000,000
4	Total Appropriation	\$21,000,000	\$11,000,000

5 **SECTION 4.4.(b)** G.S. 143C-9-7(b) reads as rewritten:
6 "(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming
7 Education Revenue Fund shall be allocated quarterly by the State Board of Education to local
8 school administrative units, charter schools, and regional schools on the basis of allotted average
9 daily membership. The funds allotted by the State Board of Education pursuant to this section
10 shall be nonreverting. Funds received pursuant to this section by local school administrative units
11 in this State shall be expended for classroom teachers, teacher assistants, classroom materials or
12 supplies, or textbooks, the sole purpose of educating children in the classroom."

13
14 **CIVIL PENALTY AND FORFEITURE FUND**

15 **SECTION 4.5.** Allocations are made from the Civil Penalty and Forfeiture Fund for
16 the fiscal biennium ending June 30, 2025, as follows:

17		FY 2023-2024	FY 2024-2025
18	School Technology Fund	\$18,000,000	\$18,000,000
19	Drivers Education	31,493,768	31,493,768
20	State Public School Fund	226,041,640	166,041,640
21	Total Appropriation	\$275,535,408	\$215,535,408

22
23 **CORONAVIRUS CAPITAL PROJECTS FUND RESERVE TRANSFER ADJUSTMENT**

24 **SECTION 4.6.** Section 4.12 of S.L. 2021-180 reads as rewritten:
25 "**SECTION 4.12.** The State Controller shall transfer the sum of ~~two hundred seventy-seven~~
26 ~~million six hundred eighty-eight thousand five hundred fifty-five dollars (\$277,060,855)~~ two hundred seventy-three
27 million five hundred eighty-three thousand one hundred seventy-nine dollars (\$273,583,179) to
28 align with the federal award letter received for the 2021-2022 fiscal year from the Coronavirus
29 Capital Projects Reserve, established in Section 2.3 of S.L. 2021-25, to the Coronavirus Capital
30 Projects Fund, established in Section 2.4 of S.L. 2021-25."

31
32 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

33 **SECTION 4.7.(a)** Definitions. – The definitions in S.L. 2021-25 and the following
34 definitions apply in this section:

- 35 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of
- 36 2021, as defined in S.L. 2021-25.
- 37 (2) ARPA Temporary Savings Fund. – As established in Section 1.3 of S.L.
- 38 2023-7.
- 39 (3) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
- 40 (4) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.
- 41 2021-25.

42 **SECTION 4.7.(b)** Guidance. – OSBM shall work with the recipient State agencies
43 to budget receipts awarded pursuant to ARPA to allow for the tracking of such funds through
44 either separate accounts or fund codes according to the program needs and within the parameters
45 of the respective granting entities and applicable federal laws and regulations. State agencies
46 shall not use funds received pursuant to ARPA for recurring purposes. Depending on the nature
47 of the award, additional State personnel may be employed on a temporary or time-limited basis.

48 **SECTION 4.7.(c)** Disbursement. – OSBM shall allocate State Fiscal Recovery Fund
49 funds to State agencies and departments upon justification from the agency or department and
50 only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall

1 be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash
2 flow or the nature of the program being funded requires otherwise.

3 **SECTION 4.7.(d) Interest.** – All interest earned on funds held in the State Fiscal
4 Recovery Fund through June 30, 2025, shall be transferred to the State Fiscal Recovery Reserve.
5 Effective July 1, 2025, all interest earned on funds held in the State Fiscal Recovery Fund shall
6 be transferred to the General Fund. In accordance with version 5.1 of the Compliance and
7 Reporting Guidance, issued on June 6, 2023, by the United States Department of Treasury
8 (Treasury), Coronavirus State and Local Fiscal Recovery Funds (SLFRF) payments made to
9 recipients are not subject to the requirements of the federal Cash Management Improvement Act
10 and the Treasury's implementing regulations at 31 C.F.R. Part 205 or 2 C.F.R. § 200.305(b)(8)
11 and (b)(9). As such, recipients (i) may place funds in interest-bearing accounts, (ii) do not need
12 to remit interests to the Treasury, and (iii) are not limited to using that interest for eligible uses
13 under the SLFRF award.

14 **SECTION 4.7.(e) Administration.** – For administrative expenses related to
15 administration of a provision allocating ARPA funds in this act, a State agency may, of ARPA
16 funds allocated to it under this act, use up to the lesser of (i) the amount allowed by federal law
17 or guidance or (ii) ten percent (10%) of ARPA funds allocated to it under this act. When utilizing
18 the authority set forth in this subsection, a State agency shall not reduce funds earmarked in this
19 act, or the Committee Report described in Section 43.2 of this act, for a particular local
20 government project or non-State entity project.

21 **SECTION 4.7.(f) Accounting.** – A State agency receiving State Fiscal Recovery
22 Fund funds shall track such funds separately from other funds by use of either separate accounts
23 or fund codes.

24 **SECTION 4.7.(g) Reports.** – In addition to any report required under this section or
25 any other law, OSBM shall provide a quarterly report to the Senate Committee on
26 Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal Research
27 Division, beginning October 15, 2023, detailing the use of State Fiscal Recovery Fund funds
28 allocated under this act. The report required from OSBM under this section shall include, for the
29 preceding quarter, the amount of funds disbursed to each State agency, State department, and
30 nonprofit organization; the amount of funds remaining to be disbursed to each State agency, State
31 Department, and nonprofit organization; and how the funds were used by each State agency,
32 State department, and nonprofit organization.

33 **SECTION 4.7.(h) Audit.** – The State Auditor shall conduct biennial preliminary
34 financial audits and a final performance audit of the State Fiscal Recovery Fund no later than 90
35 days following the latest date on which expenditures may be made under applicable federal law
36 or guidance.

37 **SECTION 4.7.(i) Reversion.** – The funds appropriated from the State Fiscal
38 Recovery Fund in this act and in prior enactments of the General Assembly shall not revert at the
39 end of each fiscal year of the 2023-2025 fiscal biennium but shall remain available to expend and
40 appropriate until the date set by applicable federal law or guidance.

41 **SECTION 4.7.(j) Exclusion.** – This section does not apply to funds allocated in this
42 act from the ARPA Temporary Savings Fund or to the Department of Health and Human Services
43 with regard to any federal receipts arising from the enhanced federal medical assistance
44 percentage (FMAP) available to the State under section 9814 of ARPA or any savings realized
45 as a result of those receipts.

47 **TRANSFER OF STATE FISCAL RECOVERY FUNDS FROM STATE FISCAL** 48 **RECOVERY RESERVE**

49 **SECTION 4.8.** The State Controller shall transfer the sum of twenty million one
50 hundred two thousand two hundred fifty-three dollars (\$20,102,253) for the 2023-2024 fiscal
51 year and ten million three hundred ninety-seven thousand seven hundred forty-seven dollars

1 (\$10,397,747) for the 2024-2025 fiscal year from the State Fiscal Recovery Reserve to the State
 2 Fiscal Recovery Fund and shall transfer funds from the State Fiscal Recovery Fund to State
 3 agencies and departments in accordance with the following schedule:

4	State Agency or Department	2023-2024	2024-2025
5			
6	(1) Department of Information Technology	\$16,250,000	\$10,397,747
7	(Budget Code: 14660)		
8	(2) Office of State Budget & Management–Spec. Approp.	50,000	0
9	(Budget Code: 13085)		

10
 11 **TRANSFER OF INTEREST EARNED FROM STATE FISCAL RECOVERY RESERVE**

12 **SECTION 4.8A.(a)** The State Controller shall transfer interest earned from State
 13 Fiscal Recovery Funds in the State Fiscal Recovery Reserve to State agencies and departments
 14 in accordance with the following schedule:

15	State Agency or Department	2023-2024	2024-2025
16			
17	(1) Department of Information Technology		
18	(Budget Code: 14660)	\$0	\$5,852,253
19	(2) Department of Commerce		
20	(Budget Code: 14602)	4,000,000	0
21	(3) Department of Commerce		
22	(Budget Code: 14601)	7,000,000	0
23	(4) Department of Commerce		
24	(Budget Code: 14600)	40,000	0
25	(5) Department of Agriculture & Consumer Services		
26	(Budget Code: 23704)	3,500,000	0
27	(6) Department of Agriculture & Consumer Services		
28	(Budget Code: 63701)	10,000,000	15,000,000
29	(7) Department of Agriculture & Consumer Services		
30	(Budget Code: 13700)	19,118,172	15,808,853
31	(8) Department of Environmental Quality		
32	(Budget Code: 24300)	850,000	0
33	(9) Department of Natural & Cultural Resources		
34	(Budget Code: 24820)	12,500,000	0
35	(10) Department of Natural & Cultural Resources		
36	(Budget Code: 24817)	24,500,000	17,500,000
37	(11) Department of Natural & Cultural Resources		
38	(Budget Code: 14800)	7,000,000	0
39	(12) Department of Public Safety		
40	(Budget Code: 14550)	1,295,918	0
41	(13) Wildlife Resources Commission		
42	(Budget Code: 14350)	3,580,369	0
43	(14) Appalachian State University		
44	(Budget Code: 16080)	2,416,888	1,477,752
45	(15) UNC BOG – Institutional Programs		
46	(Budget Code: 16011)	5,000,000	5,000,000
47	(16) UNC at Greensboro		
48	(Budget Code: 16040)	11,000,000	11,000,000
49	(17) Department of Public Instruction		
50	(Budget Code: 13510)	10,000,000	0
51	(18) Department of Transportation		

1	Budget Code: 84210)	14,000,000	0
2	(19) Office of State Budget & Management–Spec. Approp.		
3	(Budget Code: 13085)	38,500,000	8,000,000

4
5 **SECTION 4.8A.(b)** Funds allocated from interest earned from the State Fiscal
6 Recovery Reserve shall be disbursed as follows: (i) allocations of one hundred thousand dollars
7 (\$100,000) or less are to be made in a single payment, (ii) allocations of more than one hundred
8 thousand dollars (\$100,000) shall be made in quarterly payments. A State agency administering
9 an allocation shall begin disbursement of funds to a non-State entity that meets all applicable
10 requirements as soon as practicable, but no later than 100 days after the date this act becomes
11 law.

12 **STATE FISCAL RECOVERY FUNDS FOR BONUSES ADJUSTMENT**

13 **SECTION 4.8B.** Allocation of Funds. – Section 39.2(f) of S.L. 2021-180 reads as
14 rewritten:

15
16 **"SECTION 39.2.(f)** Of the funds appropriated in this act from the State Fiscal Recovery
17 Fund, the sum of five hundred ~~forty-five~~ twenty-three million eight hundred two thousand two
18 hundred fifty-three dollars ~~(\$545,000,000)~~ ~~(\$523,802,253)~~ for the 2021-2022 fiscal year is
19 allocated to provide the one-time, lump sum bonuses authorized in this section to State employees
20 and local education employees for work performed during the COVID-19 pandemic."
21

22 **ARPA TEMPORARY SAVINGS FUND**

23 **SECTION 4.9.(a)** General. – Funds appropriated in this act from the ARPA
24 Temporary Savings Fund, established in Section 1.3 of S.L. 2023-7, as amended by Section
25 4.9A(c) of this act, to State agencies and departments shall be used for the purposes described in
26 this act, or in the Committee Report described in Section 43.2 of this act, for the fiscal year in
27 which they are appropriated. Funds appropriated in this act from the ARPA Temporary Savings
28 Fund shall not revert.

29 **SECTION 4.9.(b)** Availability of Funds and Timing of Disbursements. – The funds
30 appropriated in this act from the ARPA Temporary Savings Fund shall become available during
31 the course of the 2023-2025 fiscal biennium as the funds are deposited into that Fund. The
32 Department of Health and Human Services (DHHS) shall not disburse allocations of the funds
33 appropriated in this act from the ARPA Temporary Savings Fund until the funds are available
34 within that Fund. After funds begin to be deposited to the Fund, DHHS shall disburse funds on
35 at least a quarterly basis, or more frequently, provided funds are available within the Fund. Funds
36 allocated as described in this act, or in the Committee Report described in Section 43.2 of this
37 act, shall be disbursed as directed under subsections (c) and (d) of this section.

38 **SECTION 4.9.(c)** Priority of Disbursement of Funds in the 2023-2024 Fiscal Year.
39 – For the 2023-2024 fiscal year, funds appropriated in this act from the ARPA Temporary
40 Savings Fund and allocated as described in this act, or in the Committee Report described in
41 Section 43.2 of this act, shall be disbursed in the following order:

- 42 (1) The Department of Public Instruction (Budget Code 13510) for Health Career
43 Promotion.
- 44 (2) The Department of Health and Human Services, Division of Health Benefits,
45 (Budget Code 14445) for Rates for Durable Medical Equipment.
- 46 (3) The Department of Health and Human Services, Division of Health Benefits,
47 (Budget Code 14445) for Federally Qualified Health Centers and Rural Health
48 Clinics.
- 49 (4) East Carolina University – Health Affairs (Budget Code 16066) for ECU
50 Primary Care Programs Expansion.

- 1 (5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary
2 Care Providers and Psychiatrists Forgivable Loan Program.
- 3 (6) The Department of Health and Human Services, Division of Health Benefits,
4 (Budget Code 14445) for Rates for Personal Care Services.
- 5 (7) The Department of Public Instruction (Budget Code 13510) for School Health
6 Personnel Allotment.
- 7 (8) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
- 8 (9) NC Community College System (Budget Code 16800) for Nursing and
9 Health-Related Workforce Programs Start-up Funds.
- 10 (10) UNC BOG – Institutional Programs (Budget Code 16011) for Rural
11 Residency Medical Education and Training Fund.
- 12 (11) The Department of Health and Human Services, Division of Health Benefits,
13 (Budget Code 14445) for Medicaid Rebase.
- 14 (12) The Department of Health and Human Services, Division of Mental Health,
15 Developmental Disabilities, and Substance Use Services, (Budget Code
16 14460) for State Facility Workforce Investment.
- 17 (13) The Department of Health and Human Services, Central Management and
18 Support, Office of Rural Health (Budget Code 14410) for Incentives for
19 Health Providers in Rural and Underserved Areas.
- 20 (14) The Department of Health and Human Services, Division of Health Benefits,
21 (Budget Code 14445) for Rates for Skilled Nursing Facilities.
- 22 (15) In order of least to most, all remaining allocations that are not allocations made
23 through funds appropriated to the State Capital and Infrastructure Fund.
- 24 (16) In order of least to most, allocations made through funds appropriated to the
25 State Capital and Infrastructure Fund.

26 If there are two or more allocations in subdivision (15) or subdivision (16) of this
27 subsection that are of equal amounts, then the funds for those allocations shall be disbursed in
28 the order determined by the Secretary of DHHS, taking into account any time lines for the use of
29 the funds, the best interest of the citizens of the State, and the avoidance of any disruption in
30 services to those citizens.

31 **SECTION 4.9.(d)** Priority of Disbursement of Funds in the 2024-2025 Fiscal Year.
32 – For the 2024-2025 fiscal year, funds appropriated in this act from the ARPA Temporary
33 Savings Fund and allocated as described in this act, or in the Committee Report described in
34 Section 43.2 of this act, shall be disbursed in the following order:

- 35 (1) East Carolina University – Health Affairs (Budget Code 16066) for ECU
36 Primary Care Programs Expansion.
- 37 (2) The Department of Public Instruction (Budget Code 13510) for Health Career
38 Promotion.
- 39 (3) UNC BOG – Institutional Programs (Budget Code 16011) for Rural
40 Residency Medical Education and Training Fund.
- 41 (4) The Department of Health and Human Services, Division of Health Benefits,
42 (Budget Code 14445) for Federally Qualified Health Centers and Rural Health
43 Clinics.
- 44 (5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary
45 Care Providers and Psychiatrists Forgivable Loan Program.
- 46 (6) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
- 47 (7) NC Community College System (Budget Code 16800) for Nursing and
48 Health-Related Workforce Programs Start-up Funds.
- 49 (8) The Department of Health and Human Services, Division of Mental Health,
50 Developmental Disabilities, and Substance Use Services, (Budget Code
51 14460) for State Facility Workforce Investment.

1 (9) The Department of Health and Human Services, Central Management and
2 Support, Office of Rural Health (Budget Code 14410) for Incentives for
3 Health Providers in Rural and Underserved Areas.

4 (10) In order of least to most, all remaining allocations that are not allocations made
5 through funds appropriated to the State Capital and Infrastructure Fund.

6 (11) In order of least to most, allocations made through funds appropriated to the
7 State Capital and Infrastructure Fund.

8 If there are two or more allocations in subdivision (10) or subdivision (11) of this
9 subsection that are of equal amounts, then the funds for those allocations shall be disbursed in
10 the order determined by the Secretary of DHHS, taking into account any time lines for the use of
11 the funds, the best interest of the citizens of the State, and the avoidance of any disruption in
12 services to those citizens.

13 **SECTION 4.9.(e)** Administrative Costs. – State agencies and departments and any
14 non-State entities receiving funds from the ARPA Temporary Savings Fund may use a portion
15 of those funds for administrative costs, including time-limited positions, related to the designated
16 purpose of the funds. Unless otherwise specified, the amount of funds from the ARPA Temporary
17 Savings Fund used for administrative costs for each purpose designated for the allocation
18 described in this act, or in the Committee Report described in Section 43.2 of this act, may not
19 exceed the lesser of the following amounts:

20 (1) Up to five percent (5%) of the amount of funds allocated specifically to that
21 designated purpose.

22 (2) One million dollars (\$1,000,000).

23 This subsection does not apply to any funds appropriated to the State Capital and
24 Infrastructure Fund.

25 **SECTION 4.9.(f)** Reporting. – Beginning October 1, 2024, and annually thereafter,
26 in addition to any report required under this act or any other law, State agencies and departments
27 and any non-State entities receiving funds from the ARPA Temporary Savings Fund shall submit
28 a report to the Fiscal Research Division detailing the use of funds appropriated in this act from
29 the ARPA Temporary Savings Fund for the previous fiscal year until the funds received are fully
30 expended. The report required under this section shall include the amount of funds received to
31 date, how the funds were used during the previous fiscal year, and the amount of funds that
32 remained unspent at the end of the previous fiscal year. This subsection does not apply to any
33 funds appropriated to the State Capital and Infrastructure Fund.

34 **NC HEALTH WORKS EFFECTIVE DATE**

35 **SECTION 4.9A.(a)** Section 1.1(c) of S.L. 2023-7 reads as rewritten:

36 **"SECTION 1.1.(c)** Subsection (b) of this section is effective on the later of the following
37 dates:
38

39 (1) The date approved by the Centers for Medicare and Medicaid Services (CMS)
40 for Medicaid coverage to begin in North Carolina for individuals described in
41 section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

42 (2) The date ~~the Current Operations Appropriations Act for the 2023-2024 fiscal~~
43 ~~year~~ House Bill 149, 2023 Regular Session, becomes law."

44 **SECTION 4.9A.(b)** Section 1.2(b) of S.L. 2023-7 reads as rewritten:

45 **"SECTION 1.2.(b)** This section is effective on the later of the following dates:

46 (1) The date approved by the Centers for Medicare and Medicaid Services (CMS)
47 for Medicaid coverage to begin in North Carolina for individuals described in
48 section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

49 (2) The date ~~the Current Operations Appropriations Act for the 2023-2024 fiscal~~
50 ~~year~~ House Bill 149, 2023 Regular Session, becomes law."

51 **SECTION 4.9A.(c)** Section 1.3(c) of S.L. 2023-7 reads as rewritten:

1 "SECTION 1.3.(c) This section is effective on the date ~~the Current Operations~~
2 ~~Appropriations Act for the 2023-2024 fiscal year~~ House Bill 149, 2023 Regular Session, becomes
3 law."

4 **SECTION 4.9A.(d)** Section 1.5(d) of S.L. 2023-7 reads as rewritten:

5 "SECTION 1.5.(d) This section is effective on the date that ~~the Current Operations~~
6 ~~Appropriations Act for the 2023-2024 fiscal year~~ House Bill 149, 2023 Regular Session, becomes
7 law. If, by September 30, 2023, ~~no Current Operations Appropriations Act for the 2023-2024~~
8 ~~fiscal year~~ House Bill 149, 2023 Regular Session, has not become law, then this section shall
9 expire on that date."

10 **SECTION 4.9A.(e)** Section 1.7(q) of S.L. 2023-7 reads as rewritten:

11 "SECTION 1.7.(q) Subsection (k) of this section becomes effective on the first day of the
12 next assessment quarter after the date ~~the Current Operations Appropriations Act for the~~
13 ~~2023-2024 fiscal year~~ House Bill 149, 2023 Regular Session, becomes law and applies to
14 assessments imposed on or after that date. Subsections (l) through (p) of this section become
15 effective on the date ~~the Current Operations Appropriations Act for the 2023-2024 fiscal year~~
16 House Bill 149, 2023 Regular Session, becomes law. The remainder of this section is effective
17 on the first day of the next assessment quarter after this section becomes law and applies to
18 assessments imposed on or after that date."

19 **SECTION 4.9A.(f)** Section 1.8(h) of S.L. 2023-7 reads as rewritten:

20 "SECTION 1.8.(h) Subsection (a) and subsections (b) through (g) of this section are
21 effective on the date ~~the Current Operations Appropriations Act for the 2023-2024 fiscal year~~
22 House Bill 149, 2023 Regular Session, becomes law."

23 **SECTION 4.9A.(g)** Section 1A.1 of S.L. 2023-7 reads as rewritten:

24 "SECTION 1A.1. If, by June 30, 2024, ~~no Current Operations Appropriations Act for the~~
25 ~~2023-2024 fiscal year~~ House Bill 149, 2023 Regular Session, has not become law, then Part I of
26 this act shall expire on that date, except for the following sections:

27 (1) Section 1.4.

28 (2) Subsections (a), (f), and (g) of Section 1.6.

29 (3) Subsections (a) through (j) and (q) of Section 1.7."

30 **SECTION 4.9A.(h)** Section 2.5 of S.L. 2023-7 reads as rewritten:

31 "SECTION 2.5. Sections 2.1 through 2.4 of this act are effective the date ~~the Current~~
32 ~~Operations Appropriations Act for the 2023-2024 fiscal year~~ House Bill 149, 2023 Regular
33 Session, becomes law. If, by June 30, 2024, ~~no Current Operations Appropriations Act for the~~
34 ~~2023-2024 fiscal year~~ House Bill 149, 2023 Regular Session, has not become law, then those
35 sections shall expire on that date."

36 **SECTION 4.9A.(i)** This section is effective March 27, 2023.

37 38 NC HEALTH WORKS/BUDGET CERTIFICATION

39 **SECTION 4.9B.** The Office of State Budget and Management shall not certify
40 amounts appropriated in this act, or revenue anticipated in this act, that are contingent upon
41 House Bill 149, 2023 Regular Session, becoming law if House Bill 149, 2023 Regular Session,
42 does not become law.

43 44 STATEWIDE MENTAL HEALTH LEGISLATIVE BUDGET PRIORITIES

45 **SECTION 4.9C.** The General Assembly finds that prioritizing mental healthcare in
46 this State offers significant benefits to North Carolina's citizens of all ages and has positive
47 impacts on a multitude of factors impacting those citizens, including overall health and
48 well-being, education, business, workforce development, and the justice system. The General
49 Assembly supports the comprehensive plan to strengthen North Carolina's mental health and
50 substance use disorder treatment system developed by the Department of Health and Human
51 Services and is providing funding for initiatives contained within that plan. Further

1 demonstrating a commitment to mental healthcare in this State, the General Assembly is also
2 providing funding for additional mental and behavioral healthcare facilities, projects, programs,
3 and services that will impact a diverse array of State departments and agencies, as well as local
4 entities and enterprises in this State, thereby benefitting citizens statewide.

6 TRANSFORMATIONAL INVESTMENTS IN NORTH CAROLINA HEALTH

8 CLARIFICATION OF THE AUTHORITY OF THE UNIVERSITY OF NORTH 9 CAROLINA HEALTH CARE SYSTEM AND EAST CAROLINA UNIVERSITY 10 HEALTH CARE OPERATIONS WITH RESPECT TO OPERATIONAL AND 11 PERSONNEL FLEXIBILITIES

12 SECTION 4.10.(a) G.S. 116-37, 116-37.2, 116-36.6, 116-40.4, and 116-40.6 are
13 repealed. Notwithstanding the repeal of G.S. 116-37, if Senate Bill 512, 2023 Regular Session,
14 becomes law, then subsections (b) through (e) of Section 8.1 of said Senate Bill 512, 2023
15 Regular Session, pertaining to the terms and appointments of members of the Board of Directors
16 of the University of North Carolina Health Care System shall remain in effect.

17 SECTION 4.10.(b) Chapter 116 of the General Statutes is amended by adding the
18 following new Articles to read:

19 "Article 38.

20 "University of North Carolina Health Care System.

21 "Part 1. Health Care System.

22 "§ 116-350. Definitions.

23 The following definitions shall apply in this Article:

- 24 (1) Board or Board of Directors. – The Board of Directors of the University of
25 North Carolina Health Care System.
- 26 (2) Chief Executive Officer. – The executive and administrative head of the
27 University of North Carolina Health Care System.
- 28 (3) Component unit. – Any of the following:
29 a. The University of North Carolina Hospitals at Chapel Hill.
30 b. A clinical patient care program established or maintained by the
31 School of Medicine of the University of North Carolina at Chapel Hill.
- 32 (4) System affiliate. – Any corporation, partnership, limited liability company,
33 joint venture, association business trust, or similar entity organized under the
34 laws of the United States of America or any state thereof, whether for profit
35 or nonprofit, if a majority of the members of the governing body or of its
36 partnership or membership interests are one of the following:
37 a. The same as the members of the Board of the System.
38 b. Subject, directly or indirectly, to election or appointment by the Board
39 of the System.
- 40 (5) The University of North Carolina Health Care System or System. – The entity
41 created pursuant to G.S. 116-350.5, the component units of which include the
42 University of North Carolina Hospitals at Chapel Hill and the clinical patient
43 care programs established or maintained by the School of Medicine of the
44 University of North Carolina at Chapel Hill.

45 "§ 116-350.5. University of North Carolina Health Care System.

46 (a) Establishment of System. – Effective November 1, 1998, the University of North
47 Carolina Health Care System is established. The System is a State agency and political
48 subdivision governed and administered as an affiliated enterprise of The University of North
49 Carolina in accordance with the provisions of this Article. The System shall provide patient care;
50 facilitate the education of physicians and other health care providers in partnership with the
51 University of North Carolina at Chapel Hill School of Medicine and other health sciences schools

1 affiliated with the constituent institutions of The University of North Carolina System; conduct
2 research collaboratively with the health sciences schools of the University of North Carolina at
3 Chapel Hill and other institutions; facilitate clinical collaboration with and financial
4 sustainability of the University of North Carolina at Chapel Hill School of Medicine; render other
5 services designed to promote the health and well-being of the citizens of North Carolina; and
6 drive innovation and transformation in health care services delivery.

7 (b) Transfer of Rights. – As of November 1, 1998, all of the rights, privileges, liabilities,
8 and obligations of the Board of the University of North Carolina Hospitals at Chapel Hill, not
9 inconsistent with the provisions of this Article, shall be transferred to and assumed by the Board
10 of the System.

11 (c) Governance. – The Board of the System shall govern and administer The University
12 of North Carolina Hospitals at Chapel Hill, the clinical patient care programs established or
13 maintained by the School of Medicine of the University of North Carolina at Chapel Hill, and
14 such other entities and functions as (i) the General Assembly may assign to the System or (ii) the
15 Board may decide, within the limitations of its statutory powers and duties, to establish,
16 administer, or acquire for the purpose of rendering services designed to promote the health and
17 well-being of the citizens of North Carolina.

18 (d) With respect to G.S. 116-350.30, 116-350.35, 116-350.40, 116-350.45, and
19 116-350-65, the Board may adopt policies that make the authorities and responsibilities
20 established by one or more of said sections applicable to the University of North Carolina
21 Hospitals at Chapel Hill, to the clinical patient care programs of the School of Medicine of the
22 University of North Carolina at Chapel Hill, to both, or to other persons or entities affiliated with
23 or under the control of the University of North Carolina Health Care System.

24 **"§ 116-350.10. Board of Directors.**

25 (a) The Board shall be composed of 25 members as follows:

26 (1) Five ex officio members as follows:

27 a. The President of The University of North Carolina or the President's
28 designee.

29 b. The Chief Executive Officer of the University of North Carolina
30 Health Care System.

31 c. The Chancellor of the University of North Carolina at Chapel Hill.

32 d. Two individuals designated by the Chief Executive Officer who meet
33 the following criteria:

34 1. Both designees must be members of the executive staff of the
35 University of North Carolina Health Care System.

36 2. At least one of the two designees must be a permanent member
37 of the faculty of the School of Medicine of the University of
38 North Carolina at Chapel Hill.

39 3. One of the designees must have primary responsibility for
40 hospital leadership.

41 4. One of the designees must have primary responsibility for
42 physician leadership.

43 (2) Eight members at large shall be appointed by the General Assembly as
44 follows:

45 a. One member shall be appointed by the General Assembly upon
46 recommendation of the Speaker of the House of Representatives
47 annually.

48 b. One member shall be appointed by the General Assembly upon
49 recommendation of the President Pro Tempore of the Senate annually.

50 (3) Twelve members at large shall be appointed by the President of The
51 University of North Carolina and confirmed by the Board of Governors. The

1 President shall appoint a slate of three members annually for confirmation by
2 the Board of Governors.

3 (4) All at-large positions shall serve four-year terms beginning November 1 of the
4 year of appointment. At-large positions shall be filled by the appointment of
5 persons from the business and professional public at large who have special
6 competence in business management, hospital administration, health care
7 delivery, or medical practice or who otherwise have demonstrated dedication
8 to the improvement of health care in North Carolina. At-large positions shall
9 not be filled by any of the following:

10 a. Members of the Board of Governors.

11 b. Members of the board of trustees of a constituent institution of The
12 University of North Carolina.

13 c. Officers or employees of the State.

14 d. Individuals required by Chapter 120C of the General Statutes to
15 register as lobbyists on or during any of the following:

16 1. The two years immediately preceding the effective date of
17 appointment.

18 2. The effective date of the appointment.

19 3. At any point during the term of appointment.

20 (5) No member may be appointed to more than two full four-year terms in
21 succession.

22 (6) Any vacancy in an unexpired term shall be filled by the appointing authority
23 for the remainder of the unexpired term. Vacancies for members appointed by
24 the General Assembly shall be filled as provided in G.S. 120-122. Vacancies
25 for members appointed by the President of The University of North Carolina
26 shall be confirmed by the Board of Governors.

27 (7) Whenever an at-large member shall fail, for any reason other than ill health or
28 service in the interest of the State or nation, to be present for three successive
29 regular meetings of the Board of Directors, that at-large member's place as a
30 member shall be deemed vacant.

31 (b) The Board, with each ex officio and at-large member having a vote, shall elect a chair
32 only from among the at-large members for a term of two years. Notwithstanding the foregoing
33 limitation, the Chancellor of the University of North Carolina at Chapel Hill may serve as chair.
34 No person shall be eligible to serve as chair for more than three terms in succession.

35 (c) The Board shall meet at least every 60 days and may hold special meetings at any
36 time and place within the State at the call of the chair. Board members, other than ex officio
37 members, shall receive the same per diem and reimbursement for travel expenses as members of
38 the State boards and commissions generally.

39 (d) The Board's action on matters within its jurisdiction is final, except that appeals may
40 be made, in writing, to the Board of Governors with a copy of the appeal to the Chancellor of the
41 University of North Carolina at Chapel Hill. The Board shall keep the Board of Governors and
42 the board of trustees of the University of North Carolina at Chapel Hill fully informed about
43 health care policy and recommend changes necessary to maintain adequate health care delivery,
44 education, and research for improvement of the health of the citizens of North Carolina.

45 **"§ 116-350.12. Operational principles of the Board of Directors.**

46 The Board of Directors shall operate according to the following principles:

47 (1) All members of the Board of Directors shall be considered fiduciaries of the
48 University of North Carolina Health Care System and shall be responsible for
49 the following:

50 a. Discharging their duties to the System with care, skill, prudence, and
51 diligence.

- 1 **b.** Acting in good faith and in the best interests of the System.
2 **c.** Conducting themselves, at all times, in furtherance of the System's
3 organizational goals and not the member's personal or business
4 interests.
5 **d.** Providing oversight to ensure that the System's resources are dedicated
6 to the fulfillment of its mission.
7 **e.** Becoming knowledgeable about issues that affect the System.

8 **(2)** The authority of board members shall be collective, not individual, and shall
9 only arise from each member's participation with other members of the Board
10 of Directors when officially convened. Individual board members shall hold
11 no authority to exercise administrative or executive functions on behalf of the
12 System, which shall be vested in the Chief Executive Officer of the System.
13 Individual board members may not bind the Board of Directors or the System,
14 enter into contracts on behalf of the Board of Directors or the System, or
15 otherwise act on behalf of or in the name of the Board of Directors or the
16 System unless authorized to do so by official action of the Board of Directors
17 or the Chief Executive Officer.

18 **(3)** Board members shall adhere to the highest standards of ethical conduct by
19 complying with laws, regulations, and System policies applicable to their
20 service.

21 **"§ 116-350.15. Powers and duties of the Board of Directors.**

22 **(a)** Contracting Authority. – The Board may authorize the System or any component unit
23 of the System to contract in its individual capacity, subject to such policies and procedures as the
24 Board may direct.

25 **(b)** Agreements with Constituent Institutions. – The Board may enter into formal
26 agreements with constituent institutions of The University of North Carolina with respect to the
27 provision of clinical experience for students and for the provision of maintenance and supporting
28 services.

29 **(c)** General Powers and Duties. – The Board is authorized to exercise such authority and
30 responsibility and adopt such policies, rules, and regulations as it deems necessary or convenient,
31 not inconsistent with the provisions of this Article, to carry out the patient care, education,
32 research, and public service mission of the System, including, but not limited to, authority to do
33 the following:

34 **(1)** Construct, plan, create, equip, operate, and maintain health care facilities and
35 ancillary enterprises.

36 **(2)** Collect, manage, and control all receipts generated through its clinical
37 operations and other activities.

38 **(3)** Issue bonds and notes as provided in G.S. 116-350.55.

39 **(4)** Acquire and dispose of real or personal property, including existing public or
40 private hospital and health care facilities, by purchase, grant, gift, devise,
41 lease, or otherwise.

42 **(5)** Enter into partnerships, affiliations, and other combinations or arrangements
43 with other hospitals or health care entities, as it deems appropriate, including
44 arrangements for management services, to achieve its missions of patient care,
45 education, research, and public service.

46 **(6)** Contract with or enter into any arrangement, including through interlocal
47 cooperation agreements under Part 1 of Article 20 of Chapter 160A of the
48 General Statutes, with other public hospitals of this or other states, federal or
49 public agencies, or with any person, private organization, or nonprofit
50 corporation for the provision of health care.

- 1 (7) Insure property or operations of the System against risks as the Board may
2 deem advisable.
- 3 (8) Except as provided in G.S. 116-350.40, to invest any funds held in reserves or
4 sinking funds, or any funds generated from operations, in property or
5 securities in which trustees, executors, or others acting in a fiduciary capacity
6 may legally invest funds under their control.
- 7 (9) Exercise the following powers conferred upon municipal hospitals and
8 hospital authorities under Article 2 of Chapter 131E of the General Statutes:
- 9 a. The power to enter into agreements with other hospital entities subject
10 to Article 2 of Chapter 131E of the General Statutes to jointly exercise
11 the powers, privileges, and authorities granted by Article 2 of Chapter
12 131E of the General Statutes.
- 13 b. The power to lease any hospital facility, or any part of a hospital
14 facility, to a nonprofit corporation, provided that the terms and
15 conditions of such lease are consistent with the public purposes
16 described in G.S. 131E-12.
- 17 c. The power to acquire an ownership interest, in whole or in part, in a
18 nonprofit or for-profit managed care company, as provided in
19 G.S. 131E-7.1.
- 20 d. All powers set forth in G.S. 131E-23 that are not otherwise addressed
21 by this Part.
- 22 (10) Exercise any or all powers conferred upon the Board, either generally or with
23 respect to any specific health care facility or other operations, through or by
24 designated agents, including private corporations, nonprofit corporations, or
25 limited liability companies formed under the laws of the State.
- 26 (11) Have the powers of a body corporate and politic, including the power to sue
27 and be sued, to make contracts, and to adopt and use a common seal and to
28 alter the same as may be deemed expedient.

29 (d) Limitations. – Notwithstanding the powers and duties provided in this section, the
30 Board shall not relinquish to another entity more than fifty percent (50%) of control of either the
31 UNC Hospitals or the System.

32 **"§ 116-350.20. Reports due from the Board of Directors.**

33 The Chief Executive Officer and the President of The University of North Carolina jointly
34 shall report by December 31 of each year on the operations and financial affairs of the System to
35 the Joint Legislative Commission on Governmental Operations and the Board of Governors of
36 The University of North Carolina. The report shall include actions taken by the Board under the
37 authority granted by G.S. 116-350.35.

38 **"§ 116-350.25. System Officers and their staff.**

39 (a) Chief Executive Officer. – The executive and administrative head of the University
40 of North Carolina Health Care System shall have the title of "Chief Executive Officer." The
41 Board of Directors, the board of trustees, and the Chancellor of the University of North Carolina
42 at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate,
43 shall identify two or more persons as candidates for the office, who, pursuant to criteria agreed
44 upon by the boards and the Chancellor, have the qualifications for both the positions of Chief
45 Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor
46 for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the
47 candidates so identified, once approved by the Board of Directors and the board of trustees, shall
48 be forwarded by the Chancellor to the President of The University of North Carolina, who if
49 satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive
50 Officer, subject to selection by the Board of Governors. The individual serving as Chief
51 Executive Officer shall have complete executive and administrative authority to formulate

1 proposals for, recommend the adoption of, and implement policies governing the programs and
2 activities of the University of North Carolina Health Care System, subject to all requirements of
3 the Board of Directors. That same individual, when serving as Vice-Chancellor for Medical
4 Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the
5 University of North Carolina at Chapel Hill.

6 (b) President of UNC Hospitals. – The executive and administrative head of the
7 University of North Carolina Hospitals at Chapel Hill shall have the title of "President of the
8 University of North Carolina Hospitals at Chapel Hill." The Board of Directors shall elect, on
9 nomination of the Chief Executive Officer, the President of the University of North Carolina
10 Hospitals at Chapel Hill.

11 (c) Administrative and Professional Staff. – The Board of Directors shall elect, on
12 nomination of the Chief Executive Officer, such additional administrative and professional staff
13 employees of the University of North Carolina Health Care System as may be deemed necessary
14 to assist in fulfilling the duties of the office of the Chief Executive Officer, all of whom shall
15 serve at the pleasure of the Chief Executive Officer.

16 **"§ 116-350.30. Personnel.**

17 (a) Employment Authority. – The System may employ a workforce to conduct its
18 operations. Employees who are employed directly by the System, and not by a System affiliate,
19 are State employees whose terms and conditions of employment, including benefit plans and
20 programs, are determined by the Board. Only Articles 5, 6, 7, and 14 of Chapter 126 of the
21 General Statutes, the State Human Resources Act, apply to these State employees. The Board of
22 the System may authorize the System to employ the faculty and staff of the University of North
23 Carolina School of Medicine as well as other health affairs schools and components of the
24 University of North Carolina at Chapel Hill subject to the provisions of this subsection, provided
25 that any employees who are faculty members shall remain subject to the faculty policies of the
26 University of North Carolina at Chapel Hill, as established or adopted pursuant to delegation
27 from the Board of Governors of The University of North Carolina. A State employee employed
28 by the System immediately prior to January 1, 2024, has the right to (i) continued State
29 employment if the employee remains in the employee's current role or position, unless terminated
30 in accordance with the terms of employment that existed immediately prior to January 1, 2024,
31 subject to all relevant provisions of State and federal law and (ii) continued participation in the
32 State Teachers' and State Employees' Retirement System if the employee was enrolled in the
33 Retirement System immediately prior to January 1, 2024, and maintains State employee status.

34 (b) Certain Career State Employees. – Notwithstanding subsection (a) of this section, a
35 State employee who achieved career State employee status by October 31, 1998, shall remain
36 subject to the rules regarding discipline or discharge that were effective on October 31, 1998,
37 and shall not be subject to the rules regarding discipline or discharge adopted after that date.

38 **"§ 116-350.35. Finances.**

39 (a) System Budgeting. – The System, the UNC Hospitals, and designated component
40 parts of The University of North Carolina shall not be subject to the provisions of the State
41 Budget Act, except for General Fund appropriations, or otherwise subject to the authority,
42 oversight, or control of the Office of the State Controller. The System, the UNC Hospitals, and
43 designated component parts of The University of North Carolina shall be subject to the authority
44 and oversight of the Office of the State Auditor. The Chief Executive Officer, subject to the
45 Board, shall be responsible for all aspects of budget preparation, budget execution, and
46 expenditure reporting for the System. Separate auditable accounts under the control of the Board
47 shall be maintained for the UNC Hospitals and the clinical patient care programs of the School
48 of Medicine of the University of North Carolina at Chapel Hill. Except for General Fund
49 appropriations, all receipts of the UNC Hospitals may be invested pursuant to G.S. 116-350.40.
50 General Fund appropriations for support of the UNC Hospitals shall be budgeted in a General
51 Fund code under a single purpose, "Contribution to University of North Carolina Hospitals at

1 Chapel Hill Operations" and be transferable to a special fund operating code as receipts. All
2 revenues generated from operations, appropriations, or funds otherwise under the control of the
3 Board shall exclusively be used in furtherance of the missions and goals of the System as
4 determined or approved by the Board.

5 (b) Patient/Health Care System Benefit. – The Chief Executive Officer, or the Chief
6 Executive Officer's designee, may expend operating budget funds, including State funds, of the
7 System for the direct benefit of a patient, when, in the judgment of the Chief Executive Officer
8 or the Chief Executive Officer's designee, the expenditure of these funds would result in a
9 financial benefit to the System. Any such expenditures are declared to result in the provision of
10 medical services and create charges of the University of North Carolina Health Care System for
11 which the health care system may bill and pursue recovery in the same way as allowed by law
12 for recovery of other health care systems' charges for services that are unpaid.

13 These expenditures shall be restricted (i) to situations in which a patient is financially unable
14 to afford ambulance or other transportation for discharge; (ii) to afford placement in an after-care
15 facility; (iii) to assure availability of a bed in an after-care facility after discharge from the
16 hospitals; (iv) to secure equipment or other medically appropriate services after discharge; or (v)
17 to pay health insurance premiums. The Chief Executive Officer or the Chief Executive Officer's
18 designee shall reevaluate at least once a month the cost effectiveness of any continuing payment
19 on behalf of a patient.

20 To the extent that the System advances anticipated government entitlement benefits for a
21 patient's benefit, for which the patient later receives a lump sum "back pay" award from an agency
22 of the State, whether for the current admission or subsequent admission, the State agency shall
23 withhold from this back pay an amount equal to the sum advanced on the patient's behalf by the
24 System, if, prior to the disbursement of the back pay, the applicable State program has received
25 notice from the System of the advancement.

26 **"§ 116-350.40. Regulation of UNC Hospitals funds.**

27 (a) Definition of Funds. – As used in this section, "funds" means:

- 28 (1) Moneys, or the proceeds of other forms of property, received by the UNC
29 Hospitals as gifts or devises.
- 30 (2) Moneys received by the UNC Hospitals pursuant to grants from, or contracts
31 with, the United States government or any agency or instrumentality thereof.
- 32 (3) Moneys received by the UNC Hospitals pursuant to grants from, or contracts
33 with, any State agencies, any political subdivisions of the State, any other
34 states or nations or political subdivisions thereof, or any private entities
35 whereby the UNC Hospitals undertakes, subject to terms and conditions
36 specified by the entity providing the moneys, to conduct research, training, or
37 public service programs.
- 38 (4) Moneys received from or for the operation by the UNC Hospitals of any of its
39 self-supporting auxiliary enterprises, including the Liability Insurance Trust
40 Fund.
- 41 (5) Moneys received for services UNC Hospitals and the patient care programs
42 established or maintained by the School of Medicine of the University of
43 North Carolina at Chapel Hill render in its hospital, clinics, and other
44 operations.
- 45 (6) Moneys received by the UNC Hospitals in respect to borrowings for capital
46 equipment or construction projects to further services it renders in either or
47 both of its hospital or clinical operations.
- 48 (7) The net proceeds from the disposition effected pursuant to Article 7 of Chapter
49 146 of the General Statutes of any interest in real property owned by or under
50 the supervision and control of the UNC Hospitals if the interest in real
51 property had first been acquired by gift or devise or through expenditure of

1 moneys defined in this section, except the net proceeds from the disposition
2 of an interest in real property first acquired by the UNC Hospitals through
3 expenditure of moneys received as a grant from a State agency or General
4 Fund appropriations.

5 (b) Fund Management. – The Board of the System is responsible for the custody and
6 management of the funds of the UNC Hospitals. The Board shall adopt uniform policies and
7 procedures applicable to the deposit, investment, and administration of these funds, which shall
8 assure that the receipt and expenditure of such funds is properly authorized and that the funds are
9 appropriately accounted for. The Board may delegate authority, through the Chief Executive
10 Officer, to the President of the UNC Hospitals, when such delegation is necessary or prudent to
11 enable the UNC Hospitals to function in a proper and expeditious manner.

12 (c) Fund Expenditure. – Funds under this section and investment earnings thereon are
13 available for expenditure by the UNC Hospitals and are hereby appropriated by the General
14 Assembly.

15 (d) Fund Oversight. – Funds under this section are subject to the oversight of the State
16 Auditor pursuant to Article 5A of Chapter 147 of the General Statutes are not subject to the
17 provisions of the State Budget Act, except for operating and capital funds appropriated from the
18 General Fund.

19 (e) Fund Reporting. – The UNC Hospitals shall submit such reports or other information
20 concerning its fund accounts under this section as may be required by the Board.

21 (f) Funds Supplemental. – Funds under this section, or the investment income therefrom,
22 shall not take the place of State appropriations or any part thereof, but any portion of these funds
23 available for general institutional purposes shall be used to supplement State appropriations to
24 the end that the UNC Hospitals may improve and increase their functions, may enlarge their areas
25 of service, and may become more useful to a greater number of people.

26 (g) Fund Investment. – The Board may deposit or invest the funds under this section in
27 interest bearing accounts and other investments in the exercise of its sound discretion, without
28 regard to any statute or rule of law relating to the investment of funds by fiduciaries.

29 **"§ 116-350.45. Purchases.**

30 Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General
31 Statutes and G.S. 143-341(8)(i) of the General Statutes, the Board shall establish policies and
32 regulations governing the purchasing requirements of the System. These policies and regulations
33 shall provide for requests for proposals, competitive bidding or purchasing by means other than
34 competitive bidding, contract negotiations, and contract awards for purchasing supplies,
35 materials, equipment, and services which are necessary and appropriate to fulfill the clinical,
36 educational, research, and community service missions of the System.

37 The Board of Directors shall submit all initial policies and regulations adopted pursuant to
38 this section to the Division of Purchase and Contract for review upon adoption by the Board. Any
39 subsequent changes to these policies and regulations adopted by the Board shall be submitted to
40 the Division of Purchase and Contract for review. Any comments by the Division of Purchase
41 and Contract shall be submitted to the Chief Executive Officer and to the President of The
42 University of North Carolina.

43 **"§ 116-350.50. Real property.**

44 (a) Acquisition and Disposition. – The Board shall establish policies for acquiring and
45 disposing of any interest in real property by the System and the UNC Hospitals. These policies
46 shall specify procedures for evaluating, negotiating, and approving the acquisition or disposition
47 of an interest in real property by purchase, gift, lease, or rental, but not by condemnation or
48 exercise of eminent domain. Acquisitions and dispositions of interests in real property pursuant
49 to this section shall not be subject to statutes applicable to the acquisition or disposition of interest
50 in real property by or on behalf of State agencies, including, without limitation, the provisions of
51 Article 36 of Chapter 143 of the General Statutes or Chapter 146 of the General Statutes.

1 **(b) Design and Construction.** – The Board may, subject to rules and regulations generally
2 applicable to hospital facilities in the State, adopt policies and procedures that exclusively govern
3 the design, construction, and renovation of buildings, infrastructure, utilities, and other property
4 developments of the System and the UNC Hospitals, including all aspects of vendor selections,
5 contracting, negotiation, and approvals. Design and construction for the System and the UNC
6 Hospitals shall be subject to the requirements of G.S. 44A-26 and G.S. 133-1.1 but shall not
7 otherwise be subject to the provisions of statutes applicable to design and construction projects
8 by or on behalf of State agencies.

9 **(c) Plan Review and Code Enforcement of Certain Construction Projects.** –
10 Notwithstanding any other provision of law to the contrary, a local building code inspection
11 department has general authority over plan review and administration, and enforcement, of all
12 sections of the North Carolina State Building Code for construction or renovation projects
13 undertaken by the System or its component units that are on or within privately owned real
14 property leased by the System, or its component units, within its jurisdiction. Nothing in this
15 subsection shall be construed to abrogate the authority of the Department of Labor under
16 G.S. 143-139(c) and (d).

17 **"§ 116-350.55. Bonds and notes.**

18 **(a) Bonds and Notes.** – In addition to the provisions of Article 3 of Chapter 116D of the
19 General Statutes, the System shall be authorized to issue bonds and notes on behalf of itself or
20 any component units or System affiliate in accordance with the provisions of Article 3 of Chapter
21 116D of the General Statutes, in the same manner and for the same purposes as the Board of
22 Governors of The University of North Carolina may issue bonds and notes as provided for
23 therein. In doing so, the System shall have the same powers conferred upon the Board of
24 Governors by such Article and, for purposes of this section, references in such Article to the
25 Board of Governors shall mean and be deemed to include the System.

26 **(b) Notwithstanding subsection (a) of this section, in connection with the issuance of**
27 bonds or notes of the System in accordance with this section and Article 3 of Chapter 116D of
28 the General Statutes, the following provisions apply:

- 29 **(1)** Institutions within the meaning of G.S. 116D-22 include the System and any
30 component unit or System affiliate.
- 31 **(2)** The approval of the Director of the Budget, as provided in G.S. 116D-26,
32 116D-27, 116D-29, and 116D-30, does not apply to bonds or notes issued by
33 the System pursuant to this section and Article 3 of Chapter 116D of the
34 General Statutes.
- 35 **(3)** The first paragraph of G.S. 116D-26(b) does not apply to bonds or notes
36 issued by the System pursuant to this section and Article 3 of Chapter 116D
37 of the General Statutes.
- 38 **(4)** Nothing herein shall limit or restrict the right of the System to obtain a loan
39 from a financial institution, provided that the System may not pledge real
40 property owned by the State of North Carolina as collateral.

41 **"§ 116-350.60. Nonprofit merger authority.**

42 The University of North Carolina Health Care System and any domestic nonprofit
43 corporation may merge in the manner provided in G.S. 55A-11-09, except that the merger need
44 not comply with G.S. 55A-11-02 as required by G.S. 55A-11-09(b)(3). For the purposes of this
45 section, the University of North Carolina Health Care System is deemed an unincorporated
46 "business entity" as defined in G.S. 55A-11-09(a) and the University of North Carolina Health
47 Care System or the University of North Carolina Hospitals is the surviving business entity of any
48 merger effected pursuant to this section. For any plan of merger pursuant to this section, along
49 with the applicable items set forth in the articles of merger under G.S. 55A-11-09(d), the
50 University of North Carolina Health Care System shall set forth reference to this section.
51 G.S. 55A-11-09(e1) does not apply to a merger under this section.

1 **"§ 116-350.65. Public records.**

2 The following records of the System are not public records under Chapter 132 of the General
3 Statutes:

- 4 (1) Records related to patient care and patient services, including, but not limited
5 to, patient records, vendor contracts, quality initiatives, quality measures, and
6 reports related to quality requirements; provided, however, that any contracts
7 with other State agencies or documents publicly reported to government
8 regulatory or oversight bodies shall be considered public records.
9 (2) Records related to strategic planning or initiatives, including potential
10 affiliations and new services or businesses.
11 (3) Consultations with the Joint Legislative Commission on Governmental
12 Operations as provided by law.

13 "Part 2. Liability Insurance or Self-Insurance.

14 **"§ 116-350.100. Authorization to secure insurance or provide self-insurance.**

15 The Board is authorized through the purchase of contracts of insurance or the creation of
16 self-insurance trusts, or through combination of such insurance and self-insurance, to provide the
17 System, UNC Hospitals, System affiliates, and individual health care practitioners with coverage
18 against claims of personal or entity liability based on conduct within the course and scope of
19 health care functions undertaken by such entities or individuals as employees, agents, or officers
20 of (i) the System, (ii) the University of North Carolina Hospitals at Chapel Hill, or (iii) any health
21 care institution, agency, or entity which has an affiliation agreement with the System or with the
22 University of North Carolina Hospitals at Chapel Hill. The types of health care practitioners to
23 which the provisions of this Part may apply include, but are not limited to, medical doctors,
24 dentists, nurses, residents, interns, medical technologists, nurses' aides, and orderlies. Subject to
25 all requirements and limitations of this Article, the coverage to be provided, through insurance
26 or self-insurance or combination thereof, may include provision for the payment of expenses of
27 litigation, the payment of civil judgments in courts of competent jurisdiction, and the payment of
28 settlement amounts, in actions, suits, or claims to which this Part applies.

29 **"§ 116-350.105. Establishment and administration of self-insurance trust funds; rules and**
30 **regulations; defense of actions against covered persons; application of**
31 **G.S. 143-300.6.**

32 (a) In the event the Board elects to act as self-insurer of a program of liability insurance,
33 it may establish one or more insurance trust accounts to be used only for the purposes authorized
34 by this Article; provided, however, said program of liability insurance shall not be subject to
35 regulation by the Commissioner of Insurance. The Board is authorized to receive and accept any
36 gift, donation, appropriation, or transfer of funds made for the purposes of this section and to
37 deposit such funds in the insurance trust accounts. All expenses incurred in collecting, receiving,
38 and maintaining such funds and in otherwise administering the self-insured program of liability
39 insurance shall be paid from such insurance trust accounts.

40 (b) Subject to all requirements and limitations of this Article, the Board is authorized to
41 adopt rules for the establishment and administration of the self-insured program of liability
42 insurance, including, but not limited to, rules and regulations concerning the eligibility for and
43 terms and conditions of participation in the program, the assessment of charges against
44 participants, the management of the insurance trust accounts, and the negotiation, settlement,
45 litigation, and payment of claims.

46 (c) The Board is authorized to create a UNC Health Liability Insurance Trust Fund
47 Council composed of not more than 13 members; one member each shall be appointed by the
48 State Attorney General, the State Insurance Commissioner, the Director of the Office of State
49 Budget and Management, and the State Treasurer; the remaining members shall be appointed by
50 the Board. Subject to all requirements and limitations of this Article and to any rules and
51 regulations adopted by the Board under the terms of subsection (b) of this section, the Board may

1 delegate to the UNC Health Liability Insurance Trust Fund Council responsibility and authority
2 for the administration of the self-insured liability insurance program and of the insurance trust
3 accounts established pursuant to such program.

4 (d) Defense of all suits or actions against an individual health care practitioner who is
5 covered by a self-insured program of liability insurance established by the Board under the
6 provisions of this Article may be provided by the Attorney General in accordance with the
7 provisions of G.S. 143-300.3 of Article 31A of Chapter 143; provided, that in the event it should
8 be determined pursuant to G.S. 143-300.4 that defense of such a claim should not be provided
9 by the State, or if it should be determined pursuant to G.S. 143-300.5 and G.S. 147-17 that
10 counsel other than the Attorney General should be employed or, if the individual health care
11 practitioner is not an employee of the State as defined in G.S. 143-300.2, then private legal
12 counsel may be employed by the UNC Health Liability Insurance Trust Fund Council and paid
13 for from funds in the insurance trust accounts.

14 (e) For purposes of the requirements of G.S. 143-300.6, the coverage provided State
15 employees by any self-insured program of liability insurance established by the Board pursuant
16 to the provisions of this Article shall be deemed to be commercial liability insurance coverage
17 within the meaning of G.S. 143-300.6(c).

18 (f) By rules adopted by the Board in accordance with subsection (b) of this section, the
19 Board may provide that funds maintained in insurance trust accounts under such a self-insured
20 program of liability insurance may be used to pay any expenses, including damages ordered to
21 be paid, which may be incurred by the System or the University of North Carolina Hospitals at
22 Chapel Hill with respect to any claim, based on alleged negligent acts in the provision of health
23 care services, which may be prosecuted under the provisions of Article 31 of Chapter 143 of the
24 General Statutes.

25 **"§ 116-350.110. Funding of self-insurance program.**

26 (a) If the Board elects to establish a self-insurance trust fund, the initial contribution to
27 the fund shall be determined by an independent actuary but shall be no less than three hundred
28 thousand dollars (\$300,000). Annual contributions to said fund shall be made in an amount to be
29 determined each year by the UNC Health Liability Insurance Trust Fund Council upon the advice
30 of an independent actuary and shall include amounts necessary to pay all costs of administration
31 of the self-insurance program and claims adjustment, including litigation in addition to amounts
32 necessary to pay claims. Contributions shall be no less than one hundred fifty percent (150%) of
33 the amounts actually paid each year on medical malpractice claims until such time as the UNC
34 Health Liability Insurance Trust Fund Council, with the advice of an independent actuary and
35 the approval of the Board, determines that an annual contribution in a lesser amount will not
36 impair the adequacy of the fund to satisfy existing and potential health care malpractice claims
37 for a period of one year.

38 (b) Claims certified to be paid from the fund shall be paid in the order of award or
39 settlement. In the event that the fund created hereunder shall at any time have insufficient funds
40 to assure that both existing and future claims will be paid, the Board is hereby authorized to
41 borrow necessary amounts up to thirty million dollars (\$30,000,000) per established
42 self-insurance trust fund account to replenish the fund. The Board shall maintain funds in each
43 self-insurance trust at no less than one hundred thousand dollars (\$100,000) at all times.

44 (c) Funds borrowed by the Board to replenish the trust fund account may be secured by
45 pledging noncapital assets of the members. Members shall mean those entities, agencies,
46 departments, or divisions of the System which directly contribute funds to the self-insurance
47 trust. In no event shall individual health care providers be deemed members for the purposes of
48 this section.

49 (d) Obligations issued under the provisions of this Part shall not be deemed to constitute
50 a debt, liability, or obligation of the State or of any political subdivision thereof or a pledge of
51 the faith and credit of the State or of any such political subdivision but shall be payable solely

1 from the revenues or assets of the members. Each obligation issued under this Part shall contain
2 on the face thereof a statement to the effect that the System shall not be obligated to pay the same
3 nor the interest thereon except from the revenues or assets pledged therefor and that neither the
4 faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged
5 to the payment of the principal of or the interest on such obligation.

6 **"§ 116-350.115. Termination of fund.**

7 Any fund created hereunder may be terminated by the Board upon their determination that
8 other satisfactory and adequate arrangements have been made to assure that both existing and
9 future health care malpractice claims or judgments against the participants in the self-insurance
10 program will be paid and satisfied. Upon the termination of any fund pursuant to this section, the
11 full amount remaining in such fund upon termination less any outstanding indebtedness shall
12 promptly be repaid to the System and allocated among the participating entities according to their
13 respective contributions as determined by the Board.

14 **"§ 116-350.120. Sovereign immunity.**

15 Nothing in this Article shall be deemed to waive the sovereign immunity of the State.

16 **"§ 116-350.125. Confidentiality of records.**

17 Records pertaining to the liability insurance program, including all information,
18 correspondence, investigations, or interviews concerning or pertaining to claims or potential
19 claims against participants in the self-insurance program or to the program or applications for
20 participation in the program shall not be considered public records under Chapter 132 of the
21 General Statutes and shall not be subject to discovery under the Rules of Civil Procedure, Chapter
22 1A of the General Statutes.

23 **"§ 116-350.130. Further action.**

24 The Board is hereby authorized to take all action necessary to effectuate the purposes and
25 provisions of this Part.

26 **"§ 116-350.135. Appropriation.**

27 The funds described by this Part are appropriated and shall be used only as provided by this
28 Part.

29 **"§§ 116-350.136 to 116-359.** Reserved for future codification purposes.

30 "Article 39.

31 "East Carolina University Health Care Operations.

32 **"§ 116-360.5. Definitions.**

33 The following definitions apply in this Article:

- 34 (1) Board of Trustees. – The Board of Trustees of East Carolina University.
- 35 (2) Career State employee status. – As defined in G.S. 126-1.1.
- 36 (3) Chancellor. – The Chancellor of East Carolina University.
- 37 (4) ECU Dental School Clinical Operations. – A division of the School of Dental
38 Medicine at East Carolina University that operates clinical programs and
39 facilities in Greenville, North Carolina, and across the State for the purpose of
40 providing medical care to the general public and training dentists and other
41 health care professionals.
- 42 (5) Medical Faculty Practice Plan. – A division of the School of Medicine of East
43 Carolina University that operates clinical programs and facilities for the
44 purpose of providing medical care to the general public and training
45 physicians and other health care professionals.
- 46 (6) President. – The President of The University of North Carolina.
- 47 (7) School of Medicine. – The Brody School of Medicine of East Carolina
48 University.

49 **"§ 116-360.10. East Carolina University School of Medicine; establishment; mission.**

50 (a) Establishment. – The Board of Trustees of East Carolina University is hereby
51 authorized to establish a school of medicine at East Carolina University, Greenville, North

1 Carolina. The school of medicine shall meet all requirements and regulations of the Council on
2 Medical Education and Hospitals of the American Medical Association, the Association of
3 American Medical Colleges, and other such accrediting agencies whose approval is normally
4 required for the establishment and operation of a two-year medical school.

5 (b) Mission. – The School of Medicine shall provide instruction and training leading to a
6 medical degree, advanced and doctoral degrees in biomedical sciences and related fields, and
7 other credentials; facilitate the education of physicians and other health care providers in
8 partnership with schools and colleges within East Carolina University, The University of North
9 Carolina System, and its affiliated enterprises; provide patient care and facilitate the financial
10 sustainability of East Carolina University's School of Medicine and health sciences programs
11 through clinical collaboration with and joint operation of health care facilities with one or more
12 hospitals or health systems; engage in research and render other services designed to promote the
13 health and well-being of the citizens of North Carolina, with particular focus on rural areas of the
14 State; and drive innovation and transformation in health care services delivery, with particular
15 focus on rural health care services delivery.

16 **"§ 116-360.15. Personnel and operations.**

17 (a) Employment Authority. – East Carolina University School of Medicine may employ
18 a workforce to conduct its operations of the Medical Faculty Practice Plan and the ECU Dental
19 School Clinical Operations. Employees who are employed directly by Medical Faculty Practice
20 Plan and the ECU Dental School Clinical Operations, and not by an affiliated hospital or health
21 system, are State employees whose terms and conditions of employment, including benefit plans
22 and programs, are determined by the Chancellor, subject to the direction of the President. Only
23 Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the State Human Resources Act,
24 apply to these State employees. Subject to the approval of the President, the Chancellor may
25 authorize East Carolina University to employ the faculty and staff of the School of Medicine and
26 other health affairs schools and components of East Carolina University, subject to the provisions
27 of this section. All employees who are faculty members shall remain subject to the faculty
28 policies of East Carolina University, as established or adopted pursuant to delegation from the
29 Board of Governors of The University of North Carolina. A State employee employed by East
30 Carolina University as part of the Medical Faculty Practice Plan or ECU Dental School Clinical
31 Operations prior to January 1, 2024, has the right to (i) continued State employment if the
32 employee remains in the employee's current role or position, unless terminated in accordance
33 with the terms of employment that existed immediately prior to January 1, 2024, subject to all
34 relevant provisions of State and federal law and (ii) continued participation in the State Teachers'
35 and State Employees' Retirement System if the employee was enrolled in the Retirement System
36 immediately prior to January 1, 2024, and maintains State employee status.

37 (b) Certain Career State Employees. – Notwithstanding subsection (a) of this section, all
38 of the following applies:

39 (1) For employees of the Medical Faculty Practice Plan. – The compensation of a
40 State employee who achieved career State employee status by October 31,
41 1998, shall not be reduced as a result of this section and that employee shall
42 (i) remain subject to the rules regarding discipline or discharge that were
43 effective on October 31, 1998, and (ii) not be subject to the rules regarding
44 discipline or discharge adopted after that date.

45 (2) For employees of the ECU Dental School Clinical Operations. – The
46 compensation of a State employee who achieved career State employee status
47 by June 30, 2022, shall not be reduced as a result of this section and that
48 employee shall (i) remain subject to the rules regarding discipline or discharge
49 that were effective on June 30, 2022, and (ii) not be subject to the rules
50 regarding discipline or discharge adopted after that date.

1 (c) Subject to the direction of the President and so long as it is to the benefit of the School
2 of Medicine, East Carolina University, or The University of North Carolina System, the
3 Chancellor may take any of the following actions:

4 (1) Enter into partnerships, affiliations, joint operating agreements, and other
5 arrangements with hospitals, health systems, and other health care partners on
6 behalf of the School of Medicine or East Carolina University.

7 (2) Assign employees to assist with the establishment and operation of any
8 partnerships, affiliations, joint operating agreements, and other arrangements
9 entered into pursuant to this subsection.

10 (3) Make available office space, equipment, supplies, and other related resources
11 as part of any partnerships, affiliations, joint operating agreements, and other
12 arrangements entered into pursuant to this subsection.

13 **"§ 116-360.20. Finances.**

14 (a) Budgeting. – The School of Medicine, the Medical Faculty Practice Plan, and ECU
15 Dental School Clinical Operations, shall not be subject to the provisions of the State Budget Act,
16 except for General Fund appropriations, or otherwise subject to the authority, oversight, or
17 control of the Office of the State Controller. The School of Medicine, the Medical Faculty
18 Practice Plan, and ECU Dental School Clinical Operations shall be subject to the authority and
19 oversight of the Office of the State Auditor. The Chancellor, subject to the direction of the
20 President, shall be responsible for all aspects of budget preparation, budget execution, and
21 expenditure reporting for the School of Medicine, the Medical Faculty Practice Plan, and ECU
22 Dental School Clinical Operations. Except for General Fund appropriations, all receipts for the
23 Medical Faculty Practice Plan and ECU Dental School Clinical Operations may be invested
24 pursuant to G.S. 116-36.1. General Fund appropriations for support of the Medical Faculty
25 Practice Plan shall be budgeted in a General Fund code under a single purpose, "Contributions
26 to Medical Faculty Practice Plan at East Carolina University," and be transferable to a special
27 fund operating code as receipts. All revenues generated from operations, appropriations, or funds
28 of the Medical Faculty Practice Plan shall exclusively be used in furtherance of the missions and
29 goals of the Medical Faculty Practice Plan and School of Medicine as determined or approved
30 by the Chancellor.

31 (b) Medicare Receipts. – The East Carolina University School of Medicine shall request,
32 on a regular basis consistent with the State's cash management plan, funds earned by the School
33 from Medicare reimbursements for education costs. Upon receipt, these funds are appropriated
34 and shall be allocated as follows:

35 (1) The portion of the Medicare reimbursement generated through the effort and
36 expense of the School of Medicine's Medical Faculty Practice Plan shall be
37 transferred to the appropriate Medical Faculty Practice Plan account within
38 the School of Medicine. The Medical Faculty Practice Plan shall assume
39 responsibility for any of these funds that subsequently must be refunded due
40 to final audit settlements.

41 (2) Funds that were received pursuant to this section prior to July 1, 2005, and
42 that were transferred to a special fund account on deposit with the State
43 Treasurer are appropriated to the Brody School of Medicine at East Carolina
44 University and may be expended by the Brody School of Medicine for the
45 family medicine center and for purposes consistent with its stated mission.

46 **"§ 116-360.25. Purchases.**

47 Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General
48 Statutes to the contrary, the Chancellor shall establish policies and regulations governing the
49 purchasing requirements of the School of Medicine, the Medical Faculty Practice Plan, and ECU
50 Dental School Clinical Operations. These policies and regulations shall provide for requests for
51 proposals, competitive bidding, or purchasing by means other than competitive bidding, contract

1 negotiations, and contract awards for purchasing supplies, materials, equipment, and services
2 which are necessary and appropriate to fulfill the clinical and educational missions of the School
3 of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations.
4 Pursuant to such policies and regulations, purchases for the School of Medicine, the Medical
5 Faculty Practice Plan, and ECU Dental School Clinical Operations shall be effected by East
6 Carolina University.

7 The Chancellor shall submit all initial policies and regulations adopted under this section to
8 the Division of Purchase and Contract for review upon adoption by the Chancellor. Any
9 subsequent changes to these policies and regulations adopted by the Chancellor shall be
10 submitted to the Division of Purchase and Contract for review. Any comments by the Division
11 of Purchase and Contract shall be submitted to the Chancellor of East Carolina University and to
12 the President of The University of North Carolina.

13 **"§ 116-360.30. Public records.**

14 The following records of East Carolina University School of Medicine and ECU Dental
15 School Clinical Operations are not public records under Chapter 132 of the General Statutes:

- 16 (1) Records related to research, patient care, and patient services, including, but
17 not limited to, patient records, vendor contracts, quality initiatives, quality
18 measures, and reports related to quality requirements; provided, however, that
19 any contracts with other State agencies or documents publicly reported to
20 government regulatory or oversight bodies shall be considered public records.
- 21 (2) Records related to strategic planning or initiatives, including potential
22 affiliations and new services or businesses.
- 23 (3) Consultations with the Joint Legislative Commission on Governmental
24 Operations as provided by law.

25 **"§ 116-360.35. Real property.**

26 (a) Acquisition and Disposition. – The Chancellor of East Carolina University shall
27 establish rules and regulations for acquiring or disposing of any interest in real property for the
28 use of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School
29 Clinical Operations. These rules and regulations shall include provisions for development of
30 specifications, advertisement, and negotiations with owners for acquisition of an interest in real
31 property by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent
32 domain, on behalf of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental
33 School Clinical Operations. Acquisitions and dispositions of interests in real property pursuant
34 to this section shall not be subject to State laws applicable to the acquisition or disposition of
35 interest in real property by or on behalf of State agencies, including, without limitation, the
36 provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146
37 of the General Statutes.

38 (b) Design and Construction. – The Chancellor may, subject to rules and regulations
39 generally applicable to educational facilities and health care facilities in the State, adopt policies
40 and procedures that shall exclusively govern the design, construction, and renovation of
41 buildings, infrastructure, utilities, and other property developments of the School of Medicine,
42 including all aspects of vendor selections, contracting, negotiation, and approvals. Design and
43 construction for the School of Medicine are subject to the requirements of G.S. 44A-26 and
44 G.S. 133-1.1 but are otherwise exempt from other State laws applicable to design and
45 construction projects by or on behalf of State agencies.

46 (c) Plan Review and Code Enforcement of Certain Construction Projects. –
47 Notwithstanding any other provision of law to the contrary, a local building code inspection
48 department has general authority over plan review, administration, and enforcement of all
49 sections of the North Carolina State Building Code with respect to construction or renovation
50 projects undertaken by the School of Medicine, the Medical Faculty Practice Plan, or ECU Dental
51 Clinical Operations that are on or within privately owned real property leased by the School of

1 Medicine, the Medical Faculty Practice Plan, or ECU Dental Clinical Operations within the
2 jurisdiction of the local building code inspection department. Nothing in this subsection shall be
3 construed to abrogate the authority of the Department of Labor under subsections (c) and (d) of
4 G.S. 143-139."

6 CONFORMING AND OTHER CHANGES

7 **SECTION 4.10.(c)** G.S. 66-58 reads as rewritten:

8 "**§ 66-58. Sale of merchandise or services by governmental units.**

9 (a) Except as ~~may be~~ provided in this section, it ~~shall be~~ is unlawful for any unit,
10 ~~department~~ department, or agency of the State government, or any division or subdivision of the
11 unit, ~~department~~ department, or agency, or any individual employee or employees of the unit,
12 ~~department~~ department, or agency in his, ~~or~~ her, or their capacity as employee or employees
13 ~~thereof~~, thereof to engage directly or indirectly in the sale of goods, ~~wares~~ wares, or merchandise
14 in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias
15 or other eating places in any building owned by or leased in the name of the State, or to maintain
16 service establishments for the rendering of services to the public ordinarily and customarily
17 rendered by private enterprises, or to provide transportation services, or to contract with any
18 person, ~~firm~~ firm, or corporation for the operation or rendering of the businesses or services on
19 behalf of the unit, ~~department~~ department, or agency, or to purchase for or sell to any person,
20 ~~firm~~ firm, or corporation any article of merchandise in competition with private enterprise. The
21 leasing or subleasing of space in any building owned, ~~leased~~ leased, or operated by any unit,
22 ~~department or agency or division or subdivision thereof~~ department, agency, division, or
23 subdivision of the State for the purpose of operating or rendering of any of the businesses or
24 services ~~herein~~ referred to in this section is ~~hereby~~ prohibited.

25 (b) ~~The provisions of subsection~~ Subsection (a) of this section ~~shall~~ does not apply ~~to~~ to
26 any of the following:

27 ...

28 (8) The University of North Carolina with regard ~~to~~ to all of the following:

29 ...

30 e. The hospital and Medical School of the University of North Carolina.

31 e1. The University of North Carolina Health Care System.

32"

33 **SECTION 4.10.(d)** G.S. 116-30.3A reads as rewritten:

34 "**§ 116-30.3A. Availability of excess receipts.**

35 Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The
36 University of North Carolina realized in excess of budgeted levels shall be available, up to a
37 maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to
38 appropriations to support the operations generating the receipts as approved by the Director of
39 the Budget. ~~Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts~~
40 ~~within The University of North Carolina Health Care System realized in excess of budgeted~~
41 ~~levels shall be available above budgeted levels, for each Budget Code, in addition to~~
42 ~~appropriations to support the operations generating the receipts as approved by the Director of~~
43 ~~the Budget."~~

44 **SECTION 4.10.(e)** G.S. 116-219 reads as rewritten:

45 "**§ 116-219. Authorization to secure insurance or provide self-insurance.**

46 The Board of Governors of the University of North Carolina (hereinafter referred to as "the
47 Board") is authorized through the purchase of contracts of insurance or the creation of
48 self-insurance trusts, or through combination of such insurance and self-insurance, to provide
49 individual health-care practitioners with coverage against claims of personal tort liability based
50 on conduct within the course and scope of health-care functions undertaken by such individuals
51 as employees, agents, or officers of (i) the University of North Carolina, (ii) any constituent

1 institution of the University of North Carolina, ~~(iii) the University of North Carolina Hospitals~~
2 ~~at Chapel Hill, or (iv) (iii) any health-care institution, agency or entity which has an affiliation~~
3 ~~agreement with the University of North Carolina, Carolina or with a constituent institution of the~~
4 ~~University of North Carolina, or with the University of North Carolina Hospitals at Chapel Hill-~~
5 ~~Carolina.~~ The types of health-care practitioners to which the provisions of this Article may apply
6 include, but are not limited to, medical doctors, dentists, nurses, residents, interns, medical
7 technologists, nurses' aides, and orderlies. Subject to all requirements and limitations of this
8 Article, the coverage to be provided, through insurance or self-insurance or combination thereof,
9 may include provision for the payment of expenses of litigation, the payment of civil judgments
10 in courts of competent jurisdiction, and the payment of settlement amounts, in actions, suits or
11 claims to which this Article applies."

12 **SECTION 4.10.(f)** G.S. 116-220(f) reads as rewritten:

13 "(f) By rules or regulations adopted by the Board in accordance with G.S. 116-220(b) of
14 this Article, the Board may provide that funds maintained in insurance trust accounts under such
15 a self-insured program of liability insurance may be used to pay any expenses, including damages
16 ordered to be paid, which may be incurred by the University of North Carolina, ~~Carolina or a~~
17 ~~constituent institution of the University of North Carolina, or the University of North Carolina~~
18 ~~Hospitals at Chapel Hill-Carolina~~ with respect to any tort claim, based on alleged negligent acts
19 in the provision of health-care services, which may be prosecuted under the provisions of Article
20 31 of Chapter 143 of the General Statutes."

21 **SECTION 4.10.(g)** G.S. 116D-1(11) reads as rewritten:

22 "(11) University. – The University of North Carolina and its constituent and
23 affiliated institutions, including, without limitation, the University of North
24 Carolina Center for Public Television, ~~the University of North Carolina Health~~
25 ~~Care System,~~ the North Carolina School of Science and Mathematics, and the
26 North Carolina Arboretum."

27 **SECTION 4.10.(h)** G.S. 116D-22(2) reads as rewritten:

28 "(2) Institution. – Each of the institutions enumerated in G.S. 116-2, and any
29 affiliated institutions of the University, including, without limitation, the
30 University of North Carolina Center for Public Television, ~~the University of~~
31 ~~North Carolina Health Care System,~~ the North Carolina School of Science and
32 Mathematics, and the North Carolina Arboretum."

33 **SECTION 4.10.(i)** G.S. 126-5(c8) reads as rewritten:

34 "(c8) Except as to Articles 5, 6, 7, and 14 of this Chapter, this Chapter does not apply to
35 any of the following:

- 36 (1) Employees of the University of North Carolina Health Care System.
- 37 (2) Employees of the University of North Carolina Hospitals at Chapel Hill, ~~as~~
38 ~~may be provided pursuant to G.S. 116-37(a)(4).Hill.~~
- 39 (3) Employees of the clinical patient care programs of the School of Medicine of
40 the University of North Carolina at Chapel Hill ~~as may be provided pursuant~~
41 ~~to G.S. 116-37(a)(4).Hill.~~

42 "...."

43 **SECTION 4.10.(j)** G.S. 131E-13 is amended by adding a new subsection to read:

44 "(i) This section does not apply to a transaction that is part of an agreement between a
45 municipality or hospital authority and the University of North Carolina Health Care System for
46 the lease, sale, or conveyance of a hospital facility, or part of a hospital facility, to the University
47 of North Carolina Health Care System."

48 **SECTION 4.10.(k)** G.S. 135-1(10) reads as rewritten:

49 "(10) "Employee" shall mean all full-time employees, agents or officers of the State
50 of North Carolina or any of its departments, bureaus and institutions other than
51 educational, whether such employees are elected, appointed or employed:

1 Provided that the term "employee" shall not include employees of the
2 University of North Carolina Health Care System who are not eligible for
3 participation under G.S. 135-5.6, employees of the East Carolina University
4 School of Medicine or Dental School of Medicine who are not eligible for
5 participation under G.S. 135-5.7, any person who is a member of the
6 Consolidated Judicial Retirement System, any member of the General
7 Assembly or any part-time or temporary employee. Notwithstanding any other
8 provision of law, "employee" shall include all employees of the General
9 Assembly except participants in the Legislative Intern Program, pages, and
10 beneficiaries in receipt of a monthly retirement allowance under this Chapter
11 who are reemployed on a temporary basis. "Employee" also includes any
12 participant whose employment is interrupted by reason of service in the
13 Uniformed Services, as that term is defined in section 4303(16) of the
14 Uniformed Services Employment and Reemployment Rights Act, Public Law
15 103-353, if that participant was an employee at the time of the interruption; if
16 the participant does not return immediately after that service to employment
17 with a covered employer in this System, then the participant shall be deemed
18 "in service" until the date on which the participant was first eligible to be
19 separated or released from his or her involuntary military service. In all cases
20 of doubt, the Board of Trustees shall determine whether any person is an
21 employee as defined in this Chapter. "Employee" shall also mean every
22 full-time civilian employee of the North Carolina National Guard who is
23 employed pursuant to section 709 of Title 32 of the United States Code and
24 paid from federal appropriated funds, but held by the federal authorities not to
25 be a federal employee: Provided, however, that the authority or agency paying
26 the salaries of such employees shall deduct or cause to be deducted from each
27 employee's salary the employee's contribution in accordance with applicable
28 provisions of G.S. 135-8 and remit the same, either directly or indirectly, to
29 the Retirement System; coverage of employees described in this sentence shall
30 commence upon the first day of the calendar year or fiscal year, whichever is
31 earlier, next following the date of execution of an agreement between the
32 Secretary of Defense of the United States and the Adjutant General of the State
33 acting for the Governor in behalf of the State, but no credit shall be allowed
34 pursuant to this sentence for any service previously rendered in the
35 above-described capacity as a civilian employee of the North Carolina
36 National Guard: Provided, further, that the Adjutant General, in the Adjutant
37 General's discretion, may terminate the Retirement System coverage of the
38 above-described North Carolina National Guard employees if a federal
39 retirement system is established for such employees and the Adjutant General
40 elects to secure coverage of such employees under such federal retirement
41 system. Any full-time civilian employee of the North Carolina National Guard
42 described above who is now or hereafter may become a member of the
43 Retirement System may secure Retirement System credit for such service as
44 a North Carolina National Guard civilian employee for the period preceding
45 the time when such employees became eligible for Retirement System
46 coverage by paying to the Retirement System an amount equal to that which
47 would have constituted employee contributions if the employee had been a
48 member during the years of ineligibility, plus interest. Employees of State
49 agencies, departments, institutions, boards, and commissions who are
50 employed in permanent job positions on a recurring basis must work at least
51 30 hours per week for nine or more months per calendar year in order to be

covered by the provisions of this subdivision. On and after August 1, 2001, a person who is a nonimmigrant alien and who otherwise meets the requirements of this subdivision shall not be excluded from the definition of "employee" solely because the person holds a temporary or time-limited visa."

SECTION 4.10.(l) G.S. 135-1(11) reads as rewritten:

"(11) "Employer" shall mean the State of North Carolina, the county board of education, the city board of education, the State Board of Education, the board of trustees of the University of North Carolina, the University of North Carolina Health Care System, the board of trustees of other institutions and agencies supported and under the control of the State, or any other agency of and within the State by which a teacher or other employee is paid. For purposes of reporting under the pronouncements by the Governmental Accounting Standards Board, the Retirement System is a multi-employer plan."

SECTION 4.10.(m) G.S. 135-3(8)f. is recodified as G.S. 135-3(d).

SECTION 4.10.(n) G.S. 135-3, as amended by subsection (m) of this section, reads as rewritten:

"§ 135-3. **Membership.**

(a) The membership of this Retirement System shall be composed as follows:

...

~~(8a)(b)~~ Notwithstanding the provisions of ~~paragraphs c and d~~ sub-subdivisions c. and d. of subdivision (8) of this section to the contrary, a beneficiary who was a beneficiary retired on an early or service retirement with the Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement officers employed by the State and beneficiaries last employed by the State to this Retirement System on January 1, 1985, and who also was a contributing member of this Retirement System on January 1, 1985, shall continue to be paid his or her retirement allowance without restriction and may continue as a member of this Retirement System with all the rights and privileges appendant to membership.

~~(9)(c)~~ Members who are participating in an intergovernmental exchange of personnel under the provisions of Article 10 of Chapter 126 may retain their membership status and receive all benefits provided by this Chapter during the period of the exchange provided the requirements of Article 10 of Chapter 126 are met; provided further, that a member participating in an intergovernmental exchange of personnel under Article 10 of Chapter 126 shall, notwithstanding whether ~~he~~ the member and ~~his~~ the member's employer are making contributions to the member's account during the exchange period, be entitled to the death benefit if ~~he~~ the member otherwise qualifies under the provisions of this Article and provided further that no duplicate benefits shall be paid.

(d) ~~Should~~ If a beneficiary who retired on an early or service retirement allowance under this Chapter ~~be~~ is reemployed by, or otherwise engaged to perform services for, an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee for service basis, whether contractual or otherwise at any time during the six months immediately following the effective date of retirement, then the option of the ~~two listed below~~ following subdivisions that has the lesser financial impact on the member, as determined by the Retirement System, shall be applied:

~~1.~~ (1) The member's retirement ~~shall be~~ is deemed effective the month after the last month the member performed services for a participating employer, and the member shall repay all retirement benefits paid up to the deemed effective date, provided the member thereafter has satisfied the six-month separation required by G.S. 135-1(20).

1 ~~2.~~(2) The member shall make a lump-sum payment to the Retirement System equal
2 to three times the amount of compensation earned during the six months
3 immediately following the effective date of retirement.

4 (e) Notwithstanding any other provision of this Article to the contrary, if a member who
5 retires on an early or service retirement as an employee of the University of North Carolina
6 Health Care System or the East Carolina University School of Medicine or School of Dental
7 Medicine is subsequently employed by a non-State entity affiliated with the University of North
8 Carolina Health Care System or East Carolina University School of Medicine, then that member
9 shall continue to be paid the member's retirement allowance without restriction. For the purposes
10 of this subsection, "non-State entity" means an entity that does not satisfy the requirements of
11 being an employer pursuant to G.S. 135-1(11)."

12 **SECTION 4.10.(o)** G.S. 135-5.1 reads as rewritten:

13 **"§ 135-5.1. Optional retirement program for The University of North Carolina.**

14 (a) An Optional Retirement Program provided for in this section is authorized and
15 established and shall be implemented by the Board of Governors of The University of North
16 Carolina. The Optional Retirement Program shall be underwritten by the purchase of annuity
17 contracts, which may be both fixed and variable contracts or a combination thereof, or financed
18 through the establishment of a trust, for the benefit of participants in the Program. Participation
19 shall be limited to (i) University personnel who are eligible for membership in the Teachers' and
20 State Employees' Retirement Program or (ii) individuals eligible under G.S. 135-5.6 or
21 G.S. 135-5.7, and ~~who are:~~who, in either case, also meet any of the following criteria:

22 (1) Administrators and faculty of The University of North Carolina with the rank
23 of instructor or ~~above;~~above.

24 (2) The President and employees of The University of North Carolina who are
25 appointed by the Board of Governors on recommendation of the President
26 pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who are appointed by
27 the Board of Trustees of a constituent institution of The University of North
28 Carolina upon the recommendation of the Chancellor pursuant to ~~G.S.~~
29 ~~116-40.22(b);~~G.S. 116-40.22(b).

30 (3) Nonfaculty instructional and research staff who are exempt from the North
31 Carolina Human Resources Act, as defined by the provisions of
32 G.S. 126-5(c1)(8), and the faculty of the North Carolina School of Science
33 and ~~Mathematics;~~andMathematics.

34 (4) Field faculty of the Cooperative Agriculture Extension Service, and tenure
35 track faculty in North Carolina State University agriculture research programs
36 who are exempt from the North Carolina Human Resources Act and who are
37 eligible for membership in the Teachers' and State Employees' Retirement
38 System pursuant to G.S. 135-3(1), who in any of the cases described in this
39 subsection (i) had been members of the Optional Retirement Program under
40 the provisions of Chapter 338, Session Laws of 1971, immediately prior to
41 July 1, 1985, or (ii) have sought membership as required in subsection (b),
42 below. Under the Optional Retirement Program, the State and the participant
43 shall contribute, to the extent authorized or required, toward the purchase of
44 such contracts or deposited in such trust on the participant's behalf.

45 (5) ~~Employees~~To the extent allowed under G.S. 135-5.6, employees of The
46 University of North Carolina Health Care System, subject to rules for
47 eligibility and participation as may be adopted by the Board of Governors in
48 the Optional Retirement Program plan document.

49 (6) Employees hired on or after January 1, 2013.

50 (b) Participation in the Optional Retirement Program shall be governed as follows:

- 1 (1) Those participating in the Optional Retirement Program immediately prior to
2 July 1, 1985, under the provisions of Chapter 338, Session Laws of 1971, are
3 deemed automatically enrolled in the Program as established by this section.
- 4 (2) Eligible ~~employees~~ University personnel initially appointed on or after July 1,
5 1985, shall at the same time of entering upon eligible employment elect (i) to
6 join the Retirement System in accordance with the provisions of law
7 applicable thereto or (ii) to participate in the Optional Retirement Program.
8 This election shall be in writing and filed with the Retirement System and with
9 the employing institution and shall be effective ~~as of~~ on the date of entry into
10 eligible service. For purposes of this provision, the Optional Retirement
11 Program shall be permitted to file individual election forms with the
12 Retirement System using electronic transmission.
- 13 (3) ~~An~~ Except as provided under G.S. 135-5.6 and G.S. 135-5.7, an election to
14 participate in the Optional Retirement Program shall be irrevocable. An
15 eligible employee failing to elect to participate in the Optional Retirement
16 Program at the time of entry into eligible service shall automatically be
17 enrolled as a member of the Retirement System.

18 ...

19 (c) Each employing institution shall contribute on behalf of each participant in the
20 Optional Retirement Program an amount equal to a percentage of the participant's compensation
21 as established from time to time by the General Assembly. Each participant shall contribute the
22 amount which he or she would be required to contribute if a member of the Retirement System.
23 Contributions authorized or required by the provisions of this subsection on behalf of each
24 participant shall be made, consistent with Section 414(h) of the Internal Revenue Code, by salary
25 reduction according to rules and regulations established by The University of North Carolina.
26 Additional personal contributions may also be made by a participant by payroll deduction or
27 salary reduction to an annuity or retirement income plan established pursuant to G.S. 116-17.
28 Payment of contributions shall be made by the employing institution to the designated company
29 or companies underwriting the annuities or the trustees for the benefit of each participant, and
30 this employer contribution shall not be subject to any State tax if made under the Optional
31 Retirement Program or, otherwise, by salary reduction.

32 ...

33 (g) No retirement benefit, death benefit, or other benefit under the Optional Retirement
34 Program shall be paid by the State of North Carolina, or The University of North Carolina, the
35 University of North Carolina Health Care System, or the Board of Trustees of the Teachers' and
36 State Employees' Retirement System with respect to any employee selecting and participating in
37 the Optional Retirement Program or with respect to any beneficiary of that employee. Benefits
38 shall be payable to participants or their beneficiaries only by the designated company in
39 accordance with the terms of the contracts or trust agreement.

40 (h) The Board of Governors of The University of North Carolina shall ensure that the
41 Optional Retirement Program contains benefit forfeiture provisions equivalent to those contained
42 in G.S. 135-18.10A for University personnel who are eligible for membership in the Teachers'
43 and State Employees' Retirement System and have elected participation in the Optional
44 Retirement Program. Any funds forfeited shall be deposited in the Optional Retirement Program
45 trust fund(s)."

46 **SECTION 4.10.(p)** Article 1 of Chapter 135 of the General Statutes is amended by
47 adding the following new sections to read:

48 **"§ 135-5.6. Employees of the University of North Carolina Health Care System.**

49 (a) All employees of the University of North Carolina Health Care System who are (i)
50 employed before January 1, 2024, and (ii) are members of either the Retirement System or the
51 Optional Retirement Program before January 1, 2024, shall retain membership in that Retirement

1 System or that Optional Retirement Program unless the member makes a one-time, irrevocable
2 election to cease membership in the Retirement System or the Optional Retirement Program in
3 favor of a similar benefit offered by the University of North Carolina Health Care System
4 pursuant to G.S. 116-350.30.

5 (b) Employees of the University of North Carolina Health Care System who are hired on
6 or after January 1, 2024, shall not be eligible for membership in the Retirement System. The
7 University of North Carolina Health Care System shall offer employees of the System who are
8 hired on or after January 1, 2024, any of the following benefits:

9 (1) Membership in the Optional Retirement System.

10 (2) Enrollment in a similar benefit to the Optional Retirement System pursuant to
11 G.S. 116-350.30.

12 (3) A choice between the options provided in subdivision (1) and subdivision (2)
13 of this subsection.

14 (c) If any individual ceases to be employed by the University of North Carolina Health
15 Care System on or after January 1, 2024, and is later rehired by the University of North Carolina
16 Health Care System, then that individual shall be treated as an employee newly hired on or after
17 January 1, 2024, for the purposes of this section.

18 (d) The University of North Carolina Health Care System shall continue to report the
19 payroll of employees employed as of December 31, 2023, and shall continue to remit the
20 employee and employer contributions for all employees retaining membership in the Retirement
21 System or the Optional Retirement Program until none exist.

22 **"§ 135-5.7. Certain employees of East Carolina University.**

23 (a) As used in this section, the terms "Medical Faculty Practice Plan" and "ECU Dental
24 School Clinical Operations" have the same meaning as in G.S. 116-360.5.

25 (b) All employees of the Medical Faculty Practice Plan and the ECU Dental School
26 Clinical Operations who are (i) employed before January 1, 2024, and (ii) are members of either
27 the Retirement System or the Optional Retirement Program before January 1, 2024, shall retain
28 membership in that Retirement System or that Optional Retirement Program unless the member
29 makes a one-time, irrevocable election to cease membership in the Retirement System or the
30 Optional Retirement Program in favor of a similar benefit offered by the East Carolina University
31 School of Medicine, the Medical Faculty Practice Plan, or the ECU Dental School Clinical
32 Operations pursuant to G.S. 116-360.15.

33 (c) Employees of the Medical Faculty Practice Plan or the ECU Dental School Clinical
34 Operations hired on or after January 1, 2024, shall not be eligible for membership in the
35 Retirement System. East Carolina University shall offer employees of the Medical Faculty
36 Practice Plan and employees of the ECU Dental School Clinical Operations who are hired on or
37 after January 1, 2024, any of the following benefits:

38 (1) Membership in the Optional Retirement System.

39 (2) Enrollment in a similar benefit to the Optional Retirement System pursuant to
40 G.S. 116-360.15.

41 (3) A choice between the options provided in subdivision (1) and subdivision (2)
42 of this subsection.

43 (d) If any individual ceases to be employed by the Medical Faculty Practice Plan or the
44 ECU Dental School Clinical Operations on or after January 1, 2024, and is later rehired by the
45 Medical Faculty Practice Plan or the ECU Dental School Clinical Operations, then that individual
46 shall be treated as an employee newly hired on or after January 1, 2024, for the purposes of this
47 section.

48 (e) East Carolina University School of Medicine shall continue to report the payroll of
49 employees employed as of December 31, 2023, and shall continue to remit the employee and
50 employer contributions for all employees retaining membership in the Retirement System or the
51 Optional Retirement Program until none exist."

1 **SECTION 4.10.(q)** G.S. 135-48.1(11) reads as rewritten:

2 "(11) Employing Unit. – A North Carolina School System; Community College;
3 State Department, Agency, or Institution; the University of North Carolina
4 Health Care System; Administrative Office of the Courts; or Association or
5 Examining Board whose employees are eligible for membership in a
6 State-Supported Retirement System. An employing unit also shall mean (i) a
7 charter school in accordance with Article 14A of Chapter 115C of the General
8 Statutes whose board of directors elects to become a participating employer
9 in the Plan under G.S. 135-48.54 or (ii) a local government unit that
10 participates in the Plan under G.S. 135-48.47 or under any other law. Bona
11 fide fire departments, rescue or emergency medical service squads, and
12 National Guard units are deemed to be employing units for the purpose of
13 providing benefits under this Article."

14 **SECTION 4.10.(r)** G.S. 135-48.40(b) reads as rewritten:

15 "(b) Partially Contributory Coverage. – The following persons are eligible for coverage
16 under the Plan, on a partially contributory basis, subject to the provisions of G.S. 135-48.43:

17 (1) All permanent full-time employees of an employing unit who meet ~~either~~ any
18 of the following conditions:

19 a. ~~Paid~~ The employee is paid from general or special State funds.

20 b. ~~Paid~~ The employee is paid from non-State funds and in a group for
21 which his or her employing unit has agreed to provide coverage.

22 Employees of State agencies, departments, institutions, boards, and
23 commissions not otherwise covered by the Plan who are employed in
24 permanent job positions on a recurring basis and who work 30 or more hours
25 per week for nine or more months per calendar year are covered by the
26 provisions of this subdivision.

27 This subdivision shall not apply to employees enrolled in a comprehensive
28 health benefit plan offered by East Carolina University pursuant to
29 G.S. 116-360.15 or the University of North Carolina Health Care System
30 pursuant to G.S. 116-350.30.

31 "

32 **SECTION 4.10.(s)** G.S. 143-56 reads as rewritten:

33 "**§ 143-56. Certain purchases excepted from provisions of Article.**

34 Unless as may otherwise be ordered by the Secretary of Administration, the purchase of
35 supplies, materials and equipment through the Secretary of Administration shall be mandatory in
36 the following cases:

37 (1) Published books, manuscripts, maps, pamphlets and periodicals.

38 (2) Perishable articles such as fresh vegetables, fresh fish, fresh meat, eggs, and
39 others as may be classified by the Secretary of Administration.

40 Purchase through the Secretary of Administration shall not be mandatory for information
41 technology purchased in accordance with Article 15 of Chapter 143B of the General Statutes, for
42 a purchase of supplies, materials or equipment for the General Assembly if the total expenditures
43 is less than the expenditure benchmark established under the provisions of G.S. 143-53.1, for
44 group purchases made by hospitals, developmental centers, neuromedical treatment centers, and
45 alcohol and drug abuse treatment centers through a competitive bidding purchasing program, as
46 defined in G.S. 143-129, by the University of North Carolina Health Care System pursuant to
47 ~~G.S. 116-37(h)~~, G.S. 116-350.45, by the University of North Carolina Hospitals at Chapel Hill
48 pursuant to ~~G.S. 116-37(a)(4)~~, G.S. 116-350.15(d), by the University of North Carolina at Chapel
49 Hill on behalf of the clinical patient care programs of the School of Medicine of the University
50 of North Carolina at Chapel Hill pursuant to ~~G.S. 116-37(a)(4)~~, G.S. 116-350.15(d), or by East

1 Carolina University on behalf of the Medical Faculty Practice Plan pursuant to
2 ~~G.S. 116-40.6(e)~~; G.S. 116-360.25.

3 All purchases of the above articles made directly by the departments, institutions and agencies
4 of the State government shall, whenever possible, be based on competitive bids. Whenever an
5 order is placed or contract awarded for such articles by any of the departments, institutions and
6 agencies of the State government, a copy of such order or contract shall be forwarded to the
7 Secretary of Administration and a record of the competitive bids upon which it was based shall
8 be retained for inspection and review."

9 **SECTION 4.10.(t)** G.S. 143-596 reads as rewritten:

10 **"§ 143-596. Definitions.**

11 As used in this Article, unless the context clearly provides otherwise:

12 ...

13 (1c) Medical Faculty Practice Plan. – As defined in ~~G.S. 116-40.6~~ Article 39 of
14 Chapter 116 of the General Statutes.

15 ...

16 (8) The University of North Carolina Health Care System. – As defined in ~~G.S.~~
17 ~~116-37~~ Article 38 of Chapter 116 of the General Statutes."

18 **SECTION 4.10.(u)** G.S. 143C-1-3 reads as rewritten:

19 **"§ 143C-1-3. Fund types.**

20 ...

21 (c) Notwithstanding subsections (a) and (b) of this section, funds established for The
22 University of North Carolina and its constituent institutions pursuant to the following statutes are
23 exempt from Chapter 143C of the General Statutes and shall be accounted for as provided by
24 those statutes, except that the provisions of Article 8 of Chapter 143C of the General Statutes
25 shall apply to the funds: G.S. 116-35, 116-36, 116-36.1, 116-36.2, 116-36.4, 116-36.5, ~~116-36.6,~~
26 116-44.4, 116-68, 116-220, 116-235.

27 (d) Notwithstanding subsections (a) and (b) of this section, funds established for the
28 University of North Carolina Health Care System pursuant to G.S. 116-350.40 are exempt from
29 Chapter 143C of the General Statutes and shall be accounted for as provided by those statutes."

30 **SECTION 4.10.(v)** G.S. 143C-8-7(a) reads as rewritten:

31 "(a) No State agency may expend funds for the construction or renovation of any capital
32 improvement project except as needed to comply with this Article or otherwise authorized by the
33 General Assembly. Funds that become available by gifts, ~~excess patient receipts above those~~
34 ~~budgeted at the University of North Carolina Hospitals at Chapel Hill~~, federal or private grants,
35 receipts becoming a part of special funds by act of the General Assembly, or any other funds
36 available to a State agency or institution may be utilized for advanced planning through the
37 working drawing phase of capital improvement projects, upon approval of the Director of the
38 Budget."

39 **SECTION 4.10.(w)** G.S. 143C-8-8 reads as rewritten:

40 **"§ 143C-8-8. When a State agency may increase the cost of a capital improvement project.**

41 Upon the request of the administration of a State agency, the Director of the Budget may,
42 when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a
43 capital improvement project. Provided, however, that if the Director of the Budget increases the
44 cost of a project, the Director shall report that action to the Joint Legislative Commission on
45 Governmental Operations at its next meeting. The increase may be funded from gifts, federal or
46 private grants, special fund receipts, ~~excess patient receipts above those budgeted at the~~
47 ~~University of North Carolina Hospitals at Chapel Hill~~, or direct capital improvement
48 appropriations to that department or institution."

49 **SECTION 4.10.(x)** G.S. 146-22(c) reads as rewritten:

50 "(c) Acquisitions on behalf of the University of North Carolina Health Care System shall
51 be made in accordance with ~~G.S. 116-37(i)~~, G.S. 116-350.50, acquisitions on behalf of the

1 University of North Carolina Hospitals at Chapel Hill shall be made in accordance with ~~G.S.~~
2 ~~116-37(a)(4), G.S. 116-350.15(d)~~, acquisitions on behalf of the clinical patient care programs of
3 the School of Medicine of The University of North Carolina at Chapel Hill shall be made in
4 accordance with ~~G.S. 116-37(a)(4), G.S. 116-350.15(d)~~, and acquisitions on behalf of the
5 Medical Faculty Practice Plan of the East Carolina University School of Medicine shall be made
6 in accordance with ~~G.S. 116-40.6(d), G.S. 116-360.35(a)~~."

7 **SECTION 4.10.(y)** G.S. 147-69.2(a)(16a) reads as rewritten:

8 "(16a) The University of North Carolina Hospitals at Chapel Hill funds, except
9 appropriated funds, deposited with the State Treasurer pursuant to
10 ~~G.S. 116-37.2, G.S. 116-350.40~~."

11
12 **APPROPRIATIONS AND REPORTING REQUIREMENTS FOR THE NC CARE**
13 **INITIATIVE**

14 **SECTION 4.10.(z)** The General Assembly makes the following findings:

- 15 (1) North Carolina's rural population is among the largest in the United States and
16 is in need of dedicated effort and investment to help improve health outcomes
17 in many of the State's rural communities.
- 18 (2) The East Carolina University Brody School of Medicine, the University of
19 North Carolina School of Medicine, University Health Systems of Eastern
20 Carolina, Inc., a nonprofit corporation doing business as ECU Health (ECU
21 Health), and the University of North Carolina Health Care System are
22 dedicated to extending and improving health care services and health provider
23 education for the benefit of North Carolina citizens and communities;
24 delivering care close to where citizens live and work; and transforming rural
25 health care for the benefit of North Carolina.

26 **SECTION 4.10.(aa)** It is the intent of the General Assembly that ECU Health, UNC
27 Health Care System, and their affiliated schools of medicine (East Carolina University Brody
28 School of Medicine and the University of North Carolina School of Medicine) will collaborate
29 to establish a new initiative to be known as NC Care. The purpose of the NC Care initiative is to
30 improve access to high quality health care for citizens and communities located in rural areas of
31 North Carolina by establishing outcome driven regional systems of care, beginning in eastern
32 North Carolina. To that end, of the funds authorized in this act or appropriated in this act to the
33 Board of Governors of The University of North Carolina over the 2023-2025 fiscal biennium, a
34 total of four hundred twenty million dollars (\$420,000,000) is provided for investment in the NC
35 Care initiative as follows:

- 36 (1) The sum of ten million dollars (\$10,000,000) for Clinically Integrated
37 Network.
- 38 (2) The sum of two hundred ten million dollars (\$210,000,000) for three health
39 clinics, of which the sum of one hundred five million dollars (\$105,000,000)
40 has been appropriated.
- 41 (3) The sum of one hundred fifty million dollars (\$150,000,000) for hospital
42 investment.
- 43 (4) The sum of fifty million dollars (\$50,000,000) for a regional behavioral health
44 hospital.

45 **SECTION 4.10.(bb)** The University of North Carolina Health Care System and ECU
46 Health, through the NC Care initiative, shall use the funds allocated under subsection (aa) of this
47 section to do the following:

- 48 (1) Invest in strengthening and providing operational support for community
49 hospitals affiliated with the University of North Carolina Health Care System
50 and ECU Health that will be integrated into the new regional systems of care
51 developed through the NC Care initiative.

- 1 (2) Clinically integrate these community hospitals into the new regional systems
2 of care developed through the NC Care initiative.

3 **SECTION 4.10.(cc)** By April 1, 2024, and every six months thereafter, ECU Health
4 and the University of North Carolina Health Care System shall jointly report to the Senate
5 Committee on Appropriations/Base Budget, the House Appropriations Committee, and the Fiscal
6 Research Division regarding the NC Care initiative. The report shall include at least all of the
7 following:

- 8 (1) Progress on the development and implementation of the NC Care initiative.
9 (2) Plans developed through the NC Care initiative for the establishment of new
10 regional systems of care, new rural care centers, or both. The report shall
11 include the location and projected cost of any new regional systems of care,
12 new rural care centers, or both; and the location and projected cost for each.
13 (3) Plans developed through the NC Care initiative for investments in
14 strengthening and providing operational support for community hospitals
15 affiliated with the University of North Carolina Health Care System and ECU
16 Health. The report shall include the amount of funds appropriated by this act
17 that are used for these purposes, broken down by hospital name, hospital
18 location, and the purpose of the investment; and information about how these
19 community hospitals will be integrated into the new regional systems of care
20 developed through the NC Care initiative.
21 (4) The implementation status of the UNC Health and ECU Health Clinically
22 Integrated Network funded by this act.
23 (5) Progress on capital projects and grant projects funded by the State Capital
24 Infrastructure Fund pursuant to Section 40.1 of this act.
25 (6) Any other information the University of North Carolina Health Care System
26 and ECU Health deem necessary for the General Assembly to evaluate the
27 effectiveness of the NC Care initiative.
28

29 **EFFECTIVE DATE OF SECTION**

30 **SECTION 4.10.(dd)** Subsections (z) through (cc) of this section are effective July
31 1, 2023. The remainder of this section is effective when it becomes law.
32

33 **PART V. GENERAL PROVISIONS**

35 **UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2022-2023 FISCAL YEAR** 36 **DO NOT REVERT**

37 **SECTION 5.1.(a)** This section applies to any directed grants appropriated as
38 nonrecurring funds in S.L. 2021-180 for the 2022-23 fiscal year that (i) remain unexpended as of
39 the effective date of this section and (ii) are subject to reversion at the end of the 2022-23 fiscal
40 year. Notwithstanding any provision of law to the contrary, the grants described by this section
41 shall not revert at the end of the 2022-23 fiscal year and shall remain available for expenditure
42 for the purpose for which the funds were appropriated until the earlier of the date the funds are
43 expended or the date the funds revert pursuant to subsection (b) of this section.

44 **SECTION 5.1.(b)** Any funds described in subsection (a) of this section that remain
45 unexpended as of June 30, 2023, shall revert to the appropriate fund at the end of the 2023-24
46 fiscal year.

47 **SECTION 5.1.(c)** This section becomes effective June 30, 2023.
48

49 **UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2021-2022**

50 **SECTION 5.1B.(a)** This section applies to any directed grants appropriated as
51 nonrecurring funds in S.L. 2021-180 for the 2021-2022 fiscal year that (i) remain unexpended as

1 of the effective date of this section and (ii) are subject to reversion at the end of the 2022-2023
2 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this
3 section shall not revert at the end of the 2022-2023 fiscal year and shall remain available for
4 expenditure for the purpose for which the funds were appropriated until the earlier of the date the
5 funds are expended or March 31, 2024.

6 **SECTION 5.1B.(b)** Any funds described in subsection (a) of this section that remain
7 unexpended as of March 31, 2024, shall revert to the appropriate fund at the end of the 2023-2024
8 fiscal year.

9 **SECTION 5.1B.(c)** This section is effective June 30, 2023.

10 **ESTABLISHING OR INCREASING FEES**

11 **SECTION 5.2.(a)** Notwithstanding G.S. 12-3.1, an agency is not required to consult
12 with the Joint Legislative Commission on Governmental Operations prior to establishing or
13 increasing a fee to the level authorized or anticipated in this act.

14 **SECTION 5.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an
15 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized
16 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter
17 150B of the General Statutes.

18 **DIRECTED GRANTS TO NON-STATE ENTITIES**

19 **SECTION 5.3.(a)** Definitions. – For purposes of this act and the Committee Report
20 described in Section 43.2 of this act, the following definitions apply:

- 21 (1) Directed grant. – Nonrecurring funds allocated by a State agency to a
22 non-State entity as directed by an act of the General Assembly.
23 (2) Non-State entity. – As defined in G.S. 143C-1-1.

24 **SECTION 5.3.(b)** Requirements. – Nonrecurring funds appropriated in this act as
25 directed grants are subject to all of the following requirements:

- 26 (1) Directed grants are subject to the provisions of subsections (b) through (k),
27 except for subdivision (1) of (f1), of G.S. 143C-6-23.
28 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be
29 made in a single annual payment in the discretion of the Director of the
30 Budget. Directed grants of more than one hundred thousand dollars
31 (\$100,000) shall be made in quarterly or monthly payments in the discretion
32 of the Director of the Budget. A State agency administering a directed grant
33 shall begin disbursement of funds to a non-State entity that meets all
34 applicable requirements as soon as practicable, but no later than 100 days after
35 the date this act becomes law. Full disbursement of funds to a non-State entity
36 that meets all applicable requirements shall be completed no later than nine
37 months after the date this act becomes law.
38 (3) Beginning on the first day of a quarter following the deadline provided in
39 subdivision (2) of this subsection and quarterly thereafter, State agencies
40 administering directed grants shall report to the Fiscal Research Division on
41 the status of funds disbursed for each directed grant until all funds are fully
42 disbursed. At a minimum, the report required under this subdivision shall
43 include updates on (i) the date of the initial contact, (ii) the date the contract
44 was sent to the entity receiving the funds, (iii) the date the disbursing agency
45 received the fully executed contract back from the entity, (iv) the contract
46 execution date, and (v) the payment date.
47 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,
48 nonrecurring funds appropriated in this act for the 2023-2024 fiscal year as
49 directed grants shall not revert until two years after this act becomes law, and
50
51

1 nonrecurring funds appropriated in this act for the 2024-2025 fiscal year as
2 directed grants shall not revert until June 30, 2026.

- 3 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious
4 purposes only.

5 **SECTION 5.3.(c)** This section expires on June 30, 2026.
6

7 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

8 **SECTION 5.4.** No more than one hundred forty thousand dollars (\$140,000) in State
9 funds, including any interest earnings accruing from those funds, may be used for the annual
10 salary of any individual employee of a nonprofit organization.
11

12 **RECOMMENDATION ON PEN-AND-INK SIGNATURES**

13 **SECTION 5.5.** The General Statutes Commission shall review all provisions in the
14 General Statutes that require that documents have pen-and-ink signatures. The Commission may
15 recommend a bill for the 2024 Regular Session of the 2023 General Assembly to allow for both
16 pen-and-ink and electronic signatures, where appropriate.
17

18 **DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

19 **SECTION 5.6.(a)** Recapture of Unused Funds. – The State Controller shall transfer
20 fifty-two million seven hundred eighty-four thousand four hundred forty-seven dollars
21 (\$52,784,447) in remaining funds appropriated or allocated for the listed agencies, as referenced
22 below, to the State Emergency Response and Disaster Relief Fund, in the following amounts:

- 23 (1) Forty-four million three hundred forty-six thousand two hundred forty-nine
24 dollars (\$44,346,249) for the Department of Agriculture and Consumer
25 Services:
26 a. Section 4.1(10) of S.L. 2016-124.
27 b. Funds remaining in Item 23 of the Committee Report referenced in
28 Section 6.1 of S.L. 2018-136.
29 c. Section 1.3(3) of S.L. 2018-138.
30 d. Section 5.9A(c)(2) of S.L. 2021-180.
31 (2) Three million three hundred ninety-nine thousand four dollars (\$3,399,004)
32 for the North Carolina Community College System:
33 a. Section 5.3(f) of S.L. 2018-136.
34 b. Funds remaining in Items 8, 9, and 10 of the Committee Report as
35 referenced in Section 6.1 of S.L. 2018-136.
36 c. Section 2.1(1) of S.L. 2019-224.
37 (3) Two million two hundred forty-nine thousand two hundred forty-five dollars
38 (\$2,249,245) for the Department of Health and Human Services from funds
39 remaining in Items 16 and 17 of the Committee Report as referenced in
40 Section 6.1 of S.L. 2018-136.
41 (4) One million nine hundred eighty-four thousand four hundred ninety-nine
42 dollars (\$1,984,499) for The University of North Carolina System from funds
43 remaining in Item 7 of the Committee Report as referenced in Section 6.1 of
44 S.L. 2018-136.
45 (5) Six hundred seventy-three thousand six hundred thirteen dollars (\$673,613)
46 for the Department of Insurance from funds remaining in Item 26 of the
47 Committee Report as referenced in Section 6.1 of S.L. 2018-136.
48 (6) One hundred twenty-seven thousand six hundred thirty-four dollars
49 (\$127,634) for the Department of Environmental Quality:
50 a. Section 7 of S.L. 2005-1.

- 1 b. Funds remaining in Item 19 of the Committee Report as referenced in
2 Section 6.1 of S.L. 2018-136.
3 c. Section 1.3(5) of S.L. 2018-138.

- 4 (7) Four thousand two hundred three dollars (\$4,203) for the North Carolina
5 Office of Recovery and Resiliency from Section 2.1(4)c. of S.L. 2019-224.

6 **SECTION 5.6.(b)** Small Project Mitigation and Recovery Program Modification. –
7 Section 5.9(a) of S.L. 2021-180 reads as rewritten:

8 **"SECTION 5.9.(a)** Allocations. – The funds appropriated in Section 2.2(j) of this act for
9 disaster relief, recovery, mitigation, and resiliency shall be allocated as follows:

- 10 ...
- 11 (5) \$25,000,000 to the Office of State Budget and Management for Golden
12 L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit
13 corporation, to establish and administer the Small Project Mitigation and
14 Recovery Program (Program) in accordance with this subdivision. The
15 Program shall disburse grants up to ~~two hundred fifty thousand dollars~~
16 ~~(\$250,000)~~ two million dollars (\$2,000,000) to units of local government for
17 flood mitigation and recovery projects. These funds may be used for planning
18 or as matching funds when applicable.

19 "

20 **SECTION 5.6.(c)** Previous Allocations Reversion Modification. – Notwithstanding
21 Sections 5.9(b) and 5.9A(e) of S.L. 2021-180, funds allocated in Sections 5.9 and 5.9A of S.L.
22 2021-180, as amended by Section 1.4 of S.L. 2021-189, Section 1.2 of S.L. 2022-6, Section 5.4
23 of S.L. 2022-74, and Sections 1.2 and 1.3 of S.L. 2023-11, shall not revert to the Disaster Relief
24 and Mitigation Fund but instead shall revert to the State Emergency Response and Disaster Relief
25 Reserve if the funds are not expended or encumbered by June 30, 2026. Funds allocated in
26 Section 5.4 of S.L. 2022-74 shall revert to the State Emergency Response and Disaster Relief
27 Reserve if the funds are not expended or encumbered by June 30, 2027.

28 **SECTION 5.6.(d)** Stoney Creek Allocation Transfer. – The State Controller shall
29 transfer the allocation of five million dollars (\$5,000,000) under Section 5.9(a)(23) of S.L.
30 2021-180 for Stoney Creek acquisitions from the North Carolina Office of Recovery and
31 Resiliency to the Department of Environmental Quality to expand the Stoney Creek pilot project
32 effort authorized in Section 5.9(a)(9) of S.L. 2021-180.

33 **SECTION 5.6.(e)** Mitigation Buyouts Modification. – The funds allocated to the
34 Department of Public Safety, Office of Recovery and Resiliency (NCORR), under Section
35 2.1(4)a. of S.L. 2019-224, as amended, for mitigation buyouts and other various purposes shall
36 be instead used by NCORR for mitigation buyouts, relocations, rehabilitations, reconstructions,
37 and for the purchase of manufactured housing units in order to serve homeowners and
38 communities affected by Hurricanes Matthew and Florence.

39 **SECTION 5.6.(f)** Allocations. – The funds appropriated in Section 2.2(e) of this act
40 for disaster relief, recovery, mitigation, and resiliency shall be allocated as follows:

- 41 (1) Thirty million seventy thousand two hundred fifty dollars (\$30,070,250) to
42 the Department of Public Safety, Division of Emergency Management, for
43 long-term recovery and mitigation grants. The Division of Emergency
44 Management shall combine the Disaster Relief and Mitigation Fund
45 established in subsection 5.9(f) of S.L. 2021-180 and the Transportation
46 Infrastructure Resiliency Fund established in subsection 5.9(g) of S.L.
47 2021-180 and use the remaining unencumbered balances of both funds as well
48 as the funds allocated by this subdivision to provide disaster mitigation grants
49 and local matching grants to State agencies, units of local government,
50 nonprofit organizations, and public authorities, as defined in G.S. 159-7.
51 These funds shall be used for (i) the purposes set forth in subsections 5.9(f)

- 1 and 5.9(h) of S.L. 2021-180 and (ii) local matching grants to draw down
2 federal funds for mitigation projects. At least five million dollars (\$5,000,000)
3 of the funds allocated in this subdivision shall be used for transportation
4 resiliency projects.
- 5 (2) Twenty million dollars (\$20,000,000) to the Department of Insurance for the
6 State Property Fire Insurance Fund to help cover the budget gap from
7 increases in expenditures related to recent natural disasters.
- 8 (3) Twenty million dollars (\$20,000,000) to the Department of Agriculture and
9 Consumer Services to be used for the Streamflow Rehabilitation Assistance
10 Program for purposes consistent with Article 6 of Chapter 139 of the General
11 Statutes.
- 12 (4) Twenty million dollars (\$20,000,000) to the Department of Environmental
13 Quality for the Coastal Storm Damage Mitigation Fund. These funds shall be
14 allocated in equal amounts each year of the 2023-2025 fiscal biennium and
15 used for the purposes set forth in G.S. 143-215.73M.
- 16 (5) Ten million dollars (\$10,000,000) to the Department of Environmental
17 Quality, Division of Coastal Management, for the Resilient Coastal
18 Communities Program to provide funding for the implementation or
19 construction of planned, prioritized, and engineered resilience projects in the
20 20 coastal counties of the State. These counties are listed in G.S. 113A-103(2).
- 21 (6) Ten million dollars (\$10,000,000) to the Wildlife Resources Commission for
22 the Lake Mattamuskeet outfall canal.
- 23 (7) Five million dollars (\$5,000,000) to the Department of Public Safety, Division
24 of Emergency Management, for the Local Disaster Shelter Capacity Grant
25 Program in accordance with subsection (g) of this section.
- 26 (8) Five million dollars (\$5,000,000) to the Department of Public Safety, Division
27 of Emergency Management, to conduct flood studies, risk assessment, and
28 building mitigation strategies through the State Floodplain Mapping Program.
29 Funds will be prioritized to map non-encroachment areas of the State and to
30 provide for information sharing through the State's Flood Risk Information
31 System.
- 32 (9) Three million three hundred twenty-seven thousand five hundred dollars
33 (\$3,327,500) to the Department of Public Safety, Division of Emergency
34 Management, for detailed mapping and risk impact studies for 250 existing
35 flood gauges to provide baseline information on those gauges for use in the
36 Division's Flood Inundation Mapping and Alert Network.
- 37 (10) One million four hundred eighty-one thousand eight hundred fifty-nine dollars
38 (\$1,481,859) to the Department of Environmental Quality to provide funding
39 for six time-limited positions beginning on January 1, 2024, to continue
40 implementation of the Flood Resiliency Blueprint described in Section 5.9(c)
41 of S.L. 2021-180, as amended. Four hundred ninety-three thousand nine
42 hundred fifty-three dollars (\$493,953) of these funds are allocated for the
43 2023-2024 fiscal year, and the remaining funds for the 2024-2025 fiscal year.
44 Notwithstanding any provision of law to the contrary, the Office of State
45 Human Resources shall allow the Department to post these positions up to 180
46 days prior to their starting date.
- 47 (11) One million dollars (\$1,000,000) to the Wildlife Resources Commission to
48 provide a grant to the Nature Conservancy, a nonprofit corporation, for a pilot
49 project to protect and restore critically important peatlands in eastern North
50 Carolina for the purpose of increasing community flood resilience, improving
51 water quality and wildlife habitat, and reducing wildfire risk.

- 1 (12) Three hundred forty thousand dollars (\$340,000) to the North Carolina
2 Collaboratory at the University of North Carolina at Chapel Hill
3 (Collaboratory) for the FerryMon program. These funds will be allocated in
4 equal amounts to each year of the 2023-2025 fiscal biennium.
- 5 (13) Three hundred twenty thousand dollars (\$320,000) to the Collaboratory for
6 the ModMon program. These funds will be allocated in equal amounts to each
7 year of the 2023-2025 fiscal biennium.
- 8 (14) Two hundred sixty-four thousand dollars (\$264,000) to The University of
9 North Carolina Board of Governors for North Carolina School of Science and
10 Math storm damage.
- 11 (15) Fifty thousand dollars (\$50,000) to The University of North Carolina Board
12 of Governors for North Carolina Central University storm damage funding.
- 13 (16) Twenty-two million two hundred fifty-five thousand dollars (\$22,255,000) to
14 the Office of State Budget and Management to provide directed grants to the
15 following entities for the following purposes:
- 16 a. Seven million dollars (\$7,000,000) to Pilot View Resource
17 Conservation and Development, Inc., a nonprofit corporation, for
18 stormwater and stream rehabilitation.
- 19 b. Five million dollars (\$5,000,000) to Baptists on Mission, a nonprofit
20 corporation, to respond to natural disasters. These funds shall be
21 expended only for natural disaster response in this State. The recipient
22 of these funds shall report to the chairs of the Joint Legislative
23 Emergency Management Oversight Committee and the Fiscal
24 Research Division on the expenditure of these funds annually
25 beginning on October 1, 2024, until October 1, 2028, or until the
26 entirety of the funds are expended, whichever is earlier.
- 27 c. Three million dollars (\$3,000,000) to Blue Ridge Resource
28 Conservation and Development Council, a nonprofit corporation, for
29 stormwater and stream rehabilitation.
- 30 d. Two million dollars (\$2,000,000) to the North Carolina Insurance
31 Underwriting Association for the Coastal Resilient Roof Grant Pilot
32 Program, consistent with the purposes set forth in Section 5.9(i) of S.L.
33 2021-180.
- 34 e. One million five hundred thousand dollars (\$1,500,000) to
35 Southwestern North Carolina Resource Conservation and
36 Development Council, Inc., a nonprofit corporation, for dam removal
37 and stream restoration.
- 38 f. One million dollars (\$1,000,000) to North Carolina Resource
39 Conservation and Development Association for flood mitigation
40 projects.
- 41 g. One million dollars (\$1,000,000) to Montreat Conference Center
42 Development Foundation, Inc., a nonprofit corporation, for Lake
43 Susan dredging and flood control.
- 44 h. One million dollars (\$1,000,000) to The Methodist University, Inc.,
45 for resilience.
- 46 i. Seven hundred fifty-five thousand dollars (\$755,000) to United Way
47 of Coastal Carolina, Inc., a nonprofit corporation, to support the
48 Pamlico County Disaster Recovery Coalition.
- 49 (17) Seven million five hundred thousand dollars (\$7,500,000) to the Department
50 of Environmental Quality to provide directed grants to North Carolina Coastal

Federation, Inc. (Federation), a nonprofit corporation, for the following purposes:

- a. Five million dollars (\$5,000,000) for the Stormwater Retrofit Pilot Cost-Share Program, in accordance with subsection (h) of this section.
- b. Two million dollars (\$2,000,000) to provide up to a fifty percent (50%) match for federal, State, or private funds for living shoreline projects in coastal counties. Private residents applying for funds for these purposes shall demonstrate a public purpose and benefit for the requested project prior to the Federation committing the funds.
- c. Five hundred thousand dollars (\$500,000) for (i) the Federation's Lost Fishery Gear Recovery Program, which employs coastal fishermen and other private partners to remove debris from coastal waters, and (ii) the investigation, removal, and disposal of abandoned and derelict vessels in public trust waters of the State located in coastal counties. For purposes of this sub-subdivision, the phrase "abandoned and derelict vessel" has the meaning set forth in subdivision 2.1(10) of S.L. 2019-224, as rewritten by Section 4 of S.L. 2020-74. The Federation may use these funds to contract with any federal or State agency or unit of local government or to match federal grant funds.

(18) Eight hundred forty-two thousand five hundred ninety-two thousand dollars (\$842,592) to the Department of Public Safety, Division of Emergency Management, for Hyde County as a directed grant to continue the deployment of the emergency communications assets system for Ocracoke Island described in sub-subdivision 5.4.(a)(3)k. of S.L. 2022-74 by adding to the deployed system the ability for Ocracoke citizens, residents, businesses, and homeowners to make emergency 9-1-1 calls. The Division of Emergency Management and Hyde County shall include in the report required by sub-subdivision 5.4.(a)(3)k. of S.L. 2022-74 an update on deployment of the additional system capabilities funded by this subdivision, and shall also submit no later than July 1, 2025, a final report on deployment and performance of the deployed system and lessons learned for broader deployment of the system in other parts of the State to the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division.

(19) One hundred thirty million three hundred sixty thousand seven hundred fifty dollars (\$130,360,750) to the Department of Public Safety as directed grants for recipients as listed in the Committee Report described in Section 43.2 of this act.

SECTION 5.6.(g) Local Emergency Shelter Capacity Grant Program. – The Division of Emergency Management shall administer a grant program using funds allocated in subdivision (f)(2) of this section to provide grants to support local communities in upgrading structures identified by the community as an emergency shelter location (i) to meet weather-related structural requirements such as windspeed ratings of roofs and windows and (ii) to upgrade electrical systems of the structure to install emergency generators or provide for quick hookup locations for emergency generators. The program shall prioritize public buildings, but if no public building is suitable for use as an emergency shelter in a particular community, the Division may upon request of a unit of local government consider a grant application for a nonpublic building. The Division shall also in awarding grants consider steps taken by the local government to obtain alternative sources of funding such as insurance policies, private grant funding, or available federal aid programs.

1 **SECTION 5.6.(h)** Stormwater Retrofit Pilot Cost-Share Program. – The North
2 Carolina Coastal Federation, Inc., a nonprofit corporation, shall establish the Stormwater Retrofit
3 Pilot Cost-Share Program. The Federation shall adopt guidelines to administer the Program and
4 consult with the Department of Environmental Quality in the development of the Program. The
5 purpose of the Program is to provide grants to eligible permittees. Grants are limited to
6 stormwater permittees who demonstrate that they would experience a significant economic
7 hardship based on such factors as the Department of Environmental Quality may specify in
8 financing upgrades and repairs to their stormwater control measures to meet the more stringent
9 of (i) current standards if the permittee was building a new system or (ii) the terms of the permit.
10 The Coastal Federation shall report to the chairs of the Joint Legislative Oversight Committee on
11 Agriculture and Natural and Economic Resources by March 1, 2024, on the implementation of
12 this Program. The report shall include, at a minimum, the continued need for the pilot program
13 to operate through the 2024-2025 fiscal year and whether the Program should be expanded or
14 terminated.

15 **SECTION 5.6.(i)** HFA Funding Reallocation. – Funds allocated to the Housing
16 Finance Agency for a multifamily affordable housing project by Section 5.9(a)(18) of S.L.
17 2021-180, as amended by Section 5.4(j) of S.L. 2022-74, shall instead be used by the Agency to
18 provide a grant to Robeson County for the development of an elderly housing project to support
19 low- and moderate-income senior citizens displaced by natural disaster from the Dunn Road area
20 of Lumberton, North Carolina. To be eligible for funding, a project must have received required
21 zoning approvals by the City of Lumberton prior to April 1, 2022. Funds reallocated by this
22 subsection shall not revert and shall remain available for expenditure until June 30, 2025. This
23 subsection becomes effective June 30, 2023.

24 **SECTION 5.6.(j)** Allocation Reporting Requirements. – The Office of State Budget
25 and Management shall report to the chairs of the House and Senate Appropriations Committees
26 and to the Fiscal Research Division of the General Assembly on the implementation of this
27 section on a quarterly basis and shall also provide any additional reports or information requested
28 by the Fiscal Research Division. Each report required by this section shall include information
29 about all funds expended or encumbered pursuant to this section as of the date of the report,
30 regardless of which State agency, federal agency, or non-State entity administers the funds.
31 Non-State entities that administer or receive any funds appropriated in this section shall assist
32 and fully cooperate with the Office of State Budget and Management in meeting the Office's
33 obligations under this section.

34 **SECTION 5.6.(k)** Limitation on Funds. – The Governor may not use the funds
35 described in this section, including the funds transferred under subsection (a) of this section, to
36 make budget adjustments under G.S. 143C-6-4 or to make reallocations under
37 G.S. 166A-19.40(c). Nothing in this section shall be construed to prohibit the Governor from
38 exercising the Governor's authority under these statutes with respect to funds other than those
39 described in this section.

40 The Governor shall also ensure that funds allocated in this section are expended in a
41 manner that does not adversely affect any person's or entity's eligibility for federal funds that are
42 made available, or that are anticipated to be made available, as a result of natural disasters. The
43 Governor shall also, to the extent practicable, avoid using State funds to cover costs that will be,
44 or likely will be, covered by federal funds.

45 **SECTION 5.6.(l)** Reversion. – Funds allocated in this section that are not expended
46 or encumbered by June 30, 2028, shall revert to the State Emergency Response and Disaster
47 Relief Reserve. This subsection supersedes the reversion dates for directed grants specified in
48 Section 5.3(b)(4) of this act, but nothing in this section shall be construed or is intended to waive
49 or supersede any other requirement for directed grants set forth in Section 5.3 of this act.

50 **STATE BUDGET ACT/FUNDS CARRYFORWARD**

51 **SECTION 5.7.(a)** G.S. 143C-1-1 reads as rewritten:

1 **"§ 143C-1-1. Purpose and definitions.**

2 ...

3 (d) Definitions. – The following definitions apply in this Chapter:

4 (1) Appropriation. – An enactment by the General Assembly authorizing the
5 withdrawal of money from the State treasury. An enactment by the General
6 Assembly that authorizes, specifies, or otherwise provides that funds may be
7 used for a particular purpose is not an appropriation.

8 ...

9 (6a) Carryforward. – The balance of a General Fund operating budget
10 appropriation which would otherwise revert at the close of the fiscal year but
11 instead is made available in the succeeding fiscal year as is specified in law or
12 to liquidate an encumbrance of the prior fiscal year. Funds may not be carried
13 forward for any other purpose.

14 ...

15 (12) Encumbrance. – A financial obligation created by a purchase order, contract,
16 ~~salary commitment~~, unearned or prepaid collections for services provided by
17 the State, or other legally binding agreement.

18"

19 **SECTION 5.7.(b)** Part 1 of Article 6 of Chapter 143C of the General Statutes is
20 amended by adding a new section to read:

21 **"§ 143C-6-4.1. Carryforward of funds.**

22 (a) Unless otherwise specified by law, funds carried forward at the end of the fiscal year
23 may only be spent in the succeeding fiscal year for the purpose for which they were carried
24 forward. Carryforward funds that have not been liquidated in the year in which they were carried
25 forward shall revert at the end of the fiscal year.

26 (b) Unless otherwise specified by law, funds carried forward under this authorization may
27 not be transferred, or otherwise moved, out of the General Fund. This subsection does not apply
28 to The University of North Carolina System.

29 (c) Funds carried forward to support encumbrances are subject to cash availability. If
30 there is insufficient cash to support all allowable carryforward, the Director of the Budget shall
31 prioritize funds specified in law over funds necessary to liquidate an encumbrance."

32
33 **MEDICAL FREEDOM/COVID-19 VACCINATIONS**

34 **SECTION 5.8.(a)** Article 10 of Chapter 143 of the General Statutes is amended by
35 adding a new section to read:

36 **"§ 143-162.10. Discrimination against persons based on refusal of COVID-19 vaccination**
37 **and exemption.**

38 (a) No State agency, city, county, or political subdivision of the State shall deny or refuse
39 employment to any person or discharge any person from employment due to the person's refusal
40 to provide proof of a COVID-19 vaccination or the person's refusal to submit to a COVID-19
41 vaccination or a series of COVID-19 vaccinations, unless the exemption in subsection (c) of this
42 section applies. This section shall not be construed to prevent the person from being discharged
43 for cause. As used in this section, the term "COVID-19" means the coronavirus disease of 2019.

44 (b) No State agency, city, county, or political subdivision of the State shall discriminate
45 or take any retaliatory action against an employee because the employee in good faith does or
46 threatens to file a claim or complaint; initiate any inquiry, investigation, inspection, proceeding,
47 or other action; or testify or provide information to any person with respect to the provisions of
48 subsection (a) of this section.

49 (c) An exemption to subsections (a) and (b) of this section applies to the following:

50 (1) Any employee, vendor, volunteer, trainee, or student that is required by a
51 facility certified by the Centers for Medicare and Medicaid Services to show

1 proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination
2 or COVID-19 series of vaccinations.

3 (2) An employee employed by any entity that receives federal funding if
4 complying with subsection (a) or (b) of this section would result in the loss of
5 that federal funding.

6 (3) An employee employed by the Department of Health and Human Services in
7 the Division of State Operated Healthcare Facilities if the Department requires
8 the COVID-19 vaccination or series of vaccinations for that employee."

9 **SECTION 5.8.(b)** Part 2 of Article 6 of Chapter 130A of the General Statutes is
10 amended by adding a new section to read:

11 **"§ 130A-158.3. COVID-19 vaccination requirement prohibited; exemption.**

12 (a) Notwithstanding any provision of this Chapter or Chapter 166A of the General
13 Statutes to the contrary, no State or local public health agency or public health official may
14 require any person, including an applicant for employment or an employee, to provide proof of
15 a COVID-19 vaccination or to submit to a COVID-19 vaccination or series of COVID-19
16 vaccinations unless the exemption in subsection (b) of this section applies. For purposes of this
17 section, the following definitions apply:

18 (1) Applicant for employment. – Any person who seeks to be permitted, required,
19 or directed by a State or local public health agency, or any person employed
20 by a State or local public health agency, to engage in employment in
21 consideration of direct or indirect gain or profit.

22 (2) COVID-19. – The coronavirus disease of 2019.

23 (3) Employee. – Any individual employed by a State or local public health
24 agency.

25 (4) State or local public health agency. – Includes the following:

26 a. The Department or any of its divisions.

27 b. The Commission for Public Health or any district created by the
28 Commission pursuant to subsection (d) of G.S. 130A-29.

29 c. A local health department as defined in subdivision (5) of
30 G.S. 130A-2.

31 (5) State or local public health official. – Includes the following:

32 a. The Secretary or a designee.

33 b. The State Health Director or a designee.

34 c. The head of any State or local public health agency or a designee.

35 (b) An exemption to subsection (a) of this section applies to the following:

36 (1) Any employee, vendor, volunteer, trainee, or student that is required by a
37 facility certified by the Centers for Medicare and Medicaid Services to show
38 proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination
39 or COVID-19 series of vaccinations.

40 (2) An employee employed by any entity that receives federal funding if
41 complying with subsection (a) of this section would result in the loss of that
42 federal funding.

43 (3) An employee employed by the Department of Health and Human Services in
44 the Division of State Operated Healthcare Facilities if the Department requires
45 the COVID-19 vaccination or series of vaccinations for that employee."

46 **SECTION 5.8.(c)** Article 23 of Chapter 153A of the General Statutes is amended by
47 adding a new section to read:

48 **"§ 153A-465. COVID-19 vaccination requirement prohibited; exemption.**

49 (a) No county may require any person, including an applicant for employment or an
50 employee, to provide proof of a COVID-19 vaccination or to submit to a COVID-19 vaccination

1 or a series of COVID-19 vaccinations, unless the exemption in subsection (b) of this section
2 applies. For purposes of this section, the following definitions apply:

- 3 (1) Applicant for employment. – Any person who seeks to be permitted, required,
4 or directed by a county or any person employed by a county to engage in
5 employment in consideration of direct or indirect gain or profit.
6 (2) COVID-19. – The coronavirus disease of 2019.
7 (3) Employee. – As defined in G.S. 153A-99(b)(1).
8 (b) An exemption to subsection (a) of this section applies to the following:
9 (1) Any employee, vendor, volunteer, trainee, or student that is required by a
10 facility certified by the Centers for Medicare and Medicaid Services to show
11 proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination
12 or COVID-19 series of vaccinations.
13 (2) An employee employed by any entity that receives federal funding if
14 complying with subsection (a) of this section would result in the loss of that
15 federal funding.
16 (3) An employee employed by the Department of Health and Human Services in
17 the Division of State Operated Healthcare Facilities if the Department requires
18 the COVID-19 vaccination or series of vaccinations for that employee."

19 **SECTION 5.8.(d)** Article 21 of Chapter 160A of the General Statutes is amended
20 by adding a new section to read:

21 **"§ 160A-499.10. COVID-19 vaccination; requirement prohibited and exemption.**

22 (a) No city may require any person, including an applicant for employment or an
23 employee, to provide proof of a COVID-19 vaccination or to submit to a COVID-19 vaccination
24 or a series of COVID-19 vaccinations, unless the exemption in subsection (b) of this section
25 applies. For purposes of this section, the following definitions apply:

- 26 (1) Applicant for employment. – Any person who seeks to be permitted, required,
27 or directed by a city or any person employed by a city to engage in
28 employment in consideration of direct or indirect gain or profit.
29 (2) COVID-19. – The coronavirus disease of 2019.
30 (3) Employee. – As defined in G.S. 160A-169(b)(1).
31 (b) An exemption to subsection (a) of this section applies to the following:
32 (1) Any employee, vendor, volunteer, trainee, or student that is required by a
33 facility certified by the Centers for Medicare and Medicaid Services to show
34 proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination
35 or COVID-19 series of vaccinations.
36 (2) An employee employed by any entity that receives federal funding if
37 complying with subsection (a) of this section would result in the loss of that
38 federal funding.
39 (3) An employee employed by the Department of Health and Human Services in
40 the Division of State Operated Healthcare Facilities if the Department requires
41 the COVID-19 vaccination or series of vaccinations for that employee."

42 **SECTION 5.8.(e)** G.S. 130A-152 reads as rewritten:

43 **"§ 130A-152. Immunization required.**

44 (a) Every child present in this State shall be immunized against diphtheria, tetanus,
45 whooping cough, poliomyelitis, red measles (rubeola) and rubella. In addition, except as
46 provided in subsection (f) of this section, every child present in this State shall be immunized
47 against any other disease upon a determination by the Commission that the immunization is in
48 the interest of the public health. Every parent, guardian, person in loco parentis and person or
49 agency, whether governmental or private, with legal custody of a child shall have the
50 responsibility to ensure that the child has received the required immunization at the age required
51 by the Commission. If a child has not received the required immunizations by the specified age,

1 the responsible person shall obtain the required immunization for the child as soon as possible
2 after the lack of the required immunization is determined.

3 ...

4 (f) Notwithstanding this section or other applicable State law, the Commission for Public
5 Health, public school units, community colleges, constituent institutions of The University of
6 North Carolina, and any private colleges or universities receiving State funds are prohibited from
7 requiring a student to provide proof of vaccination against the coronavirus disease of 2019
8 (COVID-19) or to submit to a COVID-19 vaccination or series of COVID-19 vaccinations unless
9 the requirement for vaccination or proof of vaccination is required for participating in a program
10 of study, or fulfilling education requirements for a program, that requires working, volunteering,
11 or training in a facility certified by the Centers for Medicare and Medicaid Services."

12 **SECTION 5.8.(f)** This section becomes effective January 1, 2024.

13 **PREEMPTION OF CERTAIN LOCAL GOVERNMENT ACTIONS**

14 **SECTION 5.9.(a)** G.S. 95-25.1 reads as rewritten:

15 "**§ 95-25.1. Short title and legislative ~~purpose~~; local governments preempted.**

16 (a) This Article shall be known and may be cited as the "Wage and Hour Act."

17 (b) The public policy of this State is declared as follows: The wage levels of employees,
18 hours of labor, payment of earned wages, and the well-being of minors are subjects of concern
19 requiring legislation to promote the general welfare of the people of the State without
20 jeopardizing the competitive position of North Carolina business and industry. The General
21 Assembly declares that the general welfare of the State requires the enactment of this law under
22 the police power of the State.

23 (c) Repealed by Session Laws 2017-4, s. 1, effective March 30, 2017.

24 (d) The provisions of this Article supersede and preempt any ordinance, regulation,
25 resolution, or policy adopted or imposed by a unit of local government or other political
26 subdivision of the State that regulates or imposes any requirement upon an employer pertaining
27 to compensation of employees, such as the wage levels of employees, hours of labor, payment of
28 earned wages, benefits, leave, or well-being of minors in the workforce. This subsection shall not
29 apply to any of the following:

30 (1) A local government regulating, compensating, or controlling its own
31 employees.

32 (2) Economic development incentives awarded under Chapter 143B of the
33 General Statutes.

34 (3) Economic development incentives awarded under Article 1 of Chapter 158 of
35 the General Statutes.

36 (4) A requirement of federal community development block grants.

37 (5) Programs established under G.S. 160D-1311."

38 **SECTION 5.9.(b)** G.S. 153A-449(a) reads as rewritten:

39 "(a) Authority. – A county may contract with and appropriate money to any person,
40 association, or corporation, in order to carry out any public purpose that the county is authorized
41 by law to engage in. A county may not require a private contractor under this section to abide by
42 any restriction that the county could not impose on all employers in the county, such as paying
43 minimum wage higher than the statewide wage in Chapter 95 of the General Statutes or providing
44 paid sick leave to its employees, as a condition of bidding on a contract."

45 **SECTION 5.9.(c)** G.S. 160A-20.1(a) reads as rewritten:

46 "(a) Authority. – A city may contract with and appropriate money to any person,
47 association, or corporation, in order to carry out any public purpose that the city is authorized by
48 law to engage in. A city may not require a private contractor under this section to abide by any
49 restriction that the city could not impose on all employers in the city, such as paying minimum
50

1 wage higher than the statewide wage in Chapter 95 of the General Statutes or providing paid sick
2 leave to its employees, as a condition of bidding on a contract."

3 **SECTION 5.9.(d)** Article 6 of Chapter 153A of the General Statutes is amended by
4 adding a new section to read:

5 **"§ 153A-145.11. Limitations on regulations of auxiliary containers; shopping carts.**

6 (a) Except as provided under subsection (b) of this section, no county may adopt an
7 ordinance, resolution, regulation, or rule to:

8 (1) Restrict, tax, charge a fee, prohibit, or otherwise regulate the use, disposition,
9 or sale of an auxiliary container.

10 (2) Regulate the use of shopping carts, including the imposition of a fee or fine
11 on a business for failure to take possession of a shopping cart that was
12 removed from the premises of the business.

13 (b) A county is authorized to:

14 (1) Operate a recycling program, a composting program, and a solid waste
15 disposal program as authorized by law.

16 (2) Regulate the use of auxiliary containers on property owned or maintained by
17 the county.

18 (c) The following definitions shall apply in this section:

19 (1) Auxiliary container. – A bag, cup, package, container, bottle, device, or other
20 packaging made of cloth, paper, plastic, foamed plastic, fiber, expanded
21 plastic, cardboard, corrugated material, aluminum, glass, post-consumer
22 recycled material, or similar coated or laminated material that is designed for
23 the consumption, transportation, or protection of merchandise, food, or
24 beverage at a food service facility, manufacturing facility, distribution facility,
25 processing facility, or retail facility.

26 (2) Shopping cart. – As defined in G.S. 14-72.3(a)(1)."

27 **SECTION 5.9.(e)** Article 8 of Chapter 160A of the General Statutes is amended by
28 adding a new section to read:

29 **"§ 160A-205.6. Limitations on regulations of auxiliary containers; shopping carts.**

30 (a) Except as provided under subsection (b) of this section, no city may adopt an
31 ordinance, resolution, regulation, or rule to:

32 (1) Restrict, tax, charge a fee, prohibit, or otherwise regulate the use, disposition,
33 or sale of an auxiliary container.

34 (2) Regulate the use of shopping carts, including the imposition of a fee or fine
35 on a business for failure to take possession of a shopping cart that was
36 removed from the premises of the business.

37 (b) A city is authorized to:

38 (1) Operate a recycling program, a composting program, and a solid waste
39 disposal program as authorized by law.

40 (2) Regulate the use of auxiliary containers on property owned or maintained by
41 the city.

42 (c) The following definitions shall apply in this section:

43 (1) Auxiliary container. – A bag, cup, package, container, bottle, device, or other
44 packaging made of cloth, paper, plastic, foamed plastic, fiber, expanded
45 plastic, cardboard, corrugated material, aluminum, glass, post-consumer
46 recycled material, or similar coated or laminated material that is designed for
47 the consumption, transportation, or protection of merchandise, food, or
48 beverage at a food service facility, manufacturing facility, distribution facility,
49 processing facility, or retail facility.

50 (2) Shopping cart. – As defined in G.S. 14-72.3(a)(1)."

1 **SECTION 5.9.(f)** G.S. 130A-290(a)(35) is amended by adding a new
2 sub-subdivision to read:

3 "h. An auxiliary container, as defined in G.S. 153A-145.11(c)(1) or
4 G.S. 160A-205.6(c)(1)."

6 **PART VI. COMMUNITY COLLEGE SYSTEM**

8 **SURRY COMMUNITY COLLEGE NORTHERN REGIONAL HOSPITAL MOU**

9 **SECTION 6.1.(a)** Of the funds appropriated in this act from the ARPA Temporary
10 Savings Fund to the Community Colleges System Office for the 2023-2025 fiscal biennium, the
11 System Office shall allocate the sum of one million dollars (\$1,000,000) in nonrecurring funds
12 in each year of the 2023-2025 fiscal biennium to Surry Community College to enter into a
13 memorandum of understanding (MOU) with Northern Regional Hospital in Mount Airy, North
14 Carolina, to train and employ up to eight licensed nurse educators each year. Nurse educators
15 employed by Northern Regional Hospital with these funds shall provide clinical instruction
16 services for nursing students on a full-time basis for affiliated nursing programs.

17 **SECTION 6.1.(b)** No later than March 15, 2024, the Community Colleges System
18 Office shall report to the Joint Legislative Education Oversight Committee on the MOU and the
19 resulting impact of the clinical instruction services provided by nurse educators for nursing
20 students.

22 **HIGH-COST HEALTHCARE WORKFORCE PROGRAMS START-UP FUNDS**

23 **SECTION 6.2.(a)** Establishment of the Fund. – Of the funds appropriated in this act
24 from the ARPA Temporary Savings Fund to the Community Colleges System Office for the
25 2023-2025 fiscal biennium, the System Office shall establish the Fund for High-Cost Healthcare
26 Workforce Programs (Fund). The Fund shall be used to assist community colleges in starting
27 new programs in high-demand healthcare career fields that require significant start-up funds.
28 Monies shall be allocated from the Fund in each fiscal year of the 2023-2025 fiscal biennium
29 only for programs related to healthcare, including nursing.

30 **SECTION 6.2.(b)** Applications. – The System Office shall establish an application
31 process for community colleges to apply for awards from the Fund no later than the beginning of
32 each fiscal year of the 2023-2025 fiscal biennium. To be eligible to receive funds, colleges shall
33 submit to the System Office a completed application, which shall include at least the following
34 information:

- 35 (1) A description of the proposed new program requiring start-up funds.
- 36 (2) Documentation of industry demand for the program or documentation of
37 future local, regional, or statewide employment needs that will be met by the
38 program.
- 39 (3) Total cash cost to start the program and maintain the program over two fiscal
40 years.
- 41 (4) A plan for the fiscal sustainability of the new program.

42 **SECTION 6.2.(c)** Limitation on the Use of Funds. – A community college may only
43 apply for the award of funds to support one new program in each fiscal year. Funds shall remain
44 available to the community college for a period of two fiscal years.

45 **SECTION 6.2.(d)** Matching Funds. – A community college identified below shall
46 be required to match a percentage of the total cash cost of the program with non-State funds
47 based on a college's total full-time equivalents (FTE) according to the following:

- 48 (1) Community colleges with a total FTE greater than 6,500 shall be required to
49 match fifteen percent (15%) of the cost.
- 50 (2) Community colleges with a total FTE between 2,500 and 6,500 shall be
51 required to match ten percent (10%) of the cost.

1 **SECTION 6.2.(e)** Administration. – The System Office may adopt any regulations,
2 policies, or procedures regarding the application process, use of funds, eligibility requirements,
3 and any other rules necessary related to the administration of the Fund. The System Office may
4 use up to one hundred thousand dollars (\$100,000) each fiscal year for administrative costs for
5 establishing and implementing the program.

6 **SECTION 6.2.(f)** Report. – The System Office shall submit an initial report to the
7 Joint Legislative Education Oversight Committee by December 1, 2024, and an annual report
8 thereafter for each year the System Office provides funds to community colleges from the Fund
9 on the programs receiving the funds, which shall include at least the following information:

- 10 (1) The community colleges that received funds, the amount of funds, and the
11 types of healthcare programs started.
- 12 (2) The use of funds by community colleges receiving awards, including costs
13 associated with student instruction, faculty salaries, instructional supplies,
14 related instructional equipment, and accreditation costs.
- 15 (3) Evaluation of the success of the new community college healthcare programs
16 receiving funds.

17 18 **REPORT ON CERTAIN RECURRING PROGRAMS**

19 **SECTION 6.3.** Article 4A of Chapter 115D of the General Statutes is amended by
20 adding a new section to read:

21 **"§ 115D-58.17. Report on certain recurring programs.**

22 (a) No later than February 15, 2024, and annually thereafter, the State Board of
23 Community Colleges shall report to the Joint Legislative Education Oversight Committee on
24 outcomes related to the following recurring programs:

- 25 (1) Minority male mentoring programs, including the Minority Male Success
26 Initiative.
- 27 (2) The Rowan-Cabarrus Community College Biotechnology Training Center
28 and Greenhouse at the North Carolina Research Campus in Kannapolis.

29 (b) Each report required pursuant to this section shall include at least the following
30 information from the prior fiscal year:

- 31 (1) Program activities, objectives, and accomplishments.
- 32 (2) Itemized expenditures and fund sources.
- 33 (3) The impact of the program on its intended purpose."

34 35 **NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT** 36 **GRANTS**

37 **SECTION 6.5.** Article 1 of Chapter 115D of the General Statutes is amended by
38 adding a new section to read:

39 **"§ 115D-5.1A. Short-Term Workforce Development Grant Program.**

40 (a) Program Established. – There is established the North Carolina Community College
41 Short-Term Workforce Development Grant Program (Program) to be administered by the State
42 Board of Community Colleges. The State Board shall adopt rules for the disbursement of the
43 grants pursuant to this section.

44 (b) Programs of Study. – The State Board of Community Colleges, in collaboration with
45 the Department of Commerce, shall determine the eligible programs of study for the Program,
46 according to the occupations that are in the highest demand in the State. The eligible programs
47 of study shall include programs such as architecture and construction, health sciences,
48 information technology, electrical line worker, and manufacturing programs and may include
49 other programs to meet local workforce needs.

50 (c) Award Amounts. – To the extent funds are made available for the Program, the State
51 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty

1 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce
2 credentials. The State Board of Community Colleges shall establish criteria for initial and
3 continuing eligibility for students. At a minimum, students shall be required to qualify as a
4 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with
5 the coordinated and centralized residency determination process administered by the State
6 Education Assistance Authority.

7 (d) Report. – The State Board shall submit a report by April 1, 2024, and annually
8 thereafter, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal
9 Research Division. The report shall contain, for each academic year and by programs of study,
10 the amount of grant funds disbursed and the number of eligible students receiving funds."

11 **EXTEND RISE UP TRAINING AND CREDENTIALING PROGRAM**

12 **SECTION 6.8.** Section 6.8 of S.L. 2021-180, as amended by Section 6.1 of S.L.
13 2022-74, reads as rewritten:

14
15 **"SECTION 6.8.(a)** The Community Colleges System Office shall partner with the North
16 Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to
17 implement the RISE Up credentialing program for the 2021-2023 fiscal biennium to teach
18 foundational skills to students attending community colleges and cooperative innovative high
19 schools for career success in the retail industry, customer service, and sales, which may include
20 inventory management and profitability, as well as supply chain warehouse, inventory, and
21 logistics. The RISE Up credentialing program offers all of the following: (i) opportunities for the
22 industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in
23 any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness
24 skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and
25 soft skills, including listening and problem solving, (iv) an understanding of the retail industry
26 and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail
27 establishments and more than 1,000,000 retail jobs in North Carolina.

28 **"SECTION 6.8.(b)** The RISE Up credentialing program shall be offered to students at
29 community colleges and cooperative innovative high schools through each partner community
30 college with the opportunity for up to four different levels of the RISE Up credentials that include
31 the following:

- 32 (1) Retail Industry Fundamentals.
- 33 (2) Customer Service & Sales.
- 34 (3) Operations and Profit.
- 35 (4) Supply Chain: Warehouse, Inventory, & Logistics.

36 **"SECTION 6.8.(b1)** For any credentials remaining in the 2023-2025 fiscal biennium, the
37 North Carolina Retail Merchants Association and the Retail Consumer Alliance Federation shall
38 implement the RISE Up credentialing program as described in subsections (a) and (b) of this
39 section for any individuals that meet the eligibility requirements for the program, including, but
40 not limited to, students at community colleges and cooperative innovative high schools.

41 **"SECTION 6.8.(c)** The System Office, in collaboration with the North Carolina Retail
42 Merchants Association and the Retail Consumer Alliance Foundation, shall submit an initial
43 report by December 1, 2022, and a final report by December 1, 2023, to the Joint Legislative
44 Education Oversight Committee, the Senate Appropriations Committee on Education/Higher
45 Education, the House Appropriations Committee on Education, and the Fiscal Research Division
46 on the results of implementing the RISE Up credentialing programs, including at least the
47 following information:

- 48 (1) The number of students who received or are in the process of receiving
49 credentials, by type of credential.
- 50 (2) Student outcomes related to the credentialing.

- 1 (3) A list of the community colleges and cooperative innovative high schools
2 participating in the program.

3 **"SECTION 6.8.(d)** The North Carolina Retail Merchants Association and the Retail
4 Consumer Alliance Federation shall submit an initial report by December 1, 2024, and a final
5 report by December 1, 2025, to the Joint Legislative Education Oversight Committee on the
6 results of implementing the RISE Up credentialing program in the 2023-2025 fiscal biennium,
7 including at least the following information:

- 8 (1) The number of individuals who received or are in the process of receiving
9 credentials, by type of credential.
10 (2) Individual outcomes related to the credentialing.
11 (3) A list of the educational institutions participating in the program, including
12 community colleges and cooperative innovative high schools."

13 14 **COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS**

15 **SECTION 6.9.(a)** Article 3 of Chapter 115D of the General Statutes is amended by
16 adding a new section to read:

17 **"§ 115D-44. Training programs for students with intellectual and developmental**
18 **disabilities.**

19 (a) The State Board of Community Colleges shall establish a community college training
20 program for up to 15 community colleges. The program shall provide opportunities for
21 micro-credentials or other credentials that lead to increased employment outcomes for
22 individuals with intellectual and developmental disabilities (IDD). To the extent funds are
23 appropriated for this purpose, the program shall improve the ability of participating community
24 colleges to offer training and educational components that include improving employability skills
25 and providing on-the-job training and apprenticeships with business and industry for individuals
26 with IDD. The goal of the program shall be to inform community colleges and address
27 cross-departmental supports within the individual community colleges on programs for
28 individuals with IDD related to at least the following:

- 29 (1) Establishing best practices for providing vocational training for individuals
30 with IDD.
31 (2) Providing financial and benefits counseling.
32 (3) Developing strategies on integrating assistive technology.
33 (4) Maximizing access, with supports, to credential and degree programs,
34 including micro-credentials that are established by the State Board.
35 (5) Identifying methods to increase orientation and integration of individuals with
36 IDD into the college community to the greatest extent possible.
37 (6) Determining a needs assessment, marketing, and evaluation to serve a broad
38 array of individuals with developmental and other similar disabilities or
39 learning challenges to assure adequate demand for new or existing programs.

40 (b) No later than May 1 of each year, the Community Colleges System Office shall report
41 on the funds appropriated to the System Office for the purposes of this section to the Joint
42 Legislative Education Oversight Committee and the Fiscal Research Division. At a minimum,
43 the report shall address the impact of the program, the use of any additional positions created at
44 community colleges, professional development training for staff, and funding sources identified
45 for individuals with IDD to build programs at community colleges that support postsecondary
46 trainings and certifications that enable individuals with IDD to engage in competitive, sustainable
47 employment."

48 **SECTION 6.9.(b)** Of the recurring funds appropriated in this act to the Community
49 Colleges System Office for the 2023-2025 fiscal biennium to support increasing program
50 offerings for individuals with IDD pursuant to G.S. 115D-44, as enacted by this section, the
51 System Office shall establish at least two statewide positions for program support, provide

1 professional development training for college advising staff to assist students with IDD for career
2 pathway exploration and the identification of credentials leading to competitive employment, and
3 explore funding sources to sustain programs for students with IDD.
4

5 CAREER ACADEMIES FOR AT-RISK STUDENTS

6 **SECTION 6.9A.(a)** Program Established. – There is established a program for the
7 2023-2025 fiscal biennium between Cape Fear Community College (CFCC), New Hanover
8 County Schools, and Pender County Schools to meet the needs of underserved students in seventh
9 through ninth grade through an opportunity for extended time on CFCC's campus in various
10 career and technical education programs. The goals of the program shall include (i) exposing
11 students from underperforming schools and underserved populations to career training
12 opportunities available at CFCC, (ii) guiding students toward successful career outcomes, (iii)
13 providing support services to students, including academic tutoring, academic counseling,
14 personal mentoring, and financial support through financial aid and scholarships, and (iv)
15 increasing graduation and postsecondary outcomes for these students.

16 **SECTION 6.9A.(b)** Components of the Program. – CFCC, New Hanover County
17 Schools, and Pender County Schools shall offer a summer career academy program to at-risk
18 students from each local school administrative unit for a total of up to 300 students in seventh
19 through ninth grade. The career academy program shall introduce students to life on a college
20 campus with the goal of creating a familiarity with and positive experience in the postsecondary
21 environment. Students shall visit two career and technical education programs per day for five
22 consecutive days for two consecutive weeks in different subject areas, such as welding, marine
23 technology and boat building, electrical, culinary, medical assisting, public safety, arts,
24 veterinary assisting, and chemical technology. The career academy program shall include
25 speakers and support for financial aid and scholarship opportunities and an introduction to the
26 Career and College Promise Program.

27 CFCC shall also hire career liaisons in time-limited positions for placement in certain
28 middle schools in New Hanover County Schools and Pender County Schools to support at-risk
29 students. The goal of adding career liaisons to the schools shall be to provide students with
30 exposure to career and technical education opportunities that otherwise would not be available
31 to them.

32 **SECTION 6.9A.(c)** Report. – CFCC, in collaboration with New Hanover County
33 Schools and Pender County Schools, shall submit an initial report by October 1, 2024, and
34 annually thereafter while funds are expended under the program, to the Joint Legislative
35 Education Oversight Committee and the Fiscal Research Division on the results of the pilot
36 program and the placement of the career liaisons in schools to support at-risk students, including
37 the number of students who enrolled in Career and College Promise Program pathways following
38 completion of the career academy program and other relevant student outcome data for at-risk
39 students.

40 **SECTION 6.9A.(d)** Carryforward. – The nonrecurring funds appropriated to the
41 Community Colleges System Office in this act for the 2023-2025 fiscal biennium for the program
42 shall not revert at the end of each fiscal year but shall remain available until expended.
43

44 COMMUNITY COLLEGE SYSTEM GOVERNANCE AND AUTHORITY CHANGES

45 **SECTION 6.10.(a)** G.S. 115D-3 reads as rewritten:

46 "**§ 115D-3. Community Colleges System Office; staff; reorganization authority.**

47 (a) The Community Colleges System Office shall be a principal administrative
48 department of State government under the direction of the State Board of Community Colleges,
49 and shall be separate from the free public school system of the State, the State Board of
50 Education, and the Department of Public Instruction. The State Board has authority to adopt and

1 administer all policies, regulations, and standards which it deems necessary for the operation of
2 the System Office.

3 (a1) The Subject to confirmation by the General Assembly in accordance with
4 G.S. 115D-3.1, the State Board shall elect a President of the North Carolina System of
5 Community Colleges System who shall serve as chief administrative officer of the Community
6 Colleges System Office. The State Board shall use the following process to elect a President:

7 (1) At least three final candidates shall be submitted to the full State Board from
8 which the full State Board shall make its election.

9 (2) The State Board shall conduct a vote on the election of the President, and the
10 candidate who receives a majority of votes of the entire State Board shall be
11 elected President.

12 (a2) The compensation of this position shall be fixed by the State Board from funds
13 provided by the General Assembly in the Current Operations Appropriations Act.

14 (a3) The President shall be assisted by such professional staff members as may be deemed
15 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on
16 nomination of the President. The compensation of the staff members elected by the Board shall
17 be fixed by the State Board of Community Colleges, upon recommendation of the President of
18 the Community College-Colleges System, from funds provided in the Current Operations
19 Appropriations Act. These staff members shall include such officers as may be deemed desirable
20 by the President and State Board. Provision shall be made for persons of high competence and
21 strong professional experience in such areas as academic affairs, public service programs,
22 business and financial affairs, institutional studies and long-range planning, student affairs,
23 research, legal affairs, health affairs and institutional development, and for State and federal
24 programs administered by the State Board. In addition, the President shall be assisted by such
25 other employees as may be needed to carry out the provisions of this Chapter, who shall be
26 subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be
27 established by the State Board on recommendation of the President to insure that there are
28 persons on the staff who have the professional competence and experience to carry out the duties
29 assigned and to insure that there are persons on the staff who are familiar with the problems and
30 capabilities of all of the principal types of institutions represented in the system. The State Board
31 of Community Colleges shall have all other powers, duties, and responsibilities delegated to the
32 State Board of Education affecting the Community Colleges System Office not otherwise stated
33 in this Chapter.

34"

35 **SECTION 6.10.(b)** Chapter 115D of the General Statutes is amended by adding a
36 new section to read:

37 **"§ 115D-3.1. General Assembly confirmation of the President.**

38 (a) The State Board shall submit the name of the person elected as President for
39 confirmation to the presiding officers of the Senate and the House of Representatives of the
40 General Assembly on or before the fifteenth day following the election. The General Assembly
41 shall adopt a joint resolution to either (i) confirm or (ii) deny confirmation, subject to the
42 following:

43 (1) The person elected by the State Board shall not serve as President but may
44 serve as interim-President until the General Assembly adopts a joint
45 resolution.

46 (2) If the General Assembly fails to adopt a joint resolution confirming the person
47 by the date that either chamber reaches the thirtieth legislative day following
48 the receipt of the name by the presiding officers, it shall be deemed that the
49 General Assembly has denied confirmation.

50 (b) A person denied confirmation shall not serve as President or interim-President."

1 **SECTION 6.10.(c)** Chapter 115D of the General Statutes is amended by adding a
2 new section to read:

3 **"§ 115D-10. Limitation on judicial review of State Board actions.**

4 State Board actions affecting a local board of trustees or a person elected as a president or
5 chief administrative officer of an institution under any of the following statutes are not subject to
6 judicial review:

- 7 (1) G.S. 115D-6.
8 (2) G.S. 115D-6.5.
9 (3) G.S. 115D-19."

10 **SECTION 6.10.(d)** G.S. 115D-20 reads as rewritten:
11 **"§ 115D-20. Powers and duties of trustees.**

12 The trustees of each institution shall constitute the local administrative board of such
13 institution, with such powers and duties as are provided in this Chapter and as are delegated to it
14 by the State Board of Community Colleges. The powers and duties of trustees shall include the
15 following:

- 16 (1) To elect a president or chief administrative officer of the institution for such
17 term and under such conditions as the trustees may fix. If the board of trustees
18 chooses to use a search consultant to assist with the election process, the board
19 of trustees shall select the search consultant through a competitive request for
20 proposals process. A search consultant selected pursuant to this subdivision
21 who is collecting a fee for the consultant's services shall not be (i) an employee
22 of a State agency, department, or institution, an appointed member of a State
23 commission or board, or an elected official whose responsibilities include
24 oversight or budgetary aspects of the Community ~~College~~ Colleges System,
25 (ii) a lobbyist or lobbyist principal as defined in G.S. 120C-100, or (iii) a
26 State-level community college board of trustees association or organization.
27 A contract with a search consultant pursuant to this subdivision shall not be
28 subject to Article 3C of Chapter 143 of the General Statutes. The election and
29 reelection of a president or chief administrative officer shall be subject to the
30 approval of the State Board of Community Colleges.

31 "

32 **SECTION 6.10.(e)** G.S. 115D-2.2 reads as rewritten:
33 **"§ 115D-2.2. State Board of Community Colleges.**

- 34 (a) The State Board of Community Colleges is established.
35 (b) The State Board of Community Colleges shall consist of 22 members, as follows:
36 (1) The Lieutenant Governor or the Lieutenant Governor's designee shall be a
37 member ex officio.
38 (2) The Treasurer of North Carolina or the Treasurer's designee shall be a member
39 ex officio.
40 (3) The Commissioner of Labor or the Commissioner's designee shall be a
41 member ex officio.
42 (4) ~~The Governor shall appoint to the State Board four members from the State at~~
43 ~~large and one member from each of the six Trustee Association Regions~~
44 ~~defined in G.S. 115D-62. Each appointment by the Governor shall be for a~~
45 ~~term of four years and until a successor is appointed and qualifies. Any~~
46 ~~vacancy occurring among the Governor's appointees before the expiration of~~
47 ~~term shall be filled by appointment of the Governor. The member appointed~~
48 ~~to fill a vacancy shall meet the same residential qualification, if any, as the~~
49 ~~vacating member and shall serve for the remainder of the unexpired term of~~
50 ~~that member.~~

(5) The General Assembly shall elect ~~eight~~ 18 members of the State Board from the State at large to a term of four years beginning July 1 of an odd-numbered year and until a successor is elected and qualifies. The Senate shall elect ~~four~~ nine members and the House of Representatives shall elect ~~four~~ nine members in accordance with subsection (c) of this section.

(6) The person serving as president of the North Carolina Comprehensive Community College Student Government Association shall be an ex officio member of the State Board. If the president of the Association is unable for any reason to serve as the student member of the State Board, then pursuant to the constitution of the Association, the vice-president of the Association shall serve as the student member of the State Board. Any person serving as the student member of the State Board must be a student in good standing at a North Carolina community college. The student member of the State Board shall have all the rights and privileges of membership, except that the student member shall not have a vote.

(c) At each session of the General Assembly held in an odd-numbered year, the Senate and the House of Representatives shall elect from a slate of candidates made in each chamber. The slate shall be prepared as provided by resolution in each chamber. If a sufficient number of nominees who are legally qualified are submitted, then the slate of candidates shall list at least twice the number of candidates for the total seats open. All qualified candidates shall compete against all other qualified candidates. All candidates shall submit a statement of economic interest to the State Ethics Commission for review under G.S. 138A-24.

...

(h) At its first meeting after July 1 of each odd-numbered year, the State Board shall elect from its membership a ~~chair~~ chair, vice-chair, and such other officers as it may deem necessary.

(i) The State Board of Community Colleges shall meet at stated times established by the State Board, but not less frequently than ~~10~~ eight times a year. The State Board of Community Colleges shall also meet with the State Board of Education and the Board of Governors of The University of North Carolina at least once a year to discuss educational matters of mutual interest and to recommend to the General Assembly such policies as are appropriate to encourage the improvement of public education at every level in this State; these joint meetings shall be hosted by the three Boards according to the schedule set out in G.S. 115C-11(b1). Special meetings of the State Board may be set at any regular meeting or may be called by the chair. A majority of the qualified members of the State Board shall constitute a quorum for the transaction of business.

...."

SECTION 6.10.(f) G.S. 115D-2.2, as amended by this section, reads as rewritten:
"§ 115D-2.2. State Board of Community Colleges.

...

(b) The State Board of Community Colleges shall consist of ~~22~~ 19 members, as follows:

(1) ~~The Lieutenant Governor or the Lieutenant Governor's designee shall be a member ex officio.~~

(2) ~~The Treasurer of North Carolina or the Treasurer's designee shall be a member ex officio.~~

(3) ~~The Commissioner of Labor or the Commissioner's designee shall be a member ex officio.~~

(5) The General Assembly shall elect 18 members of the State Board from the State at large to a term of four years beginning July 1 of an odd-numbered year and until a successor is elected and qualifies. The Senate shall elect nine members and the House of Representatives shall elect nine members in accordance with subsection (c) of this section.

(6) The person serving as president of the North Carolina Comprehensive Community College Student Government Association shall be an ex officio member of the State Board. If the president of the Association is unable for any reason to serve as the student member of the State Board, then pursuant to the constitution of the Association, the vice-president of the Association shall serve as the student member of the State Board. Any person serving as the student member of the State Board must be a student in good standing at a North Carolina community college. The student member of the State Board shall have all the rights and privileges of membership, except that the student member shall not have a vote.

...

(d) ~~When a vacancy occurs among the members elected by the two chambers of the General Assembly, occurs, the chair of the State Board shall inform the chamber that originally elected the vacating member.~~ When a vacancy occurs, the chair of the State Board shall inform the chamber that originally elected the vacating member. The chamber shall elect a person to fill the vacancy in the same manner as required for election under subsection (c) of this section when the General Assembly next convenes. The election shall be for the remainder of the unexpired term.

...

(j) ~~Whenever any vacancy shall occur in the appointed or elected membership of the State Board, the chair shall inform the appropriate appointing or electing authority of the vacancy.~~

(k) The State Board of Community Colleges may declare vacant the office of an ~~appointed or elected member~~ who does not attend three consecutive scheduled meetings without justifiable excuse. The chair of the State Board shall notify the ~~appropriate appointing or electing authority~~ chamber that elected the member of any vacancy."

SECTION 6.10.(g) Notwithstanding G.S. 115D-2.2, as amended by this section, the current members serving on the State Board as of the effective date of this section shall serve the remainder of their terms.

SECTION 6.10.(h) When the State Board of Community Colleges elects a chair in accordance with G.S. 115D-2.2(h) in 2025, the chair shall be elected from the members elected by the Senate. When the State Board of Community Colleges elects a chair in accordance with G.S. 115D-2.2(h) in 2027, the chair shall be elected from the members elected by the House of Representatives.

SECTION 6.10.(i) Notwithstanding G.S. 115D-2.2, as amended by this section, the General Assembly shall elect members in 2023 as follows:

(1) The House of Representatives shall elect one member to a term ending June 30, 2025.

(2) The Senate shall elect two members to terms ending June 30, 2025.

SECTION 6.10.(j) For elections to terms beginning July 1, 2025, and every four years thereafter, the following applies:

(1) The House of Representatives shall elect four members.

(2) The Senate shall elect five members.

SECTION 6.10.(k) For elections to terms beginning July 1, 2027, and every four years thereafter, the following applies:

(1) The House of Representatives shall elect five members.

(2) The Senate shall elect four members.

SECTION 6.10.(l) G.S. 115D-62 is repealed.

SECTION 6.10.(m) G.S. 115D-79 reads as rewritten:

"§ 115D-79. **Open meetings.**

All official meetings of the State Board of Community Colleges and of local boards of trustees shall be open to the public in accordance with the provisions of ~~G.S. 143-318.1 through 143-318.7.~~ G.S. 143-318.9."

SECTION 6.10.(n) G.S. 115D-12 reads as rewritten:

1 **"§ 115D-12. Each institution to have board of trustees; selection of trustees.**

2 (a) Each community college established or operated pursuant to this Chapter shall be
3 governed by a board of trustees ~~consisting of 13 members, or of additional members if selected~~
4 ~~according to the special procedure prescribed by the third paragraph of this subsection, who shall~~
5 ~~be selected by the following agencies. No member of the General Assembly may be appointed~~
6 ~~to a local board of trustees for a community college composed as follows:~~

7 (1) Eight trustees appointed by the General Assembly under G.S. 120-121. The
8 General Assembly shall appoint two members annually. One member shall be
9 appointed upon the recommendation of the Speaker of the House of
10 Representatives and one member shall be appointed upon the recommendation
11 of the President Pro Tempore of the Senate.

12 (2) Four trustees elected by the board of commissioners of the county in which
13 the main campus of the institution is located, one of whom may be a county
14 commissioner. In addition, each board of commissioners of any other county
15 in the administrative area that provides plant funds to the institution shall elect
16 two additional trustees to the board, one of whom may be a county
17 commissioner. A board of commissioners may delegate the election of one or
18 more of its trustees to a board of education of a local school administrative
19 unit located in the administrative area of the institution. If the board delegates
20 its authority to elect, the following conditions apply:

21 a. The delegation shall expire at the end of the term of office of the trustee
22 but may be renewed by the board of commissioners.

23 b. If an institution's administrative area contains more than one local
24 school administrative unit, the board of commissioners may delegate
25 the election to the boards of education of those units jointly.

26 c. If the delegated election has not occurred by May 1 of the year in
27 which the election is to be made, the board of commissioners shall
28 revoke the delegation and shall elect the trustee or trustees.

29 (3) The president of the student government or the chair of the executive board of
30 the student body of each community college may be an ex officio nonvoting
31 member if the board of trustees of the community college agrees.

32 (a1) No member of the General Assembly shall be a trustee of a local board of trustees.

33 ~~Group One—four trustees, elected by the board of education of the public school~~
34 ~~administrative unit located in the administrative area of the institution. If there are two or more~~
35 ~~public school administrative units, whether city or county units, or both, located within the~~
36 ~~administrative area, the trustees shall be elected jointly by all of the boards of education of those~~
37 ~~units, each board having one vote in the election of each trustee, except as provided in~~
38 ~~G.S. 115D-59. No board of education shall elect a member of the board of education or any~~
39 ~~person employed by the board of education to serve as a trustee, however, any such person~~
40 ~~currently serving on a board of trustees shall be permitted to fulfill the unexpired portion of the~~
41 ~~trustee's current term.~~

42 ~~Group Two—four trustees, elected by the board of commissioners of the county in which the~~
43 ~~institution is located. Provided, however, if the administrative area of the institution is composed~~
44 ~~of two or more counties, the trustees shall be elected jointly by the boards of commissioners of~~
45 ~~all those counties, each board having one vote in the election of each trustee. Provided, also, the~~
46 ~~county commissioners of the county in which the community college has established a satellite~~
47 ~~campus may elect an additional two members if the board of trustees of the community college~~
48 ~~agrees. No more than one trustee from Group Two may be a member of a board of county~~
49 ~~commissioners. Should the boards of education or the boards of commissioners involved be~~
50 ~~unable to agree on one or more trustees the senior resident superior court judge in the superior~~

1 court district or set of districts as defined in G.S. 7A-41.1 where the institution is located shall
2 fill the position or positions by appointment.

3 ~~Group Three—four trustees, appointed by the Governor.~~

4 ~~Group Four—the president of the student government or the chairman of the executive board~~
5 ~~of the student body of each community college established pursuant to this Chapter shall be an~~
6 ~~ex officio nonvoting member of the board of trustees of each said institution.~~

7 (b) All trustees shall be residents of the administrative area of the institution for which
8 they are selected or of counties contiguous thereto with the exception of members provided for
9 in subsection (a) of this section, ~~Group Four~~ to the administrative area.

10 (b1) No person who has been employed full time by the community college within the
11 prior 5 years and no spouse or child of a person currently employed full time by the community
12 college shall serve on the board of trustees of that college.

13 (c) Vacancies occurring in a seat appointed by the General Assembly shall be filled as
14 provided in G.S. 120-122. ~~Vacancies occurring in any group for whatever reason a seat elected~~
15 ~~by a board of county commissioners shall be filled for the remainder of the unexpired term by~~
16 ~~the agency or agencies authorized to select trustees of that group and in the manner in which~~
17 ~~regular selections are made. Should the selection of a trustee not be made by the agency or~~
18 ~~agencies having the authority to do so within 60 days after the date on which a vacancy occurs,~~
19 ~~whether by creation or expiration of a term or for any other reason, the Governor shall fill the~~
20 ~~vacancy by appointment for the remainder of the unexpired term."~~

21 **SECTION 6.10.(o)** G.S. 115D-13 reads as rewritten:

22 "**§ 115D-13. Terms of office of trustees.**

23 (a) The regular terms of trustees appointed in 1981 and trustees appointed in 1987 shall
24 be extended for one year. The term of one or more trustees, as appropriate, elected pursuant to
25 G.S. 115D-12 may be extended for one year so that these terms will be staggered, unless they are
26 already staggered.

27 (b) Except for the one year extensions of terms set forth in subsection (a) of this section,
28 and for the ex officio member, as the terms of trustees currently in office expire, their successors
29 shall be appointed for four-year terms.

30 (c) All terms shall commence on July 1 of the year.

31 (d) Each local board of trustees shall submit the following to the Legislative Library of
32 the General Assembly by August 1 annually:

33 (1) The name and address of each trustee.

34 (2) The county of residence of each trustee.

35 (3) The appointing or electing entity of each trustee.

36 (4) If a trustee is filling a vacancy, the name of the trustee replaced.

37 (5) The date each trustee's term begins.

38 (6) The date each trustee's term ends."

39 **SECTION 6.10.(p)** Notwithstanding G.S. 115D-12, as amended by this section, the
40 current members serving on a board of trustees of a community college as of the effective date
41 of this section shall serve the remainder of their terms. Thereafter, as terms expire, the members
42 shall be appointed or elected in accordance with G.S. 115D-12, as amended by this section. When
43 a vacancy occurs in a seat that was elected by a local board of education or appointed by the
44 Governor, the vacancy shall be filled as provided in G.S. 120-122 and as follows:

45 (1) If the vacancy occurs in a term expiring in an odd-numbered year, and the
46 General Assembly is not in a regular or extra session at the time of the
47 vacancy, the Governor shall consult with the Speaker of the House of
48 Representatives before making the appointment as required by G.S. 120-122.

49 (2) If the vacancy occurs in a term expiring in an even-numbered year, and the
50 General Assembly is not in a regular or extra session at the time of the

1 vacancy, the Governor shall consult with the President Pro Tempore of the
2 Senate before making the appointment as required by G.S. 120-122.

- 3 (3) Notwithstanding G.S. 120-122, after receiving the written recommendation
4 for the appointment to fill the vacancy, the Governor shall appoint the person
5 recommended within 30 days and shall not reject the recommendation. Upon
6 the expiration of the term, the seat shall be filled in accordance with
7 G.S. 115D-12, as amended by this section.

8 **SECTION 6.10.(q)** The following are repealed:

- 9 (1) S.L. 1997-12.
10 (2) Section 2 of S.L. 1999-60.
11 (3) Section 2 of S.L. 2011-175.
12 (4) S.L. 2014-73.
13 (5) S.L. 2015-12.
14 (6) Section 1 of S.L. 2015-167.
15 (7) S.L. 2015-243.
16 (8) Section 2 of S.L. 2015-252.
17 (9) S.L. 2018-15.
18 (10) S.L. 2020-20.
19 (11) Section 1 of S.L. 2021-52.
20 (12) Section 5 of S.L. 2021-102.
21 (13) S.L. 2022-10.

22 **SECTION 6.10.(r)** Notwithstanding G.S. 115D-12(a)(2), as amended by this
23 section, for the Mayland Community College Board of Trustees, the Avery County Board of
24 Commissioners, Mitchell County Board of Commissioners, and Yancey County Board of
25 Commissioners shall each elect two trustees. Each board of commissioners may elect up to one
26 commissioner as a trustee.

27 **SECTION 6.10.(s)** Notwithstanding G.S. 115D-12(a)(2), as amended by this
28 section, for the South Piedmont Community College Board of Trustees, the Union County Board
29 of Commissioners shall elect three trustees, one of whom may be a county commissioner, and
30 the Anson County Board of Commissioners shall elect two trustees, one of whom may be a
31 county commissioner.

32 **SECTION 6.10.(t)** Notwithstanding G.S. 115D-12(a)(2), as amended by this
33 section, for the Vance-Granville Community College Board of Trustees, the following shall be
34 the trustees elected by the boards of county commissioners in the administrative area of the
35 institution:

- 36 (1) Four trustees elected by the Vance County Board of Commissioners, one of
37 whom may be a county commissioner.
38 (2) Three trustees elected by the Granville County Board of Commissioners, one
39 of whom may be a county commissioner.
40 (3) Two trustees elected by the Franklin County Board of Commissioners, one of
41 whom may be a county commissioner.
42 (4) One trustee elected by the Warren County Board of Commissioners, who may
43 be a county commissioner.

44 **SECTION 6.10.(u)** Subsection (f) of this section is effective July 1, 2027. The
45 remainder of this section is effective the date this act becomes law.

47 VOCATIONAL REHABILITATION PILOT PROGRAM

48 **SECTION 6.11.(a)** Program; Purpose. – The State Board of Community Colleges
49 shall establish the Vocational Rehabilitation Pilot Program (Program) for the 2023-2024 to
50 2025-2026 academic years. The purpose of the Program is to provide support services to
51 community college students with intellectual and developmental disabilities to help the students

1 reach their goals for employment and independence without duplicating the existing vocational
2 support network.

3 **SECTION 6.11.(b)** Use of Funds; Selection. – Community colleges may apply to
4 the State Board of Community Colleges to participate in the Program. The State Board, in
5 consultation with the Division of Vocational Rehabilitation Services of the Department of Health
6 and Human Services (DVR), shall select community colleges to participate in the Program. As
7 part of the Program, the Community Colleges System Office shall contract with DVR to place
8 student counselors at selected community colleges in the State. Funds provided for this purpose
9 may be used to meet any applicable federal matching requirements for student counselors and
10 for costs related to administration of the Program.

11 **SECTION 6.11.(c)** Report. – No later than March 15, 2024, and each year thereafter
12 in which funds are expended during the Program, the State Board of Community Colleges, in
13 consultation with DVR, shall report on the impact of the Program on participants, including at
14 least the following information:

15 (1) The mental health and well-being of participants.

16 (2) Job placements of participants.

17 **SECTION 6.11.(d)** Funds. – The nonrecurring funds appropriated in this act to the
18 Community Colleges System Office for the 2023-2024 fiscal year for the Program shall not revert
19 at the end of the 2023-2024 fiscal year but shall remain available until the end of the 2025-2026
20 fiscal year.

21 **REVISE MULTICAMPUS CENTER REQUIREMENTS**

22 **SECTION 6.12.** G.S. 115D-5(o) reads as rewritten:

23 "(o) All multicampus centers approved by the State Board of Community Colleges shall
24 receive funding under the same formula. The State Board of Community Colleges shall not
25 approve any additional multicampus centers without identified recurring sources of funding. A
26 community college facility shall be considered a multicampus center if it meets all of the
27 following criteria:

28 (1) Is at least 4 miles away from the main campus of the community college and
29 other multicampus center locations.

30 (2) Any other criteria established by the State Board."

31 **AUTHORIZE THE STATE BOARD OF COMMUNITY COLLEGES TO IMPLEMENT** 32 **AN IN-STATE TUITION PILOT PROGRAM FOR RESIDENTS OF CERTAIN** 33 **GEORGIA COUNTIES**

34 **SECTION 6.13.(a)** Pilot Program. – Notwithstanding G.S. 115D-39(a) and
35 G.S. 116-143.1, the State Board of Community Colleges shall establish and implement an
36 in-State tuition pilot program for certain border counties in the State of Georgia. The pilot
37 program shall allow Tri-County Community College to offer in-State tuition to up to 100
38 residents of the following Georgia counties:

39 (1) Fannin County.

40 (2) Rabun County.

41 (3) Towns County.

42 (4) Union County.

43 No out-of-state student eligible for in-State tuition due to this pilot program shall
44 displace a North Carolina resident eligible for in-State tuition who is seeking to enroll in a
45 program offered by Tri-County Community College.

46 **SECTION 6.13.(b)** Report. – By September 30, 2024, and annually thereafter for
47 the duration of the pilot program, the State Board of Community Colleges shall report the results
48 of the pilot program to the Joint Legislative Education Oversight Committee and the Fiscal
49 Research Division of the General Assembly. This report shall include information about the
50
51

1 number of out-of-state students who enrolled at the in-State tuition rate, the programs that these
2 students chose, any programs unavailable to these students due to potential displacement of North
3 Carolina residents, any indicators of increased economic development as a result of this program,
4 and the number of out-of-state students enrolled who do not qualify for the in-State tuition rate.

5 **SECTION 6.13.(c) Expiration.** – The pilot program required by this section shall
6 expire at the end of the 2026-2027 academic year.

7 **SECTION 6.13.(d) Effective Date.** – This section is effective when this act becomes
8 law and applies beginning with the 2023-2024 academic year.

9 10 **PART VII. PUBLIC INSTRUCTION**

11 12 **CODIFY FUNDING FOR CHILDREN WITH DISABILITIES**

13 **SECTION 7.1.** Part 1F of Article 9 of Chapter 115C of the General Statutes is
14 amended by adding a new section to read:

15 **"§ 115C-111.05. Funding for children with disabilities.**

16 To the extent funds are made available for this purpose, the State Board shall allocate funds
17 for children with disabilities to each local school administrative unit on a per child basis. Each
18 local school administrative unit shall receive funds for the lesser of (i) all children who are
19 identified as children with disabilities or (ii) thirteen percent (13%) of its allocated average daily
20 membership in the local school administrative unit for the current school year."

21 22 **CODIFY FUNDING FOR ACADEMICALLY OR INTELLECTUALLY GIFTED** 23 **STUDENTS**

24 **SECTION 7.2.(a)** Article 9B of Chapter 115C of the General Statutes is amended
25 by adding a new section to read:

26 **"§ 115C-150.9. Funding for academically or intellectually gifted students.**

27 To the extent funds are made available for this purpose, the State Board shall allocate funds
28 for academically or intellectually gifted students on a per child basis. A local school
29 administrative unit shall receive funds for a maximum of four percent (4%) of its allocated
30 average daily membership for the current school year, regardless of the number of students
31 identified as academically or intellectually gifted in the unit."

32 **SECTION 7.2.(b)** Prior to determining the allocation of funds for the 2024-2025
33 school year, the Department of Public Instruction shall develop a uniform definition for
34 "academically or intellectually gifted student" to be used throughout the State.

35 36 **CODIFY BOILERPLATE**

37 **SECTION 7.3.** Chapter 115C of the General Statutes is amended by adding a new
38 Article to read:

39 "Article 32F.

40 "Supplemental School Funding.

41 **"§ 115C-472.17. Supplemental funding in low-wealth counties.**

42 (a) Use of Funds for Supplemental Funding. – To the extent funds are made available for
43 this purpose, all funds received pursuant to this section shall be used only (i) to provide
44 instructional positions, instructional support positions, teacher assistant positions, clerical
45 positions, school computer technicians, instructional supplies and equipment, staff development,
46 and textbooks and digital resources and (ii) for salary supplements for instructional personnel
47 and instructional support personnel. Local boards of education are encouraged to use at least
48 twenty-five percent (25%) of the funds received pursuant to this section to improve the academic
49 performance of children who are performing at Level I or II on either reading or mathematics
50 end-of-grade tests in grades three through eight.

51 (b) Definitions. – As used in this section, the following definitions apply:

- 1 (1) Anticipated county property tax revenue availability. – The county-adjusted
2 property tax base multiplied by the effective State average tax rate.
- 3 (2) Anticipated State average revenue availability per student. – The sum of all
4 anticipated total county revenue availability divided by the average daily
5 membership for the State.
- 6 (3) Anticipated total county revenue availability. – The sum of the following:
7 a. Anticipated county property tax revenue availability.
8 b. Local sales and use taxes received by the county that are levied under
9 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of
10 Chapter 105 of the General Statutes.
11 c. Fines and forfeitures deposited in the county school fund for the most
12 recent year for which data are available.
- 13 (4) Anticipated total county revenue availability per student. – The anticipated
14 total county revenue availability for the county divided by the average daily
15 membership of the county.
- 16 (5) Average daily membership. – Average daily membership as defined in the
17 North Carolina Public Schools Allotment Policy Manual adopted by the State
18 Board of Education. If a county contains only part of a local school
19 administrative unit, the average daily membership of that county includes all
20 students who reside within the county and attend that local school
21 administrative unit.
- 22 (6) County-adjusted property tax base. – Computed as follows:
23 a. Subtract the present-use value of agricultural land, horticultural land,
24 and forestland in the county, as defined in G.S. 105-277.2, from the
25 total assessed real property valuation of the county.
26 b. Adjust the resulting amount by multiplying by a weighted average of
27 the three most recent annual sales assessment ratio studies.
28 c. Add to the resulting amount the following:
29 1. Present-use value of agricultural land, horticultural land, and
30 forestland, as defined in G.S. 105-277.2.
31 2. Value of property of public service companies, determined in
32 accordance with Article 23 of Chapter 105 of the General
33 Statutes.
34 3. Personal property value for the county.
- 35 (7) County-adjusted property tax base per square mile. – The county-adjusted
36 property tax base divided by the number of square miles of land area in the
37 county.
- 38 (8) County wealth as a percentage of State average wealth. – Computed as
39 follows:
40 a. Compute the percentage that the county per capita income is of the
41 State per capita income and weight the resulting percentage by a factor
42 of five-tenths.
43 b. Compute the percentage that the anticipated total county revenue
44 availability per student is of the anticipated State average revenue
45 availability per student and weight the resulting percentage by a factor
46 of four-tenths.
47 c. Compute the percentage that the county-adjusted property tax base per
48 square mile is of the State-adjusted property tax base per square mile
49 and weight the resulting percentage by a factor of one-tenth.
50 d. Add the three weighted percentages to derive the county wealth as a
51 percentage of the State average wealth.

- 1 (9) Effective county tax rate. – The actual county tax rate multiplied by a weighted
2 average of the three most recent annual sales assessment ratio studies.
3 (10) Effective State average tax rate. – The average of effective county tax rates
4 for all counties.
5 (11) Local current expense funds. – The most recent county current expense
6 appropriations to public schools, as reported by local boards of education in
7 the audit report filed with the Secretary of the Local Government Commission
8 pursuant to G.S. 115C-447.
9 (12) Per capita income. – The average for the most recent three years for which
10 data are available of the per capita income according to the most recent report
11 of the United States Department of Commerce, Bureau of Economic Analysis,
12 including any reported modifications for prior years as outlined in the most
13 recent report.
14 (13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
15 the Department of Revenue under G.S. 105-289(h).
16 (14) State average adjusted property tax base per square mile. – The sum of the
17 county-adjusted property tax bases for all counties divided by the number of
18 square miles of land area in the State.
19 (15) State average current expense appropriations per student. – The most recent
20 State total of county current expense appropriations to public schools, as
21 reported by local boards of education in the audit report filed with the
22 Secretary of the Local Government Commission pursuant to G.S. 115C-447.
23 (16) Supplant. – To decrease local per student current expense appropriations from
24 one fiscal year to the next fiscal year.
25 (17) Weighted average of the three most recent annual sales assessment ratio
26 studies. – The weighted average of the three most recent annual sales
27 assessment ratio studies in the most recent years for which county current
28 expense appropriations and adjusted property tax valuations are available. If
29 real property in a county has been revalued one year prior to the most recent
30 sales assessment ratio study, a weighted average of the two most recent sales
31 assessment ratios shall be used. If property has been revalued the year of the
32 most recent sales assessment ratio study, the sales assessment ratio for the year
33 of revaluation shall be used.

34 (c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State
35 Board of Education shall allocate these funds to local school administrative units located in whole
36 or in part in counties in which the county wealth as a percentage of the State average wealth is
37 less than one hundred percent (100%).

38 (d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount
39 received per average daily membership for a county shall be the difference between the State
40 average current expense appropriations per student and the current expense appropriations per
41 student that the county could provide given the county's wealth and an average effort to fund
42 public schools. To derive the current expense appropriations per student that the county could be
43 able to provide given the county's wealth and an average effort to fund public schools, multiply
44 the county's wealth as a percentage of State average wealth by the State average current expense
45 appropriations per student. The funds for the local school administrative units located in whole
46 or in part in the county shall be allocated to each local school administrative unit located in whole
47 or in part in the county based on the average daily membership of the county's students in the
48 school units. If the funds appropriated for supplemental funding are not adequate to fund the
49 formula fully, each local school administrative unit shall receive a pro rata share of the funds
50 appropriated for supplemental funding.

1 (e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. –
2 The formula in this section is solely a basis for distribution of supplemental funding for
3 low-wealth counties and is not intended to reflect any measure of the adequacy of the educational
4 program or funding for public schools. The formula is also not intended to reflect any
5 commitment by the General Assembly to appropriate any additional supplemental funds for
6 low-wealth counties.

7 (f) Minimum Effort Required. – A county shall receive full funding under this section if
8 the county (i) maintains an effective county tax rate that is at least one hundred percent (100%)
9 of the effective State average tax rate in the most recent year for which data are available or (ii)
10 maintains a county appropriation per student to the school local current expense fund of at least
11 one hundred percent (100%) of the current expense appropriations per student to the school local
12 current expense fund that the county could provide given the county's wealth and an average
13 effort to fund public schools. A county that maintains a county appropriation per student to the
14 school local current expense fund of less than one hundred percent (100%) of the current expense
15 appropriations per student to the school local current expense fund that the county could provide
16 given the county's wealth and an average effort to fund public schools shall receive funding under
17 this section at the same percentage that the county's appropriation per student to the school local
18 current expense fund is of the current expense appropriations per student to the school local
19 current expense fund that the county could provide given the county's wealth and an average
20 effort to fund public schools.

21 (g) Nonsupplant Requirement. – A county in which a local school administrative unit
22 receives funds under this section shall use the funds to supplement local current expense funds
23 and shall not supplant local current expense funds. The State Board of Education shall not
24 allocate funds under this section to a county found to have used these funds to supplant local per
25 student current expense funds. The State Board of Education shall make a finding that a county
26 has used these funds to supplant local current expense funds in the prior year, or the year for
27 which the most recent data are available, if all of the following criteria apply:

28 (1) The current expense appropriations per student of the county for the current
29 year is less than ninety-five percent (95%) of the average of local current
30 expense appropriations per student for the three prior fiscal years.

31 (2) The county cannot show (i) that it has remedied the deficiency in funding or
32 (ii) that extraordinary circumstances caused the county to supplant local
33 current expense funds with funds allocated under this section.

34 The State Board of Education shall adopt rules to implement the requirements of this
35 subsection.

36 (h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other
37 provision of this section, counties containing a base of the Armed Forces of the United States
38 that have an average daily membership of more than 17,000 students shall receive whichever is
39 the higher amount in each fiscal year as follows: either the amount of supplemental funding the
40 county received as a low-wealth county in the 2012-2013 fiscal year or the amount of
41 supplemental funding the county is eligible to receive as a low-wealth county pursuant to the
42 formula for distribution of supplemental funding under the other provisions of this section.

43 (i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this
44 section, local school administrative units may utilize funds allocated under this section to
45 purchase services that allow for extraction of data from the Education Value-Added Assessment
46 System (EVAAS).

47 (j) Reports. – The State Board of Education shall report to the Fiscal Research Division
48 prior to May 15 of each year if it determines that counties have supplanted funds.

49 (k) Department of Revenue Reports. – The Department of Revenue shall provide to the
50 Department of Public Instruction a preliminary report for the current fiscal year of the assessed
51 value of the property tax base for each county prior to March 1 of each year and a final report

1 prior to May 1 of each year. The reports shall include for each county the annual sales assessment
 2 ratio and the taxable values of (i) total real property, (ii) the portion of total real property
 3 represented by the present use value of agricultural land, horticultural land, and forestland, as
 4 defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance
 5 with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

6 **"§ 115C-472.18. Small county school system supplemental funding.**

7 (a) Allotment Schedule. – Except as otherwise provided in subsection (c) of this section,
 8 each eligible county school administrative unit shall receive a dollar allotment according to the
 9 following schedule, on the basis of allotted ADM for the county school administrative unit, to
 10 the extent funds are made available for this purpose:

<u>Allotted ADM</u>	<u>Small County Allotment</u>
0-1,300	\$1,820,000
1,301-1,700	\$1,774,700
1,701-2,000	\$1,729,400
2,001-2,300	\$1,684,100
2,301-2,600	\$1,638,800
2,601-2,800	\$1,593,500
2,801-3,300	\$1,548,200

19 (b) Phase-Out Provision. – If a local school administrative unit becomes ineligible for
 20 funding under the schedule in subsection (a) of this section, funding for that unit shall be phased
 21 out over a five-year period. Funding for such local school administrative units shall be reduced
 22 in equal increments in each of the five years after the unit becomes ineligible. Funding shall be
 23 eliminated in the fifth fiscal year after the school administrative unit becomes ineligible.

24 Allotments for eligible local school administrative units under this subsection shall not be
 25 reduced in any fiscal year by more than twenty percent (20%) of the amount received during the
 26 fiscal year when the local school administrative unit became ineligible to receive funds under
 27 this section. A local school administrative unit shall not become ineligible for funding if either
 28 the highest of the first two months' total projected average daily membership for the current year
 29 or the higher of the first two months' total prior year average daily membership would otherwise
 30 have made the unit eligible for funds under the schedule in subsection (a) of this section.

31 (c) Nonsupplant Requirement. – A county in which a local school administrative unit
 32 receives funds under this section shall use the funds to supplement local current expense funds
 33 and shall not supplant local current expense funds. The State Board of Education shall not
 34 allocate funds under this section to a county found to have used these funds to supplant local per
 35 student current expense funds. The State Board of Education shall make a finding that a county
 36 has used these funds to supplant local current expense funds in the prior year or the year for
 37 which the most recent data are available, if all of the following criteria apply:

- 38 (1) The current expense appropriation per student of the county for the current
 39 year is less than ninety-five percent (95%) of the average of local current
 40 expense appropriation per student for the three prior fiscal years.
- 41 (2) The county cannot show (i) that it has remedied the deficiency in funding or
 42 (ii) that extraordinary circumstances caused the county to supplant local
 43 current expense funds with funds allocated under this section.

44 The State Board of Education shall adopt rules to implement the requirements of this
 45 subsection.

46 (d) Reports. – The State Board of Education shall report to the Fiscal Research Division
 47 prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

48 (e) Use of Funds. – Local boards of education are encouraged to use at least twenty
 49 percent (20%) of the funds they receive pursuant to this section to improve the academic
 50 performance of children who are performing at Level I or II on either reading or mathematics
 51 end-of-grade tests in grades three through eight.

1 Local school administrative units may also utilize funds allocated under this section to
 2 purchase services that allow for extraction of data from the Education Value-Added Assessment
 3 System (EVAAS).

4 **"§ 115C-472.19. Disadvantaged student supplemental funding.**

5 (a) To the extent funds are made available for this purpose, funds appropriated for
 6 disadvantaged student supplemental funding shall be used, consistent with the policies and
 7 procedures adopted by the State Board of Education, only to do the following:

- 8 (1) Provide instructional positions or instructional support positions.
- 9 (2) Provide professional development.
- 10 (3) Provide intensive in-school or after-school remediation, or both.
- 11 (4) Purchase diagnostic software and progress-monitoring tools.
- 12 (5) Provide funds for teacher bonuses and supplements. The State Board of
 13 Education shall set a maximum percentage of the funds that may be used for
 14 this purpose.

15 The State Board of Education may require local school administrative units receiving funding
 16 under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added
 17 Assessment System (EVAAS) in order to provide in-depth analysis of student performance and
 18 help identify strategies for improving student achievement. This data shall be used exclusively
 19 for instructional and curriculum decisions made in the best interest of children and for
 20 professional development for their teachers and administrators.

21 (b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local
 22 school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference
 23 between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- 24 (1) For counties with wealth greater than ninety percent (90%) of the statewide
 25 average, a ratio of 1:19.9.
- 26 (2) For counties with wealth not less than eighty percent (80%) and not greater
 27 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- 28 (3) For counties with wealth less than eighty percent (80%) of the statewide
 29 average, a ratio of 1:19.1.
- 30 (4) For local school administrative units that received DSSF funds in fiscal year
 31 2005-2006, a ratio of 1:16. These local school administrative units shall
 32 receive no less than the DSSF amount allotted in fiscal year 2006-2007.

33 For the purpose of this subsection, wealth shall be calculated under the low-wealth
 34 supplemental formula as provided for in this Article.

35 (c) If a local school administrative unit's wealth increases to a level that adversely affects
 36 the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF
 37 allotment for that unit shall be maintained at the prior year level for one additional fiscal year."

38
 39 **RECLASSIFY DPI POSITIONS**

40 **SECTION 7.4.(a)** Notwithstanding G.S. 143C-6-4, the Department of Public
 41 Instruction shall reclassify at least the following full-time equivalent positions within the
 42 Department:

- 43 (1) One position to be a teaching compensation and advanced teaching roles
 44 consultant.
- 45 (2) One position to be a Read to Achieve Charter School Coordinator.
- 46 (3) One position to be a Director of American Indian Education Services.

47 **SECTION 7.4.(b)** In making the changes identified in subsection (a) of this section,
 48 the Department of Public Instruction shall not do either of the following:

- 49 (1) Reduce funding for any of the following:
 50 a. The State Public School Fund, including for the following residential
 51 schools:

- 1 1. The Eastern North Carolina School for the Deaf.
- 2 2. The North Carolina School for the Deaf.
- 3 3. The Governor Morehead School.
- 4 b. Any budget expansion item funded by an appropriation to the
- 5 Department of Public Instruction by this act for the 2023-2025 fiscal
- 6 biennium.
- 7 (2) Transfer from or reduce funding or positions for any of the following:
- 8 a. Communities in Schools of North Carolina, Inc.
- 9 b. Teach for America, Inc.
- 10 c. Beginnings for Parents of Children Who are Deaf or Hard of Hearing,
- 11 Inc.
- 12 d. The Excellent Public Schools Act, Read to Achieve Program, initially
- 13 established under Section 7A.1 of S.L. 2012-142.
- 14 e. The North Carolina School Connectivity Program.
- 15 f. The North Carolina Center for the Advancement of Teaching.
- 16 g. The Schools That Lead Program.
- 17 h. The Center for Safer Schools.

REQUIRED TRAINING TO COUNT TOWARD CONTINUING EDUCATION UNITS

SECTION 7.5.(a) G.S. 115C-270.30 reads as rewritten:

"§ 115C-270.30. Licensure renewal.

...

(b) Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall include the following:

- (1) For all teachers, at least eight continuing education credits with at least three credits required in a teacher's academic subject area.
- (2) For elementary school teachers, at least three continuing education credits related to literacy. Literacy renewal credits shall include evidence-based assessment, diagnosis, and intervention strategies for students not demonstrating reading proficiency. Oral language, phonemic and phonological awareness, phonics, vocabulary, fluency, and comprehension shall be addressed in literacy-related activities leading to license renewal for elementary school teachers.

(2a) For all teachers, hours spent attending mandatory training programs shall contribute toward the calculation for continuing education credits if all of the following apply:

- a. The mandatory training program is required by State law or by a local board of education as a condition of employment.
- b. The teacher has otherwise met any applicable requirements for literacy renewal credits, credits required in a teacher's academic subject area, digital teaching or learning, or other licensure renewal requirements adopted by the State Board pursuant to this section.

...

(c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed at least once every five years by the State Board to do the following:

...

- (3) Integrate digital teaching and learning into the requirements for licensure renewal. The State Board of Education shall not require the completion of continuing education credits solely related to digital teaching and learning but may require completion of up to two continuing education credits that include

1 pedagogy on digital teaching and learning as a component of a general or
2 content-specific continuing education credit."

3 **SECTION 7.5.(b)** This section is effective when it becomes law and applies to
4 licenses renewed on or after that date.

6 **WEIGHTED FUNDING FOR EC STUDENTS**

7 **SECTION 7.7.** The Department of Public Instruction shall develop a model, based
8 on the study conducted pursuant to Section 7.44 of S.L. 2021-180, for funding children with
9 disabilities services on the basis of the reported cost of the services provided. The Department
10 shall report to the Joint Legislative Education Oversight Committee by January 15, 2024, on the
11 model of funding developed pursuant to this section and a comparison by public school unit of
12 funds provided under the existing model and the model developed pursuant to this section.

14 **ABOLISH CERTAIN UNFILLED POSITIONS**

15 **SECTION 7.12.** The following positions vacant for longer than two years are
16 abolished as of July 1, 2023:

- 17 (1) 60009659.
- 18 (2) 60009654.
- 19 (3) 60009651.
- 20 (4) 60009667.

21 The Department may reestablish these or create substantially similar positions as
22 needed within funds available pursuant to G.S. 115C-546.2(e).

24 **CAREER EXPLORATION AND DEVELOPMENT PLANS**

25 **SECTION 7.13.(a)** Part 1 of Article 8 of Chapter 115C of the General Statutes is
26 amended by adding a new section to read:

27 **"§ 115C-81.12. Career pathways course.**

28 The State Board shall develop standards for an elective middle school course in which
29 students investigate and learn about career pathways. The standards shall align with the
30 requirements for career development plans under G.S. 115C-158.10(c) and include a focus on
31 experiential and hands-on learning."

32 **SECTION 7.13.(b)** Article 10 of Chapter 115C of the General Statutes is amended
33 by adding a new Part to read:

34 "Part 1A. Career Development Plans.

35 **"§ 115C-158.10. Career development plans.**

36 (a) All middle and high school students enrolled in a local school administrative unit shall
37 complete a career development plan that meets the requirements of this section. The local board
38 of education shall ensure that students are provided assistance in completion of the plan as well
39 as instruction on how to access that plan throughout the student's enrollment. A student shall not
40 be promoted from seventh grade until a career development plan is created and shall not be
41 promoted from tenth grade until the career development plan is revised. Local boards of
42 education are encouraged to require more frequent revisions as appropriate. Charter schools are
43 encouraged to require participation in career development plans for students in accordance with
44 this section.

45 (b) Local boards of education shall ensure that career development plans are easily
46 accessible to students and parents and shall provide parents written notice of the initial creation
47 of a career development plan and information on how to access the plan.

48 (c) The State Board of Education shall adopt rules establishing minimum requirements
49 for career development plans and shall require local boards of education to provide access to all
50 career development plans through a designated electronic application. Career development plans
51 shall include at least the following:

- 1 (1) Self-assessment of the student's aptitudes, skills, values, personality, and
2 career interests.
- 3 (2) Exploration and identification of pathways for careers aligned with the
4 student's self-assessment that include the following for each career:
 - 5 a. Identification of needed education, training, and certifications.
 - 6 b. Information on the most cost-efficient path to entry.
 - 7 c. Opportunities within the school setting to explore and prepare for the
8 career.
- 9 (3) Alignment of academic courses and extracurricular activities with the
10 student's identified career interests, including the following:
 - 11 a. Inventory of aligned courses in middle and high school in grades six
12 through 10, and development of best strategies for course selection in
13 grades 11 and 12 to achieve identified career interests, including
14 courses that may lead to college credit.
 - 15 b. Available record of the following:
 - 16 1. Completed Advanced Placement, International Baccalaureate,
17 Cambridge Advanced International Certificate of Education
18 (AICE), and dual-enrollment courses that may lead to college
19 credit in high school.
 - 20 2. Extracurricular activities.
 - 21 3. Awards and recognitions.
- 22 (4) Creation of a career portfolio, which may include items such as the following:
 - 23 a. Documentation of postsecondary plans.
 - 24 b. Completion of the Free Application for Federal Student Aid with
25 parental consent.
 - 26 c. Résumé.
 - 27 d. Occupational outlook for identified career interests."

28 **SECTION 7.13.(c)** G.S. 115C-218.75 is amended by adding a new subsection to

29 read:

30 "**(k)** Career Development Plans. – A charter school is encouraged to adopt a policy to
31 require all middle and high school students to complete a career development plan in accordance
32 with G.S. 115C-158.10."

33 **SECTION 7.13.(d)** The State Board of Education shall establish a pilot of at least
34 20 local school administrative units during the 2023-2024 school year to develop the plan
35 requirements and professional development necessary for successful statewide implementation
36 of career development plans in the 2024-2025 school year. The State Board of Education shall
37 direct the Department of Public Instruction to develop and provide a career development plan
38 electronic application to local boards of education and participating charter schools no later than
39 the 2024-2025 school year that will provide access for all students and parents to the student's
40 career development plan and will integrate with career information available through other State
41 agencies.

42 **SECTION 7.13.(e)** The Department of Public Instruction and the local boards of
43 education, as appropriate, shall provide or cause to be provided, prior to the start of the 2024-2025
44 school year, curriculum content for the course required in subsection (a) of this section and
45 professional development to ensure that the intent and provisions of this section are carried out.

46 **SECTION 7.13.(f)** Subsections (a), (b), (c), and (e) of this section become effective
47 beginning with the 2024-2025 school year. The remainder of this section becomes effective July
48 1, 2023.

50 REMAINING ESSER FUNDS FOR VARIOUS PROGRAMS

51 **SECTION 7.15.(a)** Section 2.1 of S.L. 2023-11 is repealed.

1 **SECTION 7.15.(b)** Notwithstanding any provision of law to the contrary, the
2 Department of Public Instruction shall use funds provided pursuant to Section 3.5(a)(10) of S.L.
3 2021-25, as amended by S.L. 2021-180, for the following purposes in response to the COVID-19
4 pandemic:

- 5 (1) Up to four hundred thousand dollars (\$400,000) and any remaining available
6 funds appropriated for the purpose provided in Section 3.5(a)(23) of S.L.
7 2021-25, as amended by S.L. 2021-180, to continue to provide options for
8 students outside traditional classroom instruction through the 2024-2025
9 fiscal year. The Department shall transfer these funds to the North Carolina
10 Hospitality Education Foundation (Foundation) to develop or continue
11 programs in CTE with a focus on developing critical skills necessary for
12 students to succeed in the hospitality sector that received funds pursuant to
13 Section 3.5(a)(23) of S.L. 2021-25, as amended by S.L. 2021-180. The
14 Foundation shall use the funds to support instructor and student training and
15 testing in public school units and increase the State's skilled workforce in the
16 hospitality sectors.
- 17 (2) Up to three hundred thousand dollars (\$300,000) to contract with JFL
18 ENTERPRISES, INC., to continue the Failure Free Reading program created
19 by Section 3.5(a)(26) of S.L. 2021-25, as enacted by S.L. 2021-180, to address
20 learning loss due to the COVID-19 pandemic. Of the funds appropriated from
21 the General Fund to the Department of Public Instruction, the sum of one
22 million seven hundred thousand dollars (\$1,700,000) shall be used to assist in
23 continuing this program. Any school that was eligible to receive funds to
24 participate in the Failure Free Reading program under Section 3.5(a)(26) of
25 S.L. 2021-25, as enacted by S.L. 2021-180, shall be eligible to receive funds
26 pursuant to this subdivision.
- 27 (3) Up to two million one hundred thousand dollars (\$2,100,000) for the
28 Department to contract with Liminex, Inc., d/b/a GoGuardian, to provide
29 technology and services to mitigate cyberbullying, monitor student internet
30 activity, and assist with suicide prevention services.
- 31 (4) Up to two million two hundred thousand dollars (\$2,200,000) for the
32 Department to contract with Gaggle.Net, Inc., to provide technology and
33 services to mitigate cyberbullying, monitor student internet activity, and assist
34 with suicide prevention services.
- 35 (5) Up to one million dollars (\$1,000,000) to provide funds for the Educational
36 and Competitive After-School Robotics Grant Program established in Section
37 7.23 of this act.
- 38 (6) Up to one million dollars (\$1,000,000) to continue to contract with Betabox,
39 Inc., to mitigate learning loss in the areas of science, technology, engineering,
40 and mathematics by providing students in public school units with
41 experiences, curriculum, instructional coaching, hands-on equipment, and
42 other needed resources.
- 43 (7) Up to one million dollars (\$1,000,000) to Communities in Schools of North
44 Carolina, Inc., to continue to provide services, expand services, or provide for
45 the extension of nine-month contracts for its employees for the purpose of
46 providing assistance and enrichment activities over the summers for students
47 in kindergarten through grade 12 experiencing learning loss and negative
48 impacts from the COVID-19 pandemic.
- 49 (8) Up to one million dollars (\$1,000,000) to provide funds for the 2023-2024
50 fiscal year for the National Board for Professional Teaching Standards

1 certification participation fee grant program established pursuant to
2 G.S. 115C-296.2A.
3

4 **ONLINE DIGITAL INSTRUCTION**

5 **SECTION 7.17.** Subsection (c) of Section 7.23K of S.L. 2017-57 reads as rewritten:

6 "**SECTION 7.23K.(c)** Of the ~~six million four hundred twenty thousand dollars (\$6,420,000)~~
7 ~~in recurring funds~~ appropriated to the Department of Public Instruction to accelerate
8 implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94, beginning with
9 the ~~2017-2018-2023-2024~~ fiscal year, the Department shall use up to ~~one million eight hundred~~
10 ~~thousand dollars (\$1,800,000)~~ four million dollars (\$4,000,000) to continue to contract with
11 Learning.com to implement the requirements of this section."
12

13 **CTE GRANTS FOR HOMEBUILDING PROGRAMS**

14 **SECTION 7.19.(a)** Of the funds appropriated to the Department of Public
15 Instruction in this act from the General Fund, the Department shall use up to two hundred
16 thousand dollars (\$200,000) in recurring funds to provide grants to assist public school units with
17 program costs associated with CTE programs related to homebuilding. The Department of Public
18 Instruction shall permit high schools within public school units to use the U.S. Department of
19 Labor approved Pre-Apprenticeship Certificate Training (PACT) program, developed by the
20 Home Builders Institute as an approved curriculum for CTE programs. A public school unit or a
21 regional partnership of more than one public school unit may apply to receive funds. When
22 awarding grants under this subsection, the Department shall prioritize public school units (i)
23 located, in whole or in part, in a county with at least one local school administrative unit that
24 received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high
25 population of at-risk students or students with disabilities.

26 **SECTION 7.19.(b)** The Department shall create and make available an application
27 for grants under this section no later than 30 days after this bill becomes law. The Department
28 shall make the application available for both years of the 2023-2025 fiscal biennium. Applicants
29 shall submit their application to receive grant funds to the Department no later than 60 days after
30 the application is made available for submission for each school year of the 2023-2025 fiscal
31 biennium. The Department shall approve or deny each application within 30 days of receipt.

32 **SECTION 7.19.(c)** All recipients of grants under this section for each school year of
33 the biennium shall submit a report to the Department no later than October 15 of each year of the
34 biennium on the outcomes of any programs funded by grants received under this section,
35 including data collection methods for reporting on student outcomes, impacts of the program,
36 and use of State funds. The Department shall then submit a report to the Joint Legislative
37 Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the
38 grant programs no later than December 15 of each year of the 2023-2025 fiscal biennium.
39

40 **DPI FUNDING IN ARREARS**

41 **SECTION 7.20.(a)** The Department of Public Instruction shall develop a model to
42 fund public school units whose funding is based on average daily membership (ADM) to be
43 based on the actual ADM from the prior school year instead of projections for the upcoming
44 school year. The Department shall include in the model a method to account for newly formed
45 charter schools to ensure the charter schools receive adequate funding to operate before prior
46 year ADM data is available or representative of the student population. The Department shall
47 propose technical adjustments for public school funding to the State Board of Education for
48 approval before submitting the model to the Director of the Budget, pursuant to G.S. 143C-3-3.
49 The Department shall also submit the model to the Fiscal Research Division no later than
50 February 15, 2024. The technical adjustments shall include a list of any laws that would need to
51 be adjusted or repealed to allow for the new funding model to be implemented as well as a

1 comparison of funding received under the old model and the recommended new model, sorted
2 by public school unit.

3 **SECTION 7.20.(b)** Beginning with the 2024-2025 school year, the Department of
4 Public Instruction shall distribute funds to public school units whose funding is based on ADM
5 based on the actual ADM from the prior school year in accordance with the model developed
6 pursuant to subsection (a) of this section. The Department shall provide funds from the ADM
7 Contingency Reserve to fund public school units whose actual ADM for the current school year
8 is higher than the actual ADM from the prior school year.

9 **SECTION 7.20.(c)** Section 7.15(b) of S.L. 2007-323 is repealed.

10 **SECTION 7.20.(d)** Subsections (b) and (c) of this section become effective July 1,
11 2024. The remainder of this section is effective when it becomes law.

12 **INCREASING ENGAGEMENT IN STEM**

13 **SECTION 7.22.(a)** Program; Purpose. – The Superintendent of Public Instruction
14 shall establish the Increasing Engagement in STEM Program (Program) for the 2023-2024 fiscal
15 year. The purpose of the Program is to provide grant funds to public school units to engage in
16 experiential science, technology, engineering, and math (STEM) education programs.

17 **SECTION 7.22.(b)** Grant Application Time Line. – The Superintendent shall
18 develop and publish an application for the Program on or before November 15, 2023. Public
19 school units may submit applications for this grant until January 15, 2024. The Superintendent
20 shall select recipients of the grants by February 15, 2024.

21 **SECTION 7.22.(c)** Grant Applications. – The application created by the
22 Superintendent shall require a plan of how the public school unit would use grant funds to
23 increase STEM engagement of sixth, seventh, and eighth grade students. Applicant plans shall
24 include the following:

- 25 (1) Evidence that the plan uses high-quality instruction methods and includes
26 research-based best practices in the area of STEM education to further the
27 purpose of the Program.
- 28 (2) How grant funds will be used to further the purpose of the Program. Allowable
29 uses of funds include, but are not limited to, the following:
 - 30 a. Stipends for teachers who participate with the Program.
 - 31 b. Partnering with third-party vendors to provide services or host
32 competitions that further the purpose of the Program.
- 33 (3) How the public school unit would sustain their plan beyond the end of the
34 grant period.
- 35 (4) Any other factors or criteria the Superintendent deems appropriate to advance
36 the purpose of the Program.

37 **SECTION 7.22.(d)** Grant Recipients. – After reviewing the submitted applications,
38 the Superintendent shall select applicants to receive grants for the Program. The Superintendent
39 shall determine the size of grants awarded to each public school unit while ensuring a distribution
40 of grant funds to each of the various sizes of public school units referenced in subdivision (3)
41 of this subsection. When selecting applicants to receive grants, the Superintendent shall adhere to
42 the following criteria:

- 43 (1) The total number of recipients shall not exceed 20 public school units.
- 44 (2) Recipients shall reflect the geographic diversity of the State.
- 45 (3) Recipients shall reflect the population diversity of public school units in the
46 State by selecting recipients from the following:
 - 47 a. Up to five public school units consisting of no more than one school.
 - 48 b. Up to five units with an average daily membership from the previous
49 school year of 4,000 students or fewer.

- 1 c. Up to five units with an average daily membership from the previous
2 school year of between 4,001 and 20,000 students.
3 d. Up to five units with an average daily membership from the previous
4 school year of 20,001 students or greater.

5 If there are fewer than five applicants in any of the categories listed in subdivision (3)
6 of this subsection, the Superintendent may, in the Superintendent's discretion, award additional
7 grants to applicants from other categories.

8 **SECTION 7.22.(e)** Initial Report. – The Superintendent of Public Instruction shall
9 submit a report on the Program to the Joint Legislative Education Oversight Committee by
10 December 15, 2024. The report shall include the following:

- 11 (1) A list of public school units that applied for grants.
12 (2) A list of public school units that received grants.
13 (3) A summary of how the grant funds were spent on Program activities.
14 (4) The number and percentage of students enrolled in the school who participated
15 in the Program, including demographic data for participating students.
16 (5) Student performance data in STEM-related courses.
17 (6) How public school units would continue to use grant funds in the future if the
18 Program were to continue beyond the 2023-2024 school year.
19 (7) Any recommendations by the Superintendent to modify the Program to be
20 more effective at furthering the purpose of the Program.

21 **SECTION 7.22.(f)** Evaluation. – As a condition of receipt of grant funds, a public
22 school unit shall designate both students who complete the grant-funded activities in the
23 Common Education Data Analysis and Reporting System and a matched set of students with
24 similar demographic characteristics who did not complete the grant-funded activities, when
25 possible, in a manner directed by the Department of Public Instruction that will allow future
26 analysis of outcomes for these students related to all of the following:

- 27 (1) Enrollment in STEM-related elective clusters in high school.
28 (2) Graduation from high school within four years of entry.
29 (3) Enrollment in a postsecondary STEM-related major, degree program, or
30 certificate program within three years of high school graduation.
31 (4) Completion of a postsecondary STEM-related major, degree program, or
32 certificate program within six years of high school graduation.
33 (5) Employment in a STEM-related field within eight years of high school
34 graduation.

35 The North Carolina Longitudinal Data System shall, in cooperation with all agencies
36 with relevant data, report annually to the Joint Legislative Education Oversight Committee on
37 the outcomes for both groups of students on each available data point beginning December 15,
38 2028, and ending December 15, 2039.

39 **AFTER-SCHOOL ROBOTICS GRANT PROGRAM**

40 **SECTION 7.23.(a)** Program; Purpose. – There is established the Educational and
41 Competitive After-School Robotics Grant Program (Program). The purpose of the Program shall
42 be to (i) promote evidence-based, after-school programs for robotics education and competition
43 and (ii) motivate students to pursue education and career opportunities in science, technology,
44 engineering, and mathematics while building critical life and work-related skills.

45 **SECTION 7.23.(b)** Eligibility. – Any public school unit is eligible to apply to the
46 Department of Public Instruction for a grant to develop an educational and competitive
47 after-school robotics program with a robotics partner. As used in this subsection, the term
48 "robotics partner" shall refer to a third-party entity, such as a nonprofit organization or institution
49 of higher education, approved by the Department of Public Instruction that is able to provide
50

adequate support for an after-school robotics program. In order to provide adequate support, a robotics partner must meet at least all of the following criteria:

- (1) Have a national presence in robotics education and competition.
- (2) Provide adequate instruction and programming for students and adult volunteers in (i) robotics education, (ii) project-based learning, and (iii) competitive robotics.
- (3) Promote a safe and equitable social environment.

SECTION 7.23.(c) Applications; Criteria and Guidelines. – No later than November 1, 2023, for the 2023-2024 fiscal year, and August 1, 2024, for the 2024-2025 fiscal year, the Department shall develop and publish criteria and guidelines for the application process for the Program in the upcoming school year, including any documentation required to be submitted by the applicants. The Department shall accept applications until December 31, 2023, for the 2023-2024 fiscal year and September 30, 2024, for the 2024-2025 fiscal year. Applications shall include, at a minimum, the following information:

- (1) Evidence that the applicant has or will be able to establish a relationship with a robotics partner.
- (2) A proposed budget for the educational and competitive after-school robotics program.

SECTION 7.23.(d) Award and Use of Funds. – The Department shall award grants to the selected applicants by January 31, 2024, for the 2023-2024 fiscal year, and October 31, 2024, for the 2024-2025 fiscal year. Funds may be used for any of the following purposes:

- (1) Establish a relationship with a robotics partner.
- (2) Purchase robotics kits.
- (3) Provide stipends for coaches.
- (4) Make payments associated with participation in a robotics league or robotics competition.
- (5) Pay fees incurred as part of the administration of a robotics team.

SECTION 7.23.(e) Reporting. – No later than February 15, 2024, for the 2023-2024 fiscal year, and October 15, 2024, for the 2024-2025 fiscal year, the Department shall report the following information from the prior school year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- (1) Number and amounts of grants awarded.
- (2) Identities of the public school units receiving grants.
- (3) Identities of public school units that applied for grants but did not receive one.
- (4) The extent to which students participating in after-school robotics programs funded by the Program experienced measurable improvement in academic performance, if any.

REMOTE CHARTER ACADEMIES

SECTION 7.26.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 7. Remote Charter Academies.

"§ 115C-218.120. Remote charter academies.

(a) As part of an application or modification of a charter, a nonprofit may apply to the Review Board for approval to include a remote charter academy that meets the requirements of this Part as part of the nonprofit's charter. A charter that includes a remote charter academy may do any of the following:

- (1) Provide only remote instruction to enrolled students served by the charter in accordance with this Part.
- (2) Provide remote instruction to students enrolled in the remote charter academy and provide in-person instruction to other students served by the charter.

1 (3) Provide enrolled students both remote instruction and in-person instruction. A
2 student who receives more than half of the student's instruction through
3 remote instruction shall be classified as enrolled in the charter's remote charter
4 academy.

5 (b) As part of the application or modification of a charter, the nonprofit shall designate
6 which of the following enrollment areas the remote charter academy will use to enroll students:

7 (1) A statewide remote charter academy that admits students in accordance with
8 G.S. 115C-218.45.

9 (2) A regional remote charter academy that, notwithstanding
10 G.S. 115C-218.45(a), admits students only from the county in which the
11 charter school facility is located and the counties of the State geographically
12 contiguous to that county.

13 (c) A remote charter academy provides instruction primarily online through a
14 combination of synchronous and asynchronous instruction delivered to students in a remote
15 location outside of the charter school facility. A remote charter academy may include any
16 combination of grade levels.

17 (d) Notwithstanding G.S. 115C-84.3, an approved remote charter academy may satisfy
18 the minimum required number of instructional days or hours for the school calendar through
19 remote instruction.

20 **"§ 115C-218.121. Remote charter academy enrollment.**

21 (a) A student shall not be assigned to attend a remote charter academy without parental
22 consent. A board of directors shall require an application to secure parental consent prior to
23 enrollment of a student in a remote charter academy.

24 (b) A remote charter academy shall identify characteristics for successful remote learning
25 and establish criteria for admittance to a remote charter academy and shall make that information
26 available to parents.

27 (c) A student may not be denied admission to the remote charter academy solely on the
28 basis that the student is a child with a disability. If a student is admitted to a remote charter
29 academy, that student's IEP team, as defined in G.S. 115C-106.3, or section 504 team, 29 U.S.C.
30 § 794, must plan for a successful student entry and accommodations necessary to provide for a
31 free appropriate public education in the remote charter academy.

32 (d) A charter that provides in-person instruction may reassign a student to in-person
33 instruction during the school year if the board of directors determines that in-person instruction
34 would better ensure academic success for that student. The board of directors may delegate this
35 authority to the chief administrator.

36 **"§ 115C-218.122. Remote charter academy requirements.**

37 (a) Except as provided in this Part, a remote charter academy shall meet the same
38 requirements as for other charter schools established by this Article.

39 (b) A remote charter academy shall provide all of the following to enrolled students:

40 (1) Any hardware and software needed to participate in the remote charter
41 academy. Students may not be charged rental fees but may be charged damage
42 fees for abuse or loss of hardware or software under rules adopted by the State
43 Board of Education.

44 (2) Access to a learning management platform that enables monitoring of student
45 performance and school-owned devices, as well as allows video conferencing
46 and supervised text-based chat for synchronous communication.

47 (3) Access to the internet that is available during instructional hours, evenings,
48 and weekends.

49 (4) Technical support that is available during instructional hours.

50 (5) For children with an individualized education program (IEP), as defined in
51 G.S. 115C-106.3, or a section 504 plan, 29 U.S.C. § 794, adaptive or assistive

1 devices, transportation, and in-person services as required by that program or
2 plan.

3 (c) A remote charter academy may require students to attend in person to fulfill
4 State-mandated student assessments. A remote charter academy may conduct optional in-person
5 meetings between students and instructors or parents and instructors at a charter school facility.

6 (d) The employees of a remote charter academy shall meet the same licensure and
7 evaluation requirements as required by G.S. 115C-218.90. The remote charter academy shall
8 ensure sufficient digital teaching and learning support staff, including, at a minimum, the
9 following:

10 (1) An instructional technology facilitator.

11 (2) A school library media coordinator.

12 (3) A data manager.

13 (4) Sufficient remote technicians to ensure technical support throughout the
14 instructional day for staff and students.

15 **"§ 115C-218.123. Remote charter academy approval process.**

16 (a) A nonprofit seeking to provide a remote charter academy shall submit to the Review
17 Board as part of the application for approval or modification of a charter a plan that provides for
18 the following:

19 (1) Whether the enrollment area of the remote charter academy will be statewide
20 or regional.

21 (2) The range of grades for which the remote charter academy will offer courses.

22 (3) The method by which the remote charter academy will monitor calendar
23 compliance, enrollment, daily attendance, course credit accrual, progress
24 toward graduation, and course completion.

25 (4) Hardware, software, and learning management platforms that support online
26 learning.

27 (5) The measures used to ensure that both synchronous and asynchronous remote
28 instruction time, practice, and application components support learning
29 growth that continues toward mastery of student achievement goals for the
30 charter's educational program.

31 (6) The professional development that will be provided to those teaching in the
32 remote charter academy related to the pedagogy of providing remote
33 instruction.

34 (7) The identified characteristics for successful remote learning and criteria for
35 admission to the remote charter academy. The board of directors shall identify
36 the means by which information will be communicated to the parents and legal
37 guardians of prospective applicants and current enrollees about the remote
38 charter academy and those characteristics and criteria to allow for informed
39 decisions about enrollment.

40 (8) Any school nutrition services or transportation services that will be provided
41 to students.

42 (b) The Review Board shall review and approve a charter or charter modification for the
43 creation of a remote charter academy that meets the requirements established in this Part for a
44 term of five years. The Review Board shall approve a minimum of two statewide remote charter
45 academies that meet the qualifications of this Part for operation beginning with the 2026-2027
46 school year and thereafter.

47 **"§ 115C-218.124. Operation and renewal of remote charter academies.**

48 (a) Each approved remote charter academy shall adhere to the plan submitted to and
49 approved by the Review Board or the State Board of Education as part of the approved charter
50 unless the board of trustees obtains a charter modification.

1 (b) Each approved remote charter academy shall receive a school code. A nonprofit that
2 has a school code for in-person instruction in addition to a school code for a remote charter
3 academy may provide all financial reporting for both school codes jointly in a form directed by
4 the Department of Public Instruction.

5 (c) A nonprofit may apply for renewal of the remote charter academy for additional terms
6 of five years. The Review Board shall consider compliance with the requirements of this Part and
7 success of the remote charter academy in the prior five years in determining whether to approve
8 a request for renewal of a remote charter academy.

9 **"§ 115C-218.125. Evaluation.**

10 The State Board of Education shall evaluate the success of remote charter academies
11 approved under this Part. Success shall be measured by school performance scores and grades,
12 retention rates, attendance rates, and, for grades nine through 12, high school completion and
13 dropout rates. The Board shall report by November 15 of each year to the Joint Legislative
14 Education Oversight Committee on the evaluation of these academies and on any recommended
15 statutory changes."

16 **SECTION 7.26.(b)** G.S. 115C-84.3(c) reads as rewritten:

17 "(c) Except as provided in Part 7 of Article 14A or Part 3A of Article 16 of this Chapter
18 or subsection (b) of this section, a public school unit shall not use remote instruction to satisfy
19 the minimum required number of instructional days or hours for the school calendar."

20 **SECTION 7.26.(c)** G.S. 115C-218, 115C-218.1, 115C-218.2, 115C-218.3,
21 115C-218.5, 115C-218.6, 115C-218.7, 115C-218.8, and 115C-218.9 are codified into Part 1 of
22 Article 14A of Chapter 115C of the General Statutes, Governance and Applications for Charter
23 Schools. G.S. 115C-218.10, 115C-218.15, 115C-218.20, 115C-218.25, 115C-218.30,
24 115C-218.35, 115C-218.37, 115C-218.40, 115C-218.42, 115C-218.45, 115C-218.50,
25 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75, 115C-218.80,
26 115C-218.85, and 115C-218.90 are codified into Part 2 of Article 14A of Chapter 115C of the
27 General Statutes, Operation of Charter Schools. G.S. 115C-218.94, 115C-218.95, and
28 115C-218.100 are codified into Part 3 of Article 14A of Chapter 115C of the General Statutes,
29 Evaluation of Charter Schools. G.S. 115C-218.105 is codified into Part 4 of Article 14A of
30 Chapter 115C of the General Statutes, Funding of Charter Schools. G.S. 115C-218.110 is
31 codified into Part 5 of Article 14A of Chapter 115C of the General Statutes, Reporting on Charter
32 Schools. G.S. 115C-218.115 is codified into Part 6 of Article 14A of Chapter 115C of the General
33 Statutes, Charter Schools Pre-K Programs.

34 **SECTION 7.26.(d)** Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of
35 S.L. 2016-94, Section 7.13 of S.L. 2018-5, and Section 7.13 of S.L. 2022-74, reads as rewritten:

36 **"SECTION 8.35.(a)** Notwithstanding G.S. 115C-218.5 or any other provision of law to the
37 contrary, the State Board of Education shall establish a pilot program to authorize the operation
38 of two virtual charter schools serving students in kindergarten through twelfth grade. The State
39 Board shall establish an application process to allow student enrollment in the selected virtual
40 charter schools beginning with the 2015-2016 school year. A virtual charter school participating
41 in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot
42 program shall continue for a period of ~~40~~11 school years and shall end with the ~~2024-2025~~
43 ~~2025-2026~~ school year.

44 **"SECTION 8.35.(b)** The virtual charter schools participating in the pilot program authorized
45 by this section shall be subject to the statutes and rules applicable to charter schools pursuant to
46 Article 14A of Chapter 115C of the General Statutes, except as follows:

- 47 (1) The maximum student enrollment in any participating school ~~shall be no~~
48 ~~greater than 1,500 in its first year of operation and may increase by twenty~~
49 ~~percent (20%) for each participating school up to a maximum student~~
50 ~~enrollment of 2,592 in the fourth year of the pilot. The State Board of~~
51 ~~Education may waive this maximum student enrollment threshold, beginning~~

1 in the fourth year of the school's operation, if the State Board determines that
 2 ~~doing so would be in the best interest of North Carolina students for the~~
 3 2023-2024 school year shall be the authorized student enrollment for that
 4 participating school for the 2021-2022 school year plus enrollment growth of
 5 up to twenty percent (20%) of that enrollment. For the remaining years of the
 6 pilot, the participating schools may increase enrollment in accordance with
 7 G.S. 115C-218.7(b).

8 ...

9 "SECTION 8.35.(e) The State Board of Education shall provide State funding to a virtual
 10 charter school participating in the pilot program as provided in G.S. 115C-218.105(a) and
 11 G.S. 115C-218.105(b). ~~The amount allocated pursuant to G.S. 115C-218.105(a)(1) shall not,~~
 12 ~~however, include the allocation for low wealth counties supplemental funding and the allocation~~
 13 ~~for small county supplemental funding.~~ Virtual charter schools participating in the pilot program
 14 shall also be subject to the requirements in G.S. 115C-218.105(c) through G.S. 115C-218.105(e).
 15 ~~The amount of local funds provided to participating schools pursuant to G.S. 115C-218.105(e)~~
 16 ~~shall be the lesser of seven hundred ninety dollars (\$790.00) per pupil or the amount computed~~
 17 ~~in accordance with G.S. 115C-218.105(e).~~

18"

19 SECTION 7.26.(e) A virtual charter school that participated in the pilot program
 20 authorized by Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94,
 21 Section 7.13 of S.L. 2018-5, Section 7.13 of S.L. 2022-74, and this section, shall be eligible to
 22 apply for a charter renewal as a remote charter academy as provided in Article 14A of Chapter
 23 115C of the General Statutes.

24 SECTION 7.26.(f) This section is effective when it becomes law and applies
 25 beginning with the 2023-2024 school year.

26 SCHOOL HEALTH PERSONNEL ALLOTMENT

27 SECTION 7.27.(a) G.S. 115C-47(67) reads as rewritten:

28 "(67) ~~To Provide at Least One School Psychologist-School Health Services.~~ – Local
 29 boards of education shall ~~ensure that each local school administrative unit~~
 30 ~~employs at least one full-time, permanent school psychologist, provide school~~
 31 ~~health support services in accordance with G.S. 115C-316.5."~~
 32 health support services in accordance with G.S. 115C-316.5."

33 SECTION 7.27.(b) G.S. 115C-105.25(b)(13) reads as rewritten:

34 "(13) No positions shall be transferred out of the allocation for school ~~psychologists~~
 35 health personnel except as provided in this subdivision. Positions allocated for
 36 school ~~psychologists~~ health personnel may be converted to dollar equivalents
 37 for contracted services directly related to school ~~psychology.~~ psychology,
 38 school counseling, school nursing, and school social work. These positions
 39 shall be converted at the minimum salary for ~~school psychologists~~ the position
 40 on the "A" Teachers Salary Schedule."

41 SECTION 7.27.(c) G.S. 115C-315 is amended by adding a new subsection to read:

42 "(d2) School Nurses. – The State Board of Education, in accordance with subsection (d) of
 43 this section, may adopt rules to establish the qualifications and training required to be hired or
 44 contracted for as a certified school nurse except the Board may not require or impose a
 45 requirement that would require a nurse to obtain a four-year degree as a condition of
 46 employment."

47 SECTION 7.27.(d) G.S. 115C-315(d1) is repealed.

48 SECTION 7.27.(e) G.S. 115C-316.1 reads as rewritten:

49 "§ 115C-316.1. Duties of school counselors.

50 (a) School counselors shall implement a comprehensive developmental school
 51 counseling program in their schools. Counselors shall spend at least eighty percent (80%) of their

1 work time providing direct services to students. ~~Direct services do not include the coordination~~
 2 ~~of standardized testing.~~ Direct services shall consist of:

- 3 (1) Delivering the school guidance curriculum through large group guidance,
 4 interdisciplinary curriculum development, group activities, and parent
 5 workshops.
- 6 (2) Guiding individual student planning through individual or small group
 7 assistance and individual or small group advisement.
- 8 (3) Providing responsive services through consultation with students, families,
 9 and staff; individual and small group counseling; crisis counseling; referrals;
 10 and peer facilitation.
- 11 (4) Performing other student services listed in the Department of Public
 12 Instruction school counselor job description that has been approved by the
 13 State Board of Education.

14 (b) ~~School counseling program support activities do not include the coordination of~~
 15 ~~standardized testing. During the remainder of their work time, school counselors may assist other~~
 16 ~~staff with the coordination of standardized testing.~~ School counselors shall not assist with the
 17 coordination or administration of standardized testing."

18 **SECTION 7.27.(f)** G.S. 115C-316.2 reads as rewritten:

19 "**§ 115C-316.2. School ~~mental health support~~ personnel reports.**

20 (a) Definition. – For purposes of this section, the term "school ~~mental health support~~
 21 ~~personnel~~" refers to school psychologists, school counselors, school nurses, and school social
 22 workers.

23"

24 **SECTION 7.27.(g)** G.S. 115C-316.5 reads as rewritten:

25 "**§ 115C-316.5. School ~~psychologists~~ health personnel allotment.**

26 (a) For the purposes of this section, the term "school health personnel" refers to the same
 27 positions listed in G.S. 115C-316.2(a).

28 (b) To the extent funds are made available, the State Board of Education shall establish a
 29 funding allotment for school ~~psychologist~~ health personnel positions. The State Board is
 30 authorized to adopt rules for the allocation of school ~~psychologist~~ health personnel positions
 31 pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include,
 32 at a minimum, the following requirements:

- 33 (1) School ~~psychologist~~ health personnel positions are allocated on the basis of
 34 average daily membership.
- 35 (2) Each local school administrative unit receives sufficient funding for at least
 36 one school psychologist ~~position~~ in accordance with
 37 G.S. 115C-47(67)-position.
- 38 (3) Local school administrative units are encouraged to fill positions under this
 39 allotment with full-time, permanent employees. If the local school
 40 administrative unit is unable to fill these positions by hiring a full-time,
 41 permanent employee, the allocation for the position may be converted to a
 42 dollar equivalent for the unit to contract with a third party to provide the
 43 relevant services for an amount of hours equivalent to the hours a full-time
 44 position employee would provide."

45 **SECTION 7.27.(h)** The State Board of Education has authority to adopt temporary
 46 rules to enact the provisions of this section until such a time as permanent rules can be adopted.
 47 The State Board shall also develop and distribute guidelines to all local school administrative
 48 units to assist with the implementation of this section. Each local board of education shall develop
 49 a transition plan for implementing this section within existing resources.

50
 51 **SUPPORT PROGRAM REPORTING**

1 **SECTION 7.28.(a)** No later than December 31, 2023, Communities in Schools of
2 North Carolina, Inc., shall report to the Joint Legislative Education Oversight Committee at least
3 the following information from the prior fiscal year:

- 4 (1) A detailed accounting of how State funds were spent by the program.
- 5 (2) An accounting of any other funding received from other sources.
- 6 (3) Any planned expenditures or future uses of received funds not reflected in the
7 accounting required by subdivision (1) of this subsection.
- 8 (4) The number of students served by the program, including generalized data on
9 the age, grade level, and location of students served.
- 10 (5) A description of how the program evaluates the effectiveness of the program
11 or student success.
- 12 (6) Outcomes achieved by the program.
- 13 (7) Any other information the program deems relevant for the Committee to
14 know.

15 **SECTION 7.28.(b)** No later than December 31, 2023, Beginnings for Parents of
16 Children Who are Deaf or Hard of Hearing, Inc., shall report to the Joint Legislative Education
17 Oversight Committee at least the following information from the prior fiscal year:

- 18 (1) A detailed accounting of how State funds were spent by the program.
- 19 (2) An accounting of any other funding received from other sources.
- 20 (3) Any planned expenditures or future uses of received funds not reflected in the
21 accounting required by subdivision (1) of this subsection.
- 22 (4) The number of students served by the program, including generalized data on
23 the age, grade level, and location of students served.
- 24 (5) A description of how the program evaluates the effectiveness of the program
25 or student success.
- 26 (6) Outcomes achieved by the program.
- 27 (7) Any other information the program deems relevant for the Committee to
28 know.

29
30 **CODIFY USE OF SPECIAL STATE RESERVE FUND FOR**
31 **TRANSPORTATION/TRANSPORTATION RESERVE FUND FOR HOMELESS**
32 **AND FOSTER STUDENTS**

33 **SECTION 7.30.(a)** Part 1 of Article 17 of Chapter 115C of the General Statutes is
34 amended by adding two new sections to read:

35 **"§ 115C-250.3. Extraordinary Transportation Costs Grant.**

36 (a) There is established the Extraordinary Transportation Costs Grant Program
37 (Program). The Program shall use funds from the Special State Reserve Fund (SSRF) to cover
38 extraordinary costs associated with the transportation of high-needs students with disabilities.

39 (b) The Department of Public Instruction shall provide an application for local school
40 administrative units and charter schools to apply for extraordinary transportation funds and may
41 provide additional eligibility guidelines not inconsistent with this section. SSRF transportation
42 funds shall be awarded to qualifying local school administrative units or charter schools
43 consistent with the following:

- 44 (1) In determining extraordinary transportation costs, the Department shall
45 consider total prior-year transportation expenditures for high-needs children
46 with disabilities, including expenditures from local funds and all other funding
47 sources, as a proportion of total expenditures.
- 48 (2) Applicants with highest extraordinary transportation costs shall receive
49 highest priority in the award of grant funds.

- (3) Funds may be awarded during the initial year of a high-needs student's enrollment in the local school administrative unit or charter school or in subsequent years of the student's enrollment.

"§ 115C-250.5. Homeless and foster student transportation grant.

(a) There is established the Transportation Reserve Fund for Homeless and Foster Students to provide for a grant program to cover extraordinary school transportation costs for homeless and foster students. For the purposes of this section, "homeless" is defined in accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

(b) The Department of Public Instruction shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

- (1) In determining extraordinary transportation costs, the Department shall consider total prior-year transportation expenditures for homeless and foster children, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.
- (2) Priority shall be given to applicants in proportion to the extent that their applications and prior-year expenditures demonstrate use of available federal funds to cover the cost of transporting homeless and foster children.
- (3) Awards shall not exceed fifty percent (50%) of extraordinary transportation costs as determined pursuant to this subsection.
- (4) Awards shall not be issued on a pro rata basis to each eligible applicant."

SECTION 7.30.(b) Section 7.12(b) of S.L. 2021-180 is repealed.

SCHOOL HEALTH PERSONNEL PROFESSION ENTRY REPORT

SECTION 7.31.(a) No later than January 15, 2024, the State Superintendent shall study and report the following to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

- (1) Policies, practices, standards, and curriculum adopted or implemented, as appropriate, by the State Board of Education, the Department of Public Instruction, educator preparation programs, and public school units for persons to receive training, licensure, and employment as school health support personnel in public school units.
- (2) Barriers persons face when entering each school health support profession because of the policies, practices, standards, and curriculum identified in subdivision (1) of this subsection.
- (3) Recommendations and any actions already taken to (i) reduce and eliminate the barriers to entry identified in subdivision (2) of this subsection and (ii) improve the number and quality of school health support personnel employed in public school units.

SECTION 7.31.(b) For purposes of this section, the term "school health personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

MEDICAID REIMBURSEMENT REQUIRED FOR RESIDENTIAL SCHOOLS

SECTION 7.32. Section 7.16(a) of S.L. 2021-180 reads as rewritten:

"SECTION 7.16.(a) The Department of Public Instruction shall enter into a contract with a third-party entity for any administrative services necessary to receive maximum reimbursement for medically necessary health care services for which payment is available under the North Carolina Medicaid Program provided to eligible students attending the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The provisions of the contract shall ensure that the residential schools

1 receive reimbursement for these services in a timely manner. If the Department of Public
2 Instruction has not executed the contract required by this section by January 1, 2024, then the
3 estimated amount that would have been reimbursed on a monthly basis had the contract been
4 executed shall be deducted from the Department's budget and shall be appropriated directly to
5 the residential schools until the contract is executed. Funds shall be deducted from Budget Code
6 13510, Fund Code 1000 of the Department's budget, except any funds appropriated for the Center
7 for Safer Schools shall not be reduced, deducted, or transferred under this section."
8

9 DRIVER EDUCATION ADMINISTRATION FUNDS

10 **SECTION 7.33.** G.S. 115C-215(g) reads as rewritten:

11 "(g) ~~The Department of Public Instruction shall have a full-time director and other~~
12 ~~professional, administrative, technical, and clerical personnel as may be necessary for the~~
13 ~~statewide administration of the driver education program.~~ Of the funds appropriated to the
14 Department of Public Instruction each fiscal year pursuant to subsection (f) of this section, the
15 Department may use up to ~~two percent (2%) of those funds~~ one hundred sixty-four thousand six
16 hundred ninety dollars (\$164,690), as adjusted to reflect legislative salary increments, retirement
17 rate adjustments, and health benefit adjustments, for the direct costs for the statewide
18 administration of the program, including any necessary positions."
19

20 SCHOOL SAFETY GRANTS

21 **SECTION 7.36.(a)** Definitions. – For the purposes of this section, the following
22 definitions shall apply:

- 23 (1) Community partner. – A public or private entity, including, but not limited to,
24 a nonprofit corporation or a local management entity/managed care
25 organization (LME/MCO), that partners with a public school unit to provide
26 services or pay for the provision of services for the unit.
27 (2) School health support personnel. – School psychologists, school counselors,
28 school nurses, and school social workers.

29 **SECTION 7.36.(b)** Program; Purpose. – The Superintendent of Public Instruction
30 shall establish the School Safety Grants Program (Program) for the 2023-2025 fiscal biennium.
31 The purpose of the Program shall be to improve safety in public school units by providing grants
32 in each fiscal year of the 2023-2025 fiscal biennium for (i) services for students in crisis, (ii)
33 school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource
34 Officer Grants Program.

35 **SECTION 7.36.(c)** Grant Applications. – A public school unit may submit an
36 application to the Superintendent of Public Instruction for one or more grants pursuant to this
37 section in each year of the 2023-2025 fiscal biennium. The application shall include an
38 assessment, to be performed in conjunction with a local law enforcement agency, of the need for
39 improving school safety within the public school unit that would receive the funding or services.
40 The application shall identify current and ongoing needs and estimated costs associated with
41 those needs.

42 **SECTION 7.36.(d)** Criteria and Guidelines. – By January 15, 2024, the
43 Superintendent of Public Instruction shall develop criteria and guidelines for the administration
44 and use of the grants pursuant to this section, including any documentation required to be
45 submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction
46 shall consider at least all of the following factors:

- 47 (1) The level of resources available to the public school unit that would receive
48 the funding.
49 (2) Whether the public school unit has received other grants for school safety.
50 (3) The overall impact on student safety in the public school unit if the identified
51 needs are funded.

1 **SECTION 7.36.(e)** Grants for Students in Crisis. – Of the funds appropriated to the
2 Department of Public Instruction by this act for the grants provided in this section, the
3 Superintendent of Public Instruction, in consultation with the Department of Health and Human
4 Services, shall award grants to public school units to contract with community partners to provide
5 or pay for the provision of any of the following crisis services:

- 6 (1) Crisis respite services for parents or guardians of an individual student to
7 prevent more intensive or costly levels of care.
- 8 (2) Training and expanded services for therapeutic foster care families and
9 licensed child placement agencies that provide services to students who (i)
10 need support to manage their health, welfare, and safety and (ii) have any of
11 the following:
 - 12 a. Cognitive or behavioral problems.
 - 13 b. Developmental delays.
 - 14 c. Aggressive behavior.
- 15 (3) Evidence-based therapy services aligned with targeted training for students
16 and their parents or guardians, including any of the following:
 - 17 a. Parent-child interaction therapy.
 - 18 b. Trauma-focused cognitive behavioral therapy.
 - 19 c. Dialectical behavior therapy.
 - 20 d. Child-parent psychotherapy.
- 21 (4) Any other crisis service, including peer-to-peer mentoring, that is likely to
22 increase school safety. Of the funds appropriated to the Department of Public
23 Instruction by this act for the grants provided in this section, the
24 Superintendent shall use no more than three hundred fifty thousand dollars
25 (\$350,000) in each year of the 2023-2025 fiscal biennium for the services
26 identified in this subdivision.

27 **SECTION 7.36.(f)** Grants for Training to Increase School Safety. – Of the funds
28 appropriated to the Department of Public Instruction by this act for the grants provided in this
29 section, the Superintendent of Public Instruction, in consultation with the Department of Health
30 and Human Services, shall award grants to public school units to contract with community
31 partners to address school safety by providing training to help students develop healthy responses
32 to trauma and stress. The training shall be targeted and evidence-based and shall include any of
33 the following services:

- 34 (1) Counseling on Access to Lethal Means (CALM) training for school health
35 support personnel, local first responders, and teachers on the topics of suicide
36 prevention and reducing access by students to lethal means.
- 37 (2) Training for school health support personnel on comprehensive and
38 evidence-based clinical treatments for students and their parents or guardians,
39 including any of the following:
 - 40 a. Parent-child interaction therapy.
 - 41 b. Trauma-focused cognitive behavioral therapy.
 - 42 c. Behavioral therapy.
 - 43 d. Dialectical behavior therapy.
 - 44 e. Child-parent psychotherapy.
- 45 (3) Training for students and school employees on community resilience models
46 to improve understanding and responses to trauma and significant stress.
- 47 (4) Training for school health support personnel on Modular Approach to
48 Therapy for Children with Anxiety, Depression, Trauma, or Conduct
49 problems (MATCH-ADTC), including any of the following components:
 - 50 a. Trauma-focused cognitive behavioral therapy.
 - 51 b. Parent and student coping skills.

- 1 c. Problem solving.
- 2 d. Safety planning.
- 3 (5) Any other training, including the training on the facilitation of peer-to-peer
- 4 mentoring, that is likely to increase school safety. Of the funds appropriated
- 5 to the Department of Public Instruction by this act for the grants provided in
- 6 this section, the Superintendent shall use no more than three hundred fifty
- 7 thousand dollars (\$350,000) in each year of the 2023-2025 fiscal biennium for
- 8 the services identified in this subdivision.

9 **SECTION 7.36.(g)** Grants for Safety Equipment. – Of the funds appropriated to the
10 Department of Public Instruction by this act for the grants provided in this section, the
11 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase
12 of safety equipment for school buildings and (ii) training associated with the use of safety
13 equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),
14 charter schools may receive grants for school safety equipment pursuant to this subsection.

15 **SECTION 7.36.(h)** Artificial Intelligence (AI) Pilot. – Of the funds appropriated to
16 the Department of Public Instruction by this act for the grants provided in this section for the
17 2023-2024 fiscal year, the Department shall allocate (i) three million two hundred thousand
18 dollars (\$3,200,000) as a directed grant to New Hanover County Schools and (ii) two million
19 dollars (\$2,000,000) as a directed grant to Davidson County Schools for an AI School Safety
20 Pilot Program. In conducting the Pilot Program, participating public school units shall comply
21 with the following:

- 22 (1) Funds allocated for the Pilot Program shall be used for the implementation of
- 23 a school safety system that integrates AI technology into existing access
- 24 controls, alerting protocols, and intercom systems.
- 25 (2) No later than January 15, 2025, the participating public school units, in
- 26 coordination with the Department of Public Instruction, shall report to the
- 27 Joint Legislative Education Oversight Committee the following information:
 - 28 a. The schools that participated in the Pilot Program.
 - 29 b. How grant funds were spent.
 - 30 c. The impact the Pilot Program had on school safety outcomes.
 - 31 d. Any noted capabilities of the AI system that could not be accomplished
 - 32 by more traditional safety measures.
 - 33 e. Any other information the participating public school units or the
 - 34 Department deem relevant to the report.

35 **SECTION 7.36.(i)** Subsidizing School Resource Officer Grants Program. – If the
36 Superintendent of Public Instruction receives applications for grants for school resource officers
37 under G.S. 115C-105.60 in excess of the amount of funding appropriated for school resource
38 officer grants in the 2023-2025 fiscal biennium, the Superintendent may use the funds
39 appropriated to the Department of Public Instruction for the grants provided for in this section to
40 cover the unmet need for school resource officer grants.

41 **SECTION 7.36.(j)** Supplement Not Supplant. – Grants provided to public school
42 units pursuant to the Program shall be used to supplement and not to supplant State or non-State
43 funds already provided for these services.

44 **SECTION 7.36.(k)** Administrative Costs. – Of the funds appropriated to the
45 Department of Public Instruction by this act for the grants provided in this section, the
46 Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars
47 (\$100,000) in each fiscal year of the 2023-2025 fiscal biennium for administrative costs
48 associated with the Program.

49 **SECTION 7.36.(l)** Nonrevert. – Notwithstanding any provision of law to the
50 contrary, the nonrecurring funds appropriated to the Department of Public Instruction in the
51 2022-2023 fiscal year for the 2021-2023 School Safety Grants Program under Section 7.19 of

1 S.L. 2021-180 and the nonrecurring funds appropriated by this act to the Department of Public
2 Instruction for the 2023-2025 School Safety Grants Program shall not revert to the General Fund
3 but shall remain available for the purposes for which they were appropriated until June 30, 2025.

4 **SECTION 7.36.(m)** Program Report. – No later than April 1 of each fiscal year in
5 which funds are awarded pursuant to this section, the Superintendent of Public Instruction shall
6 report on the Program to the Joint Legislative Education Oversight Committee, the Joint
7 Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight
8 Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental
9 Operations, the Senate Appropriations/Base Budget Committee, the House Committee on
10 Appropriations, and the Fiscal Research Division. The report shall include at least the following
11 information:

- 12 (1) The identity of each public school unit and community partner that received
13 grant funds through the Program.
- 14 (2) The amount of funding received by each entity identified pursuant to
15 subdivision (1) of this subsection.
- 16 (3) The services, training, and equipment purchased with grant funds by each
17 entity that received a grant.
- 18 (4) Recommendations for the implementation of additional effective school
19 safety measures.

20 **SECTION 7.36.(n)** Effective Date. – Subsection (l) of this section is effective June
21 30, 2023. The remainder of this section is effective when it becomes law.

22 23 **LIFE CHANGING EXPERIENCES**

24 **SECTION 7.37.(a)** Of the funds appropriated in this act to the Department of Public
25 Instruction, the Department shall use the sum of five hundred thousand dollars (\$500,000) in
26 nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with the Children
27 and Parent Resource Group, Inc., to design, implement, and evaluate the Life Changing
28 Experiences School Program (Project) in the 2023-2024 and 2024-2025 school years. The Project
29 shall be operated and administered for students in grades six through 11 in at least the following
30 local school administrative units: Cleveland County Schools, Greene County Schools, Lenoir
31 County Public Schools, Lincoln County Schools, McDowell County Schools, Mitchell County
32 Schools, and Pitt County Schools. The Department may select one or more additional local school
33 administrative units to participate in the Project if the funds are sufficient to support additional
34 units. These contract funds shall not be used for any purpose other than to implement the Project
35 in the local school administrative units, which consists of interactive, holistic, and
36 evidence-based multimedia education programs that are screened via in-person school
37 assemblies, internet-based and synchronized remote access, or a combination of the two. The
38 Project shall include theme-specific programs and certain additional follow-up applications that
39 address dangerous life- and community-threatening activities that negatively impact teenagers,
40 including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these
41 programs is to increase positive intentions and behavioral outcomes by teaching students the
42 techniques and skills that empower them to reach meaningful life goals, employ positive
43 behaviors, and start businesses and social enterprises.

44 **SECTION 7.37.(b)** The Children and Parent Resource Group, Inc., in consultation
45 with the Department of Public Instruction, shall submit a report on the Project authorized by
46 subsection (a) of this section by March 15, 2024, to the Joint Legislative Education Oversight
47 Committee and the Fiscal Research Division. The report shall include an accounting of
48 expenditures and student outcome data related to the operation of the Project.

49 50 **NBPTS PARTICIPATION FEE GRANT PROGRAM**

1 **SECTION 7.40.** Article 20 of Chapter 115C of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 115C-296.2A. National Board for Professional Teaching Standards certification**
4 **participation fee grant program.**

5 (a) Notwithstanding G.S. 115C-296.2, to the extent the General Assembly provides funds
6 for this purpose, the Department of Public Instruction shall establish a grant program for
7 qualifying public schools to improve teacher quality and mitigate learning loss by reimbursing
8 teachers for the cost of the participation fee for National Board for Professional Teaching
9 Standards (NBPTS) certification.

10 (b) Definitions. – The following definitions shall apply in this section:

11 (1) Public school. – Any of the following:

12 a. A school in a public school unit.

13 b. A school providing elementary or secondary instruction operated by
14 The University of North Carolina under Article 4 or Article 29 of
15 Chapter 116 of the General Statutes.

16 (2) Qualifying public school. – A public school that meets any of the following
17 criteria:

18 a. Is identified as a low-performing school pursuant to G.S. 115C-105.37
19 or G.S. 115C-218.94.

20 b. Enrolled a student body in the school year prior to the application for
21 reimbursement consisting of at least ten percent (10%) of students
22 identified by the Department as at-risk students.

23 (c) Grant Applications and Approval. – The governing board of a qualifying public
24 school may apply to the Department of Public Instruction for grant funds to reimburse teachers
25 employed in the qualifying public school for the cost of the participation fee for NBPTS
26 certification. The Department shall develop criteria and guidelines for governing bodies of public
27 schools that receive grant funds to follow when administering the reimbursements. The criteria
28 shall include at least the following:

29 (1) Governing bodies of public schools receiving grant funds shall prioritize
30 reimbursements for teachers based on the need of the school where the teacher
31 is employed at the time of the reimbursement, including at least the following
32 criteria:

33 a. A teacher employed in a qualifying public school with more qualifying
34 factors, as identified in sub-subdivisions a. and b. of subdivision (2) of
35 subsection (b) of this section, shall receive priority over a teacher
36 employed in a qualifying public school with fewer qualifying factors.

37 b. For teachers employed in qualifying schools pursuant to
38 sub-subdivision b. of subdivision (2) of subsection (b) of this section,
39 teachers employed in schools with a higher percentage of at-risk
40 students shall receive priority over teachers employed in schools with
41 a lower percentage of at-risk students.

42 (2) Governing bodies of public schools receiving grant funds shall not require a
43 teacher to complete the NBPTS certification process in order to receive a
44 reimbursement.

45 (d) Report. – No later than January 15 of each year in which funds are awarded, the
46 Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal
47 Research Division on the impact of the program, including at least the following information:

48 (1) Governing bodies of public schools applying for and receiving grants.

49 (2) Number of teachers receiving reimbursements.

50 (3) Demographic information of teachers receiving reimbursements.

- 1 (4) Employment status of teachers receiving reimbursements, including the
 2 public school where the teacher is employed and whether the teacher remains
 3 employed with his or her original qualifying public school.
 4 (5) Licensure areas of teachers receiving reimbursements.
 5 (6) Effect of the program on the performance and growth of students taught by
 6 teachers receiving reimbursements."

7
 8 **REQUIRE CONFLICTS OF INTEREST TRAINING FOR CERTAIN PUBLIC SCHOOL**
 9 **EMPLOYEES**

10 **SECTION 7.41.(a)** Article 22 of Chapter 115C of the General Statutes is amended
 11 by adding a new Part to read:

12 "Part 10. Employee Conflicts of Interest Training.

13 **"§ 115C-335.15. Conflicts of interest training for certain public school employees.**

14 All employees of a local school administrative unit involved in the making or administering
 15 of contracts, as described in G.S. 14-234, shall receive a minimum of two hours of conflicts of
 16 interest training regarding the making and administering of contracts, as follows:

- 17 (1) The training shall be required once in every odd-numbered year.
 18 (2) Upon assuming the responsibility of making or administering contracts, a
 19 school employee shall receive an initial training within 90 days and
 20 subsequent trainings in every odd-numbered year thereafter.
 21 (3) The training shall include position-specific education on conflicts of interest
 22 and ethical standards of conduct.
 23 (4) The training may be provided by any qualified source at the choice of the local
 24 board of education."

25 **SECTION 7.41.(b)** All employees of a local school administrative unit involved in
 26 the making or administering of contracts as of the effective date of this section shall receive an
 27 initial training to comply with G.S. 115C-335.15, as enacted by subsection (a) of this section,
 28 within six months of the effective date of this section.

29 **SECTION 7.41.(c)** This section is effective when it becomes law.

30
 31 **COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION**
 32 **COMMISSION GRANT PROGRAMS**

33 **SECTION 7.43.** Article 6C of Chapter 115C of the General Statutes reads as
 34 rewritten:

35 "Article 6C.

36 "Education and Workforce Innovation and CTE Grade Expansion Program.

37 **"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

38 (a) There is created the North Carolina Education and Workforce Innovation
 39 Commission (Commission). The Commission shall be located administratively in the
 40 Department of Public Instruction but shall exercise all its prescribed powers independently of the
 41 Department of Public Instruction. Of the funds appropriated for the Education and Workforce
 42 Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten
 43 percent (10%) of those funds each fiscal year may be used by the Department of Public
 44 Instruction to provide technical assistance and administrative assistance, including staff, to the
 45 Commission and for reimbursements and expenses for the Commission for the Education and
 46 Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion and~~
 47 ~~CTE Grade Expansion~~ Program.

48 (b) The Commission shall consist of the following 14 members:

- 49 (1) The Secretary of Commerce or his or her designee.
 50 (2) The State Superintendent of Public Instruction or his or her designee.
 51 (3) The Chair of the State Board of Education or his or her designee.

- 1 (4) The President of The University of North Carolina or his or her designee.
 2 (5) The President of the North Carolina Community College System or his or her
 3 designee.
 4 (6) Three members appointed by the Governor who have experience in education.
 5 (7) Three members appointed by the General Assembly upon recommendation of
 6 the Speaker of the House of Representatives, as provided in G.S. 120-121,
 7 who have experience in businesses operating in North Carolina.
 8 (8) Three members appointed by the General Assembly upon the
 9 recommendation of the President Pro Tempore of the Senate, as provided in
 10 G.S. 120-121, who have experience in businesses operating in North Carolina.

11 (b1) Members appointed by the Governor or the General Assembly shall serve for
 12 three-year terms commencing July 1 of the year of appointment and may serve successive terms.

13 (c) The Commission members shall elect a chair from the membership of the
 14 Commission. The Commission shall meet at least three times annually on the call of the Chair or
 15 as additionally provided by the Commission. A quorum is six members of the Commission.
 16 Members may not ~~send designees to Commission meetings nor may they~~ vote by proxy.

17 (d) The Commission shall develop and administer the Education and Workforce
 18 Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in
 19 collaboration with the North Carolina Career and Technical Education Foundation, Inc., and
 20 make awards of grants under the Program.

21 ~~(d1) The Commission shall develop and administer, in coordination with the State Board
 22 of Education and the Superintendent of Public Instruction, and in collaboration with the North
 23 Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education
 24 Grade Expansion Program, as established under G.S. 115C 64.17, and shall make awards of
 25 grants under the Program.~~

26 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as~~
 27 ~~a grant administrator by providing~~ provide assistance and support to grantees for initiating,
 28 expanding, improving, and promoting career and technical education initiatives.

29 (e) ~~The Commission, in consultation with the North Carolina Career and Technical
 30 Education Foundation, Inc., Commission~~ shall publish a report on the Education and Workforce
 31 Innovation and CTE Grade Expansion Program ~~and the Career and Technical Education Grade
 32 Expansion Program~~ on or before April 30 of each year. The report shall be submitted to the
 33 Senate Appropriations Committee on Education/Higher Education, the House Appropriations
 34 Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight
 35 Committee, the State Board of Education, the State Board of Community Colleges, and the Board
 36 of Governors of The University of North Carolina. The report shall include at least all of the
 37 following information:

- 38 (1) An accounting of how funds and personnel resources were utilized for ~~each~~
 39 the program and their impact on student achievement, retention, and
 40 employability.
 41 (2) Recommended statutory and policy changes.
 42 (3) Recommendations for improvement of ~~each the~~ program.
 43 (4) For the Career and Technical Education Grade Expansion ~~Program, Grants,~~
 44 recommendations on increasing availability of grants after the first two years
 45 ~~of the program~~ to include additional local school administrative ~~units~~ units,
 46 charter schools, or providing additional grants to prior recipients.

47 "**§ 115C-64.16. The Education and Workforce Innovation ~~Program~~ and CTE Grade**
 48 **Expansion Program; innovation grants.**

49 (a) Program Establishment. – There is established the Education and Workforce
 50 Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that
 51 will lead to more students graduating career and college ~~ready~~ and to prioritize the inclusion of

1 students in sixth and seventh grades through grant awards provided to selected local school
2 administrative units and charter schools.

3 (a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award
4 competitive grants depending on the needs of the State, as determined by the Commission, by
5 dividing the grants between each type as innovation grants pursuant to the provisions of this
6 section or as grants for grade expansion for career and technical education pursuant to the
7 provisions of G.S. 115C-64.17.

8 (a2) Innovation Grants. – Competitive grants shall be awarded to ~~an~~ a charter school, an
9 individual school, school in a local school administrative unit, a local school administrative unit,
10 or a regional partnership of more than one local school administrative unit to advance
11 comprehensive, high-quality education that equips teachers and other hired personnel with the
12 knowledge and skill required to succeed with all students. Before receiving a ~~an~~ innovation grant,
13 applicants must meet all of the following conditions:

14 (1) Form a partnership, for the purposes of the grant, with either a public or private
15 university or a community college.

16 (2) Form a partnership, for the purposes of the grant, with regional businesses and
17 business leaders.

18 (3) Demonstrate the ability to sustain innovation once grant funding ends.

19 (b) Applicant Categories and Specific Requirements. ~~Requirements for Innovation~~
20 Grants. –

21 (1) Individual schools. ~~Individual public schools Charter schools and individual~~
22 public schools in local school administrative units must demonstrate all of the
23 following in their applications:

24 a. Partnerships with business and industry to determine the skills and
25 competencies needed for students' transition into growth sectors of the
26 regional economy.

27 b. Aligned pathways to employment, including students' acquisition of
28 college credit or industry recognized credentials.

29 c. Development of systems, infrastructure, capacity, and culture to
30 enable teachers and school leaders to continuously focus on improving
31 individual student achievement.

32 (2) Local school administrative units. – Local school administrative units must
33 demonstrate all of the following in their applications:

34 a. Implementation of comprehensive reform and innovation.

35 b. Appointment of a senior leader to manage and sustain the change
36 process with a specific focus on providing parents with a portfolio of
37 meaningful options among schools.

38 (3) Regional partnerships of two or more local school administrative units. –
39 Partnerships of two or more local school administrative units must
40 demonstrate all of the following in their applications:

41 a. Implementation of resources of partnered local school administrative
42 units in creating a tailored workforce development system for the
43 regional economy and fostering innovation in each of the partnered
44 local school administrative units.

45 b. Promotion of the development of knowledge and skills in career
46 clusters of critical importance to the region.

47 c. Benefits of the shared strengths of local businesses and higher
48 education.

49 d. Usage of technology to deliver instruction over large geographic
50 regions and build networks with industry.

- 1 e. Implementation of comprehensive reform and innovation that can be
2 replicated in other local school administrative units.
- 3 (c) Consideration of Factors in Awarding of Innovation Grants. – All applications must
4 include information on at least the following in order to be considered for ~~a~~an innovation grant:
5 (1) Describe the aligned pathways from school to high-growth careers in regional
6 economies.
7 (2) Leverage technology to efficiently and effectively drive teacher and principal
8 development, connect students and teachers to online courses and resources,
9 and foster virtual learning communities among faculty, higher education
10 partners, and business partners.
11 (3) Establish a comprehensive approach to enhancing the knowledge and skills of
12 teachers and administrators to successfully implement the proposed
13 innovative program and to graduate all students ready for work and college.
14 (4) Link to a proven provider of professional development services for teachers
15 and administrators capable of providing evidence-based training and tools
16 aligned with the goals of the proposed innovative program.
17 (5) Form explicit partnerships with businesses and industry, which may include
18 business advisory councils, internship programs, and other customized
19 projects aligned with relevant workforce skills.
20 (6) Partner with community colleges or public or private universities to enable
21 communities to challenge every student to graduate with workplace
22 credentials or college credit.
23 (7) Align K-12 and postsecondary instruction and performance expectations to
24 reduce the need for college remediation courses.
25 (8) Secure input from parents to foster broad ownership for school choice options
26 and to foster greater understanding of the need for continued education beyond
27 high school.
28 (9) Provide a description of the funds that will be used and a proposed budget for
29 ~~five years each of the grant years~~.
30 (10) Describe the source of matching funds required in subsection (d) of this
31 section.
32 (11) Establish a strategy to achieve meaningful analysis of program outcomes due
33 to the receipt of grant funds under this section.
- 34 (d) ~~Matching Private and Local Funds~~. Funds for Innovation Grants. – All innovation
35 grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not
36 include other State funds. Matching funds may include in-kind contributions.
- 37 (e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission
38 may be spent over a five-year period from the initial award. Grants may be awarded for new or
39 existing projects. Grant funds shall not revert but shall be available until expended.
- 40 (f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of
41 each year, ~~a~~an innovation grant recipient shall submit to the Commission an annual report for
42 the preceding grant year that describes the academic progress made by the students and the
43 implementation of program initiatives.
- 44 **"§ 115C-64.17. ~~The Career and Technical Education Grade Expansion Program Grants.~~**
45 (a) ~~Program Establishment. CTE Grade Expansion Grants. – There is established the~~
46 ~~Career and Technical Education Grade Expansion Program (Program) to expand Career and~~
47 ~~Technical Education Grade Expansion grants shall be awarded under the Program for the purpose~~
48 ~~of expanding career and technical education (CTE) programs by prioritizing the inclusion of~~
49 ~~students in sixth and seventh grade through grant awards provided to selected local school~~
50 ~~administrative units and charter schools for up to seven years. Funds appropriated for the~~
51 ~~Program Grant funds shall be allocated to selected local school administrative units and charter~~

1 ~~schools as competitive grants of (i) up to seven hundred thousand dollars (\$700,000) for the~~
2 ~~2017-2018 fiscal year and (ii) grants, to the extent funds are available, of up to one million dollars~~
3 ~~(\$1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used~~
4 ~~only for employing additional licensed personnel in career and technical education areas, career~~
5 ~~development coordination areas, and support service areas necessary for expanding the CTE~~
6 ~~program to sixth and seventh grade students. The funds may be used for CTE programs at one or~~
7 ~~more schools in the local school administrative unit. For a local school administrative unit, the~~
8 ~~funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated~~
9 ~~to the local school administrative unit or charter school each fiscal year under the Program shall~~
10 ~~not revert but shall be available for the purpose of the grant program until expended.~~

11 (b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local
12 school administrative units and charter schools applying for ~~the Program~~ CTE grade expansion
13 grants shall submit an application that includes at least the following information:

- 14 (1) A plan for expansion of the CTE program to sixth and seventh grade students,
15 including the specific programs that will be expanded, the significance of CTE
16 in the local school administrative ~~unit, unit or charter school~~, and how a grade
17 expansion would enhance the education program and the community.
- 18 (2) A request for the amount of funds, a description of how the funds will be used,
19 and any other sources of funds available to accomplish the purposes of this
20 program.
- 21 (3) A proposed budget for seven years that provides detail on the use of the
22 amount of funds to add personnel, increase career development efforts, and
23 provide support services.
- 24 (4) A strategy to achieve meaningful analysis of program outcomes due to the
25 receipt of grant funds under this section.

26 (c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year,
27 the Commission shall accept applications for a grant until November 30, 2017. For subsequent
28 fiscal years that funds are made available for the ~~Program, CTE grade expansion grants,~~ the
29 Commission shall accept applications for a grant until August 1 of each year. The Commission
30 shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select
31 recipients in a manner that considers diversity among the pool of applicants, including geographic
32 location, location of industries in the area in which a local school administrative unit or charter
33 school is located, and the size of the student population served by the unit, or charter school, in
34 order to award funds to the extent possible to grant recipients that represent different regions and
35 characteristics of the State. The Commission shall recommend recipients of the grants to the State
36 Board of Education. The State Board, upon consultation with the Superintendent of Public
37 Instruction, shall approve the recipients of grant awards.

38 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the
39 Commission shall first allocate funds to applicants who received CTE grade expansion grant
40 funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year
41 grant recipients, any remaining funds may be used by the Commission to select new grant
42 ~~recipients. recipients, as provided in G.S. 115C-64.16(a1).~~ ~~The Commission, in consultation with~~
43 ~~the Superintendent of Public Instruction, Commission~~ shall establish rules regarding any
44 requirements for grant recipients to continue eligibility to receive funds each fiscal year,
45 including timely and accurate reporting as required under subsection (e) of this section.

46 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven years
47 after the initial grant award, a grant recipient shall submit to the Department of Public Instruction,
48 Local Planning Systems Regional Services staff within the Division of Career and Technical
49 Education, an annual report for the preceding year in which CTE grade expansion grant funds
50 were expended that provides at least the following information on the program for sixth and
51 seventh grade students:

- 1 (1) The use of grant funds, including the CTE programs and courses that have
2 been expanded in the local school administrative unit or charter school to
3 include sixth and seventh grade students.
- 4 (2) The number of students enrolled in CTE courses as part of the expansion.
- 5 (3) The number of students who subsequently enrolled in CTE courses in high
6 school.
- 7 (4) The number of students who subsequently participated in internships,
8 cooperative education, or apprenticeship programs.
- 9 (5) The number of students who subsequently earned (i) college credit and (ii)
10 approved industry certification and credentials.
- 11 (6) Any other information the Division of Career and Technical Education deems
12 necessary.

13 The Superintendent of Public Instruction shall provide a report to the Commission by October
14 15 of each year based on the information reported to the Local Planning Systems Regional
15 Services staff under this subsection, including how the grant recipients compare to CTE programs
16 statewide and whether the programs are aligned with the Master Plan for Career and Technical
17 Education adopted by the State Board."

18 **TEACHER ASSISTANT TUITION REIMBURSEMENT PROGRAM**

19 **SECTION 7.44.(a)** Article 17D of Chapter 115C of the General Statutes is amended
20 by adding a new section to read:

21 **"§ 115C-269.31. Teacher Assistant Tuition Reimbursement Grant Program.**

22 (a) Purpose. – The Department of Public Instruction shall establish the Teacher Assistant
23 Tuition Reimbursement Grant Program (Program). The purpose of the Program is to provide
24 tuition assistance to part-time or full-time teacher assistants working in local school
25 administrative units to pursue a college degree that will result in teacher licensure.

26 (b) Applications; Grant Priority. – Local school administrative units may apply to
27 participate in the Program pursuant to a process to be established by the Department of Public
28 Instruction. The application shall identify current and ongoing needs for licensed teachers and
29 the expected number of eligible teacher assistants that would participate in the Program. In
30 evaluating applications, the Department shall prioritize local school administrative units
31 according to the following order:

- 32 (1) Local school administrative units that received funds under the Teacher
33 Assistant Tuition Reimbursement Pilot Program established in Section 8.29
34 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m)
35 of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.
- 36 (2) Local school administrative units located, in whole or in part, in a county with
37 at least one local school administrative unit that received low-wealth
38 supplemental funding in the previous fiscal year.
- 39 (3) All other local school administrative units.

40 (c) Award of Funds. – To the extent funds are made available for the Program, a local
41 school administrative unit receiving funds under the Program shall provide a teacher assistant
42 participating in the program an award of up to four thousand six hundred dollars (\$4,600) per
43 academic year per teacher assistant, up to four academic years to defray the costs of tuition and
44 fees at an educator preparation program at an institution of higher education while employed in
45 the local school administrative unit as a teacher assistant.

46 (d) Additional Criteria. – The following additional criteria shall apply under the Program:

- 47 (1) Tuition assistance awards granted under the Program may be provided for
48 part-time or full-time coursework.
- 49 (2) A local board of education may grant a teacher assistant academic leave to
50 pursue coursework that may only be taken during working hours.
- 51

1 (3) A teacher assistant shall fulfill the student teaching requirements of an
2 educator preparation program by working as a teacher assistant at his or her
3 employing local school administrative unit.

4 (4) A teacher assistant shall continue to receive salary and benefits while student
5 teaching in the local school administrative unit as provided for teacher
6 assistants in G.S. 115C-269.30(c).

7 (e) Selection of Teacher Assistants. – The Department shall establish criteria for initial
8 and continuing eligibility to participate in the Program. The Department shall adopt standards to
9 ensure that only qualified, potential recipients receive an award of funds for tuition and fees under
10 the Program. The standards shall include satisfactory academic progress toward achieving
11 teacher licensure. Local school administrative units receiving grants pursuant to the Program
12 shall select teacher assistants to receive funds under the Program and prioritize teacher assistants
13 who received an award in the prior academic year and who are making satisfactory academic
14 progress towards achieving teacher licensure. The Department of Public Instruction shall set
15 criteria for the application and selection of teacher assistants to receive tuition assistance awards
16 that includes at least the following:

17 (1) The teacher assistant shall be employed by the local board of education in the
18 local school administrative unit.

19 (2) The teacher assistant shall be enrolled or provide a statement of intent to enroll
20 in an accredited institution of higher education in North Carolina with an
21 educator preparation program approved by the State Board of Education to
22 pursue teacher licensure.

23 (3) The teacher assistant qualifies as a resident for tuition purposes under the
24 criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and
25 centralized residency determination process administered by the Authority.

26 (f) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of
27 education participating in the Program shall enter into a memorandum of understanding with the
28 institution of higher education in which an award recipient under the Program is enrolled that
29 includes procedures for at least the following:

30 (1) Remittance of the award from the local board of education to the institution
31 of higher education.

32 (2) Endorsement of the funds awarded to the recipient to the institution of higher
33 education for deposit into the account of the institution.

34 (3) Return of a pro rata share of funds to the local board of education in the event
35 a recipient (i) withdraws from the institution of higher education prior to the
36 end of a term or (ii) the recipient's employment with the local board of
37 education is terminated. The return of funds shall be consistent with
38 procedures used by the institution under federal Title IV programs.

39 (g) Local Report. – No later than September 1 of each school year following at least six
40 months of participation in the Program for that year, local boards of education participating in
41 the Program shall report at least the following information to the Department of Public
42 Instruction:

43 (1) The number and amount of funds in tuition assistance awards provided to
44 teacher assistants.

45 (2) The number of teacher assistant recipients who achieved teacher licensure,
46 including the period of time from the issue of an initial tuition assistance
47 award to the time of achieving licensure.

48 (3) The number of recipients who remained employed in the local school
49 administrative unit after achieving teacher licensure.

50 (h) State Report. – No later than December 1, 2024, and annually thereafter for each year
51 funds are awarded pursuant to the Program, the Department of Public Instruction shall aggregate

1 the information provided pursuant to subsection (g) of this section and report that information to
2 the Joint Legislative Education Oversight Committee."

3 **SECTION 7.44.(b)** Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of
4 S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5, is repealed.
5 Notwithstanding this subsection, the local boards of education identified in Section 8.29(d) of
6 S.L. 2016-94, as amended by Section 7.20(a) of S.L. 2017-57 and Section 7.21 of S.L. 2018-5,
7 shall continue to provide the information identified in that subsection to the Joint Legislative
8 Education Oversight Committee by September 1, 2023.

9 **SECTION 7.44.(c)** This section applies beginning with the 2023-2024 school year.

10 11 **TEACHER APPRENTICE GRANT PROGRAM**

12 **SECTION 7.44A.** Article 17D of Chapter 115C of the General Statutes is amended
13 by adding a new section to read:

14 **"§ 115C-269.32. Teacher Apprentice Grant Program.**

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

16 (1) Eligible high school graduate. – A graduate of a high school in a local school
17 administrative unit who was enrolled in a Career and College Promise
18 Transfer Pathway Program leading to an associate degree in teacher
19 preparation and earned one or more credits toward that degree.

20 (2) Eligible teacher apprentice. – An eligible high school graduate who meets the
21 following criteria:

22 a. Is employed as a teacher apprentice in an elementary school in the
23 same local school administrative unit where he or she graduated high
24 school.

25 b. Is enrolled part time or full time in a recognized educator preparation
26 program pursuing coursework toward a college degree that will result
27 in teacher licensure.

28 c. Qualifies as a resident for tuition purposes under the criteria set forth
29 in G.S. 116-143.1 and in accordance with the coordinated and
30 centralized residency determination process administered by the
31 Authority.

32 (3) Program. – The Teacher Apprentice Grant Program.

33 (4) Teacher apprentice. – A teacher assistant who works with a teacher of record
34 to develop an expertise in teaching by observing best education practices and
35 gaining classroom experience with the goal of becoming a licensed teacher.

36 (b) Program Established. – The Department of Public Instruction shall establish the
37 Teacher Apprentice Grant Program. The purpose of the Program is to provide grants to local
38 school administrative units to award funds for (i) the cost of tuition at an educator preparation
39 program for eligible teacher apprentices and (ii) salary supplements for teacher apprentices who
40 become teachers in the unit.

41 (c) Applications. – Local school administrative units may submit applications to
42 participate in the Program each year pursuant to a process to be established by the Department
43 of Public Instruction. The application shall identify current and ongoing needs for licensed
44 teachers and the expected number of eligible teacher apprentices that would participate in the
45 Program.

46 (d) Award of Funds. – To the extent funds are made available for the Program, funds
47 shall be awarded as follows:

48 (1) Funds for tuition. – Eligible teacher apprentices shall receive awards of up to
49 four thousand six hundred dollars (\$4,600) per academic semester, per eligible
50 teacher apprentice, up to four academic years to defray the costs of tuition and

1 fees for part-time or full-time coursework taken while employed in the local
2 school administrative unit as an eligible teacher apprentice.

3 (2) Funds for salary supplements. – Notwithstanding any other provision of law,
4 any eligible teacher apprentice who becomes a licensed teacher and accepts
5 employment in the same local school administrative unit shall receive a salary
6 supplement each month during his or her first four years of employment as a
7 teacher, without a break in service, equivalent to the difference between the
8 State-funded salary of the graduate and the State-funded salary of a similarly
9 situated teacher with four years of experience on the "A" Teachers Salary
10 Schedule, as long as the teacher remains teaching in the same local school
11 administrative unit.

12 (e) Additional Criteria. – The following additional criteria shall apply to funds awarded
13 under the Program:

14 (1) A local board of education may grant an eligible teacher apprentice academic
15 leave to pursue coursework that may only be taken during working hours.

16 (2) An eligible teacher apprentice shall fulfill the student teaching requirements
17 of an educator preparation program by working as a teacher apprentice at his
18 or her employing local school administrative unit.

19 (3) An eligible teacher apprentice shall continue to receive salary and benefits
20 while student teaching in the local school administrative unit as provided for
21 teacher assistants in G.S. 115C-269.30(c).

22 (4) Local boards of education receiving grants under the Program shall make
23 efforts to promote the Program to high school students enrolled in a Career
24 and College Promise Transfer Pathway Program.

25 (f) Selection of Teacher Apprentices. – The Department shall establish criteria for initial
26 and continuing eligibility to participate in the Program. The Department shall adopt standards to
27 ensure that only qualified, potential recipients receive an award of funds for tuition and fees under
28 the Program. The standards shall include satisfactory academic progress toward achieving
29 teacher licensure. Local school administrative units receiving grants pursuant to the Program
30 shall prioritize for the award of funds for eligible teacher apprentices who received an award in
31 the prior academic year.

32 (g) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of
33 education participating in the Program shall enter into a memorandum of understanding with the
34 institution of higher education in which an award recipient under the Program is enrolled that
35 includes procedures for at least the following:

36 (1) Remittance of the award from the local board of education to the institution
37 of higher education.

38 (2) Endorsement of the funds awarded to the recipient to the institution of higher
39 education for deposit into the account of the institution.

40 (3) Return of a pro rata share of funds to the local board of education in the event
41 (i) a recipient withdraws from the institution of higher education prior to the
42 end of a term or (ii) the recipient's employment with the local board of
43 education is terminated. The return of funds shall be consistent with
44 procedures used by the institution under federal Title IV programs.

45 (h) Report to the General Assembly. – The Department shall report no later than May 15,
46 2024, and annually thereafter while funds are awarded under the Program, to the Joint Legislative
47 Education Oversight Committee regarding the Program, including at least the following
48 information:

49 (1) Funds awarded under the Program, including the following:

50 a. Demographic information regarding eligible teacher apprentices.

b. Number of award recipients by local school administrative unit and educator preparation program.

- (2) Placement rates, including the number of award recipients who have been employed as licensed teachers in the same local school administrative unit in which they worked as a teacher apprentice and the time frame from the issuance of the initial award of funds to the time of achieving licensure.
- (3) Recommendations to improve the Program and increase the number of teachers in North Carolina."

ECONOMICALLY DISADVANTAGED PUBLIC SCHOOL SUPPORT FUNDS

SECTION 7.45. Part 2 of Article 8B of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-105.34. Economically disadvantaged public school support funds.

(a) For purposes of this section, the following definitions shall apply:

- (1) Curriculum. – Materials or programs related to courses offered by an economically disadvantaged public school.
- (2) Economically disadvantaged public school. – A school in a local school administrative unit or a charter school with a student population that is composed of at least eighty percent (80%) of students identified by the Department of Public Instruction as economically disadvantaged students.
- (3) Eligible employee. – Any full-time or part-time employee of a qualifying economically disadvantaged public school.
- (4) Qualifying economically disadvantaged public school. – An economically disadvantaged public school that exceeded expected growth in the prior school year, as determined by the State Board of Education pursuant to G.S. 115C-83.15(c).

(b) The Department of Public Instruction shall establish the Economically Disadvantaged Public Schools Support Program (Program) to provide funds to support the efforts of qualifying economically disadvantaged public schools to continue to exceed growth in subsequent school years. To the extent funds are provided to the Department for this purpose, the Department shall allocate these funds annually to each governing body of an economically disadvantaged public school based on the relative proportion of students in each qualifying economically disadvantaged public school governed by that body. The governing body shall allocate those funds to each qualifying economically disadvantaged public school based on the relative proportion of students in each school. The funds shall be used for curriculum, activities necessary to support students and instructional support personnel, and bonuses and retention programs for eligible employees, in the discretion of the governing body of the charter school or the school in the local school administrative unit, as appropriate.

(c) It is the intent of the General Assembly that funds provided pursuant to this section will supplement and not supplant local funds."

REVISE SCHOOL TRANSPORTATION FUNDS REQUIREMENTS

SECTION 7.47. G.S. 115C-240(e) reads as rewritten:

"(e) The State Board of Education shall allocate to the respective local boards of education funds appropriated from time to time by the General Assembly for the purpose of providing transportation to the pupils enrolled in the public schools within this State. Such funds shall be allocated by the State Board of Education ~~in accordance with~~ based on the efficiency of the local school administrative units in transporting pupils. The efficiency of the units shall be calculated using the number of pupils to be transported, the length of bus routes, road conditions and all other circumstances affecting the cost of the transportation of pupils by school bus to the end that the funds so appropriated may be allocated on a fair and equitable basis, according to the needs

1 of the respective local school administrative ~~units and so as to provide the most efficient use of~~
2 ~~such funds.~~ units. Such allocation shall be made by the State Board of Education at the beginning
3 of each fiscal year, ~~except that the year, based on the most recently available data from a prior~~
4 ~~school year. The State Board may reserve for future allocation from time to time within such~~
5 ~~fiscal year as the need therefor shall be found to exist,~~ a reasonable amount not to exceed ~~ten~~
6 ~~percent (10%)~~ five percent (5%) of the total funds available for transportation in such fiscal year
7 from such appropriation. Prior to April 1 of the fiscal year in which the funds are reserved, the
8 reserved funds shall be allocated only in the event of an emergency need of a local school
9 administrative unit. In the event reserved funds remain by April 1 of that fiscal year, the State
10 Board shall allocate the remaining funds to all local school administrative units based on the
11 efficiency of the units in transporting pupils. If there is evidence of inequitable or inefficient use
12 of funds, the State Board of Education shall be empowered to review school bus routes
13 established by local boards pursuant to G.S. 115C-246 as well as other factors affecting the cost
14 of the transportation of pupils by school bus."
15

16 **TWELFTH GRADE TRANSITION PROGRAM/SCHOLARPATH**

17 **SECTION 7.48.** Of funds appropriated to the Department of Public Instruction by
18 this act, the Department shall use up to two million five hundred thousand dollars (\$2,500,000)
19 in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with MyScholar,
20 LLC, to use the ScholarPath platform to create the Twelfth Grade Transition Program for all high
21 school students. The Program shall consist of an education planning and communication platform
22 that helps students and parents prepare for transition to twelfth grade, regardless of public school
23 unit participation. The platform shall utilize O*NET data and additional student surveys to
24 connect and match students to pathways that meet the interests of the students, current workforce
25 initiatives, and opportunities in high-demand careers. The platform shall give students the ability
26 to be connected to colleges, the workforce, and the military, while protecting student data through
27 de-individualized and encrypted methods. The platform shall be accessible by single sign-on
28 through any North Carolina school-provided email. The data collected shall be able to be housed
29 in the State and shall be used to help identify the workforce needs in the State. MyScholar, LLC,
30 shall provide requested information to the Economic Development Partnership of North
31 Carolina, Department of Labor, and the Department of Public Instruction.
32

33 **STUDY FOR STUDENTS WITH EXTRAORDINARY COSTS/REPORT**

34 **SECTION 7.49.** As used in this section, "Approved School" means a private school
35 with approved nonpublic education programs providing special education for students with
36 intensive needs. The Department of Public Instruction shall study the following and report any
37 legislative recommendations based on the outcomes of the study to the House Appropriations
38 Committee on Education, the Senate Appropriations Committee on Education/Higher Education,
39 and the Joint Legislative Education Oversight Committee by January 15, 2024:

- 40 (1) A method of improving options for children with disabilities with intensive
41 needs which require private placement in an Approved School consistent with
42 the student's individualized education program (IEP).
- 43 (2) A method of determining that placement in an Approved School is the means
44 that most appropriately suits the child's individual needs.
- 45 (3) Extraordinary costs incurred by the public school unit by student placement
46 in Approved Schools.
- 47 (4) Methods of creating a network of Approved Schools into which a child with
48 disabilities with intensive needs may be placed consistent with the student's
49 IEP.
- 50 (5) A method of prioritizing dispersal of funds to public school units to assist with
51 the cost associated with enrolling in an Approved School in early grades to

1 incentivize public school units to enroll students in the Approved Schools at
2 the earliest appropriate age.

3 (6) Recommendations on the proportion of a student's extraordinary cost to be
4 paid from local, State, and federal sources, respectively, and to identify
5 existing funds at each level that may be available for the purposes studied
6 pursuant to this section.

7 (7) A method to monitor overidentification of children with disabilities with
8 intensive needs.

9 (8) Methods to allow for Medicaid reimbursement for additional services, such as
10 transportation, and expanding the eligible age range to receive reimbursement
11 for services.

12 (9) An estimated range of costs associated with implementing the studied
13 methods.

14 (10) The advisability of one or more pilot programs with one or more Approved
15 Schools.

16 17 **LEADERSHIP DASHBOARD AND LEARNING RECOVERY/SAS**

18 **SECTION 7.52.(a)** Of the funds appropriated to the Department of Public
19 Instruction by this act, the sum of four hundred sixty-five thousand dollars (\$465,000) in
20 recurring funds for each year of the 2023-2025 fiscal biennium shall be used to continue
21 partnering with SAS Institute, Inc. (SAS), to continue funding the North Carolina Leadership
22 Dashboard and to support SAS as it expands analytics work in cooperation with the Department.

23 **SECTION 7.52.(b)** Of the funds appropriated to the Department of Public
24 Instruction by this act, the sum of five hundred fifty thousand dollars (\$550,000) in nonrecurring
25 funds for each year of the 2023-2025 fiscal biennium shall be used to continue to partner with
26 SAS to fund learning recovery analysis, student projections to pre-pandemic expected
27 performance, and web reporting on year-over-year modeling for learning recovery.

28 29 **SPECIAL NEEDS PILOT PROGRAM**

30 **SECTION 7.53.** Of the funds appropriated to the Department of Public Instruction,
31 the sum of nine hundred seventy-five thousand dollars (\$975,000) in nonrecurring funds for each
32 year of the 2023-2025 fiscal biennium shall be used to contract with Amplio Learning
33 Technologies, Inc., to create a new pilot program (Program) for a special education digital
34 intervention software platform in Alamance County Schools, Catawba County Schools, and Nash
35 County Schools to increase opportunities for students with special needs. The Program shall
36 focus primarily on students receiving interventions for speech language and reading
37 development, including English language learners, to provide more optimized progress for the
38 interventions. To provide more effective and efficient opportunities for Medicaid billing for
39 speech language pathologists (SLP) services and dyslexia-related services, the platform chosen
40 should include digital evidence-based curricula specifically aligned to speech, language, and
41 literacy intervention goals. The chosen solution should include real-time automatic
42 measurements, data collection, and documentation, as well as goal tracking and administrative
43 dashboards. The platform chosen should be a web-based application accessible on multiple
44 devices allowing flexible application across classroom-based, small group, and individual
45 intervention models and utilized by a variety of intervention team members, including special
46 educators, SLPs, Reading Interventionists, SLP assistants, and educational aides. The
47 Department of Public Instruction shall report on the results of the Program to the Joint Legislative
48 Oversight Committee and the Fiscal Research Division by October 15, 2025. The report shall
49 include at least (i) a comparison of Medicaid reimbursements paid out to participating public
50 school units compared against public school units that did not participate in the Program and (ii)
51 a comparison of Medicaid reimbursements paid out to public school units after participating in

1 the Program compared against Medicaid reimbursements paid out to participating public school
2 units prior to their participation in the Program.

3
4 **INCREASE AMOUNT FOR DEVELOPMENTAL DAY CENTERS/CARRY FORWARD**
5 **GRANT RESERVE/REPORT**

6 **SECTION 7.54.(a)** From funds available to the Developmental Day Center program,
7 the Department of Public Instruction shall set the funding rate for each eligible student enrolled
8 in a Center at up to a maximum of one thousand three hundred fifty dollars (\$1,350) per month.

9 **SECTION 7.54.(b)** Any unexpended and unencumbered funds at the end of each
10 fiscal year from the funds available to the Developmental Day Center program shall not revert to
11 the General Fund but shall be transferred by the Department to a reserve to establish a grant
12 program for Developmental Day Centers to be administered in accordance with subsection (c) of
13 this section.

14 **SECTION 7.54.(c)** Beginning with the 2023-2024 fiscal year, when the balance of
15 the reserve provided for in subsection (b) of this section reaches the sum of at least fifty thousand
16 dollars (\$50,000) in a fiscal year, then the Department of Public Instruction shall solicit
17 applications from licensed, community-based Developmental Day Centers approved by the
18 Department of Public Instruction, Exceptional Children Division, for grants to the
19 Developmental Day Center. The grant application shall require documentation of the
20 expenditures for which the grant is being requested and any other information requested by the
21 Department. Local school administrative units shall not be eligible for the receipt of grant funds
22 under this section. Any unexpended funds in the reserve shall be carried forward each fiscal year
23 to be used for the purposes of subsections (b) and (c) of this section.

24 **SECTION 7.54.(d)** By March 15 of each fiscal year in which grants are awarded
25 pursuant to subsection (c) of this section, the Department of Public Instruction shall report to the
26 Joint Legislative Education Oversight Committee on at least the following:

- 27 (1) The Developmental Day Centers that received an award of a grant.
- 28 (2) The balance of the reserve.
- 29 (3) The number of grant recipients.
- 30 (4) The dollar amount of each grant.
- 31 (5) The type of expenditure covered by each grant.

32 **SECTION 7.54.(e)** Regardless of whether the Department awards any grants
33 pursuant to subsection (c) of this section, the Department shall report by October 15 of each year
34 funds are received for Developmental Day Centers to the Joint Legislative Education Oversight
35 Committee on at least the following related to Developmental Day Centers:

- 36 (1) The number of students enrolled in Developmental Day Centers.
- 37 (2) The average funding rate for each eligible student enrolled in a Center.
- 38 (3) The percentage of eligible students enrolled in Centers that warranted
39 dispersal of the maximum funding amount per month.
- 40 (4) The number of staffing vacancies in Centers, disaggregated by each Center.
- 41 (5) Any other information the Department deems relevant.

42 **SECTION 7.54.(f)** Subsection (b) of this section becomes effective June 30, 2023.

43
44 **CTE MODERNIZATION AND EXPANSION**

45 **SECTION 7.55.** Of the funds appropriated to the Department of Public Instruction
46 by this act, up to two million dollars (\$2,000,000) in nonrecurring funds for each year of the
47 2023-2025 fiscal biennium shall be used to create a grant program for modernization of Career
48 and Technical Education (CTE) programming, materials, training, and professional development
49 for courses conducted in grades six through 12. The Department shall establish a grant program
50 for each school year of the 2023-2025 fiscal biennium to which a public school unit or regional
51 partnership of more than one public school unit may apply to receive funds if a school within the

1 unit or partnership has an existing CTE program. Grant recipients shall use the funds distributed
2 to them under this section to procure and implement an online digital CTE learning platform
3 containing comprehensive courses with lesson plans, media-rich content and activities, and
4 interactive assessments that align with the North Carolina Career and Technical Education
5 Standards. The platform shall have modules that assist teachers in preparing students for
6 high-wage, high-growth career areas. By December 15, 2023, the Department shall select
7 approved providers to guarantee consistency throughout the State. Any selected digital CTE
8 learning platform shall include at least all of the following components:

- 9 (1) Instructional strategies and guided lesson plans to assist teachers with
10 classroom implementation and instructional differentiation.
- 11 (2) Media-based instructional content for providing demonstrations and
12 instruction on skills required for applicable career areas.
- 13 (3) Multiple methods of delivery of instruction, including at least face-to-face,
14 self-paced, and distance or hybrid learning.
- 15 (4) Guided projects and activities to incorporate hands-on application of skills.
- 16 (5) A focus on mastery-based learning.
- 17 (6) Reporting features to provide data on student progress.
- 18 (7) Guidance for students to obtain industry-recognized certifications.
- 19 (8) Career connections to provide examples of career opportunities following
20 graduation from high school.

21 **DPI FUND CODE FLEXIBILITY**

22 **SECTION 7.56.** As part of the certification of the budget for the 2023-2025 fiscal
23 biennium, the Department of Public Instruction, in consultation with the Office of State Budget
24 and Management and the Fiscal Research Division, shall redefine the fund codes composing the
25 State Public School Fund as necessary to facilitate effective public school unit budgeting and
26 cash management in preparation for the implementation of the North Carolina Financial System.
27 The Department, in consultation with the Office of State Budget and Management and the Fiscal
28 Research Division, may also move the State Textbook Fund to Budget Code 23510 as necessary
29 to facilitate effective public school unit budgeting and cash management in preparation for the
30 implementation of the North Carolina Financial System.
31

32 **ENHANCED SCHOOL BUS STOP ARM GRANTS**

33 **SECTION 7.57.(a)** For the purposes of this section, the following definitions apply:

- 34 (1) Extended mechanical stop signal. – A mechanical stop signal that is
35 a minimum of 60 inches away from the side of the school bus when extended,
36 whether operated independently or in conjunction with a shorter mechanical
37 stop signal.
- 38 (2) Illuminated mechanical stop signal. – A mechanical stop signal that is
39 illuminated with a light-emitting diode (LED) light source.
- 40 (3) Mechanical stop signal. – A retractable mechanical arm with a stop sign and
41 red flashing lights attached to the end of the arm that is mounted to the driver
42 side of a school bus and used to stop traffic while students disembark the bus,
43 as referenced in G.S. 20-217, and in conformity with Standard No. 131 of Part
44 571 of the Federal Motor Vehicle Safety Standards.
- 45 (4) School bus. – As defined in G.S. 20-4.01(27).

46 **SECTION 7.57.(b)** With the funds appropriated to the Department of Public
47 Instruction by this act for this purpose, the Superintendent of Public Instruction shall establish
48 the Enhanced School Bus Stop Arm Grant Program (Program) for the 2023-2024 fiscal year to
49 administer funds to public school units to add, upgrade, or replace mechanical stop signals on
50

1 school buses with either illuminated mechanical stop signals or extended mechanical stop signals
2 to increase the safety of students when disembarking or boarding the bus.

3 **SECTION 7.57.(c)** The Superintendent shall develop the application process for the
4 Program and inform public school units how to apply. At a minimum, the Superintendent shall
5 consider the type and number of stop signal additions, upgrades, or replacements the public
6 school unit proposes to complete and the number of bus routes or stops that are known to pose a
7 significant safety risk.

8 **SECTION 7.57.(d)** No later than April 15, 2024, the Superintendent shall submit a
9 report to the Joint Legislative Education Oversight Committee containing at least the following
10 information:

- 11 (1) Which public school units received grants and in what amounts.
- 12 (2) Whether the public school unit purchased (i) extended mechanical stop
13 signals, (ii) illuminated mechanical stop signals, or (iii) both.
- 14 (3) What outstanding need remains, if any, including the amount needed to fulfill
15 remaining grant requests.
- 16 (4) The impact of the program on student safety.
- 17 (5) Recommendations for additional school bus mechanical stop signal
18 technology or implementation.

20 **ELIMINATE STUDENT COPAY FOR REDUCED-PRICE MEALS**

21 **SECTION 7.58.** Funds appropriated from the General Fund to the Department of
22 Public Instruction by this act for reduced-price school meal copays shall be used to provide
23 school breakfasts and lunches at no cost to students of all grade levels that qualify for
24 reduced-price meals under the National School Lunch Program in the current school year. If the
25 funds are insufficient to provide school meals at no cost to students qualifying for reduced-price
26 meals, the Department of Public Instruction may use funds appropriated to the State Aid for
27 Public Schools fund for this purpose.

29 **CEP MEAL PROGRAM INCENTIVE**

30 **SECTION 7.59.(a)** Program; Purpose. – The Department of Public Instruction shall
31 establish the CEP Meal Program Incentive for the 2023-2025 fiscal biennium to expand public
32 school participation in the federal Community Eligibility Provision (CEP) program to increase
33 the number of students with access to healthy, cost-free school breakfast and lunch. The incentive
34 program shall be available to public school units for the 2024-2025 fiscal year.

35 **SECTION 7.59.(b)** Eligibility. – A public school unit or school within a public
36 school unit is eligible for the incentive program if the public school unit or a school within a
37 public school unit qualifies for the CEP program and the qualifying public school unit or school
38 did not participate in the CEP program in the 2023-2024 fiscal year.

39 **SECTION 7.59.(c)** Application. – By January 15, 2024, the Department shall
40 develop the application for the incentive program and make it available to public school units.
41 Public school units or individual schools shall submit their applications by March 1, 2024. At a
42 minimum, the application shall include the following information:

- 43 (1) The school or schools that will participate in the CEP program.
- 44 (2) The Identified Student Percentage (ISP) for the school or schools for the
45 2024-2025 school year.
- 46 (3) The number of students enrolled in the school or schools for the 2024-2025
47 school year.
- 48 (4) Participation rates in the National School Breakfast and Lunch programs for
49 the 2023-2024 school year for the schools requesting to receive the incentive.

50 **SECTION 7.59.(d)** Selection. – By April 30, 2024, the Department shall determine
51 whether each applicant is eligible to participate in the incentive program. The Department shall

1 then award grants to all eligible public school units and schools. If there are insufficient funds to
2 award grants to all eligible public school units or schools, the Department shall first prioritize
3 awarding grants to public school units and schools with an Identified Student Percentage (ISP)
4 of greater than or equal to fifty-five percent (55%) and then prioritize awarding grants to those
5 schools that will draw the greatest federal match.

6 **SECTION 7.59.(e) Grants.** – The Department shall issue State reimbursements to
7 participating public school units and schools to supplement federal reimbursements of school
8 meals. State reimbursement shall equal the difference between the federal free rate and the federal
9 paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of
10 the ISP for the participating schools. State and federal reimbursements shall not exceed one
11 hundred percent (100%) of the federal free rate of meals served. Schools utilizing the incentive
12 shall offer breakfast after the bell and in the classroom.

13 **SECTION 7.59.(f) Nonsupplant Requirement.** – A public school unit or school that
14 receives incentive funds shall use the funds to supplement and not supplant local current expense
15 funds.

16 **SECTION 7.59.(g) Report.** – No later than January 1, 2025, the Department shall
17 report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division
18 at least the following information:

- 19 (1) The number of schools that utilized the incentive.
- 20 (2) The number of students that received free meals that would not have otherwise
21 received free meals had the school not utilized the incentive.
- 22 (3) The amount of federal and State money participating public school units and
23 schools received.
- 24 (4) Any increase on student success due to the school's utilization of the incentive
25 and participation in the program.

26 **SECTION 7.59.(h) Administration.** – The Department may use up to five hundred
27 thousand dollars (\$500,000) of the funds appropriated to the Department for the administrative
28 costs of running the incentive program.

30 **NO ADMINISTRATIVE PENALTY FOR UNPAID MEAL DEBT**

31 **SECTION 7.60.(a)** G.S. 115C-264 is amended by adding a new subsection to read:

32 "(d) Governing bodies of public school units shall not impose administrative penalties on
33 a student for unpaid school meal debt. Administrative penalties include the following:

- 34 (1) Withholding student records, including transcripts, report cards, attendance
35 records, and health records.
- 36 (2) Not allowing a student to participate in graduation or receive a diploma."

37 **SECTION 7.60.(b)** G.S. 115C-218.75 is amended by adding a new subsection to
38 read:

39 "(n) Unpaid Meal Debt. – If a charter school participates in the school nutrition program,
40 the charter school may not impose administrative penalties on a student for unpaid school meal
41 debt in accordance with G.S. 115C-264(d)."

42 **SECTION 7.60.(c)** G.S. 115C-238.66 is amended by adding a new subdivision to
43 read:

- 44 "(22) Unpaid meal debt. – If a regional school participates in the school nutrition
45 program, the regional school may not impose administrative penalties on a
46 student for unpaid school meal debt in accordance with G.S. 115C-264(d)."

47 **SECTION 7.60.(d)** G.S. 116-239.8(b) is amended by adding a new subdivision to
48 read:

- 49 "(24) Unpaid meal debt. – If a laboratory school participates in the school nutrition
50 program, the laboratory school may not impose administrative penalties on a
51 student for unpaid school meal debt in accordance with G.S. 115C-264(d)."

HIGH SCHOOL REMOTE INSTRUCTION FLEXIBILITY PILOT

SECTION 7.61.(a) Notwithstanding G.S. 115C-84.3(c), for the 2023-2024 through 2027-2028 school years, the Superintendent of Public Instruction shall select 10 local school administrative units to participate in a remote instruction flexibility pilot. The pilot shall authorize local boards of education to establish a school calendar for high schools that uses up to five days or 30 hours of remote instruction, as defined in G.S. 115C-84.3, to ensure that all final examinations for the fall semester are administered to students prior to December 31 of the school year. The remote instruction days or hours used as part of the pilot shall be in addition to any days or hours authorized by G.S. 115C-84.3(b).

SECTION 7.61.(b) The 10 local school administrative units that the Superintendent selects to participate in the pilot shall be geographically diverse. For purposes of this section, "geographically diverse" means a group of local school administrative units that represents the varying climates of the different regions of the State, including at least one local school administrative unit that would qualify for a good-cause school calendar waiver under G.S. 115C-84.2(d), regardless of whether the local school administrative unit has applied for the waiver for the current school year.

SECTION 7.61.(c) Each participating local board of education shall, beginning July 15, 2024, and ending July 15, 2028, annually report the following to the Superintendent of Public Instruction:

- (1) The high schools that participated in the pilot.
- (2) A copy of the high school calendars that designate all remote instruction time, including whether the instruction was remote under the pilot or due to an emergency as authorized under G.S. 115C-84.3.
- (3) The methods for providing instruction outside of the school facility.
- (4) The impact on academic outcomes for students in comparison to the recent years where final examinations for the fall semester were administered after December 31.
- (5) Identified advantages to using the pilot calendar and additional remote learning.
- (6) Identified disadvantages to using the pilot calendar and additional remote learning.

SECTION 7.61.(d) The Superintendent of Public Instruction shall annually summarize the information provided by the participating local boards of education and provide a report of that information, including a copy of each participating local board of education's report, to the Joint Legislative Education Oversight Committee beginning September 15, 2024, and ending September 15, 2028.

SPARKNC PILOT FOR HIGH-TECH LEARNING ACCELERATOR CREDIT

SECTION 7.62.(a) There is established the SparkNC Pilot Program (Program) for the 2023-2025 fiscal biennium. The pilot program authorizes SparkNC, a North Carolina nonprofit corporation, in partnership with selected public school units, to develop a nontraditional, student-driven pathway through which students may select and complete modular learning experiences that, when aggregated, will provide a competency-based equivalency to a traditional elective course credit. SparkNC shall provide a menu of modular learning experiences that include opportunities for work-based learning. The competency-based elective credit shall be denoted on student transcripts as High-Tech Learning Accelerator and focused on science, technology, engineering, and mathematics (STEM).

SECTION 7.62.(b) Each public school unit partnering with SparkNC in accordance with this section (partnering public school units) shall enter a memorandum of understanding with SparkNC to meet certain requirements for the Program. These requirements shall include

1 the provision of a physical learning lab staffed by a learning lab facilitator that will provide a site
2 for collaborative learning and virtual networking. Learning lab facilitators shall facilitate
3 interdistrict instruction, provide student advising, design learning experiences, coordinate with
4 industry partners, and validate student work.

5 **SECTION 7.62.(c)** Notwithstanding any State Board of Education rules, partnering
6 public school units shall award the elective credit in High-Tech Learning Accelerator to any
7 student who completes a combination of modules determined by SparkNC to provide the
8 competency-based elective credit in that course upon verification of successful completion of the
9 learning experiences and integrity of student work products by the learning lab facilitator. The
10 elective credit shall be denoted as achieved mastery on the student's transcript. A student's
11 participation in modules but failure to earn elective credit shall not be denoted as a fail on the
12 student's transcript.

13 **SECTION 7.62.(d)** The following provisions shall apply to the Program:

- 14 (1) Notwithstanding G.S. 115C-295 and any related State Board of Education
15 rules, learning lab facilitators shall not be required to hold teacher licensure
16 but shall meet the standards established by the memorandum of
17 understanding. Learning lab facilitators shall be the teacher of record for
18 students enrolled in the Program. Additional non-licensed personnel may be
19 contracted with on a full- or part-time basis for the purpose of providing
20 timely, real-world content, industry expertise, and student learning
21 experiences. Learning lab facilitators and contract personnel with the Program
22 shall be subject to the requirements of Part 6 of Article 22 of Chapter 115C of
23 the General Statutes (Criminal History Checks).
- 24 (2) For the purposes of student participation in the Program, the requirements of
25 Part 2 of Article 8 of Chapter 115C of the General Statutes (Calendar) shall
26 not apply. Students may continue to participate in the Program and aggregate
27 learning experiences throughout the time the students are enrolled in the
28 public school unit and shall not be limited to a semester or school year.
29 Learning experiences may be provided to students in person, remotely, or
30 through asynchronous modules.
- 31 (3) Notwithstanding G.S. 115C-316 or any other law or rule to the contrary,
32 public school units shall not be required to pay learning lab facilitators in
33 accordance to the salary schedule used for other teachers employed by the
34 public school unit.
- 35 (4) If a course in computer science is required for high school graduation,
36 completion of the competency-based elective credit of High-Tech Learning
37 Accelerator shall be deemed to satisfy that requirement if approved by the
38 Superintendent of Public Instruction upon recommendation of the Department
39 of Public Instruction that the course meets the required domains of computer
40 science.

41 **SECTION 7.62.(e)** For the 2023-2024 and 2024-2025 school years, the following
42 public school units may partner with SparkNC to participate in the Program:

- 43 (1) Asheboro City Schools
- 44 (2) Cabarrus County Schools
- 45 (3) Chapel Hill-Carrboro City Schools
- 46 (4) Chatham County Schools
- 47 (5) Cumberland County Schools
- 48 (6) Edgecombe County Schools
- 49 (7) Elizabeth City-Pasquotank Public Schools
- 50 (8) Granville County Schools
- 51 (9) Guilford County Schools

- 1 (10) Lexington City Schools
- 2 (11) Mt. Airy City Schools
- 3 (12) New Hanover County Schools
- 4 (13) Rockingham County Schools
- 5 (14) Rowan-Salisbury Schools
- 6 (15) Scotland County Schools
- 7 (16) Vance County Schools
- 8 (17) Wake County Public School System
- 9 (18) Warren County Schools

10 **SECTION 7.62.(f)** The nonrecurring funds appropriated to the Department of Public
11 Instruction by this act in the 2023-2024 fiscal year to be used to contract with SparkNC to provide
12 students a nontraditional pathway to earn a competency-based High-Tech Learning Accelerator
13 elective credit shall not revert to the General Fund at the end of the 2023-2024 fiscal year but
14 shall remain available until the end of the 2024-2025 fiscal year.

15 **SECTION 7.62.(g)** SparkNC, in consultation with the partnering public school units,
16 shall provide an interim report to the Joint Legislative Education Oversight Committee by March
17 1, 2025, on the following information, disaggregated for each public school unit by grade level
18 and school, when possible:

- 19 (1) Number and percentage of student participation in the Program.
- 20 (2) Student retention and persistence in the Program.
- 21 (3) Student completion of the High-Tech Learning Accelerator elective credit.
- 22 (4) Student evaluation of the Program.
- 23 (5) Student interest in science, technology, engineering, and mathematics
24 following participation in the Program.
- 25 (6) Cost per student for Program participation.
- 26 (7) The number and percentage of courses awarded credit that demonstrate
27 concentration leading toward a career pathway.
- 28 (8) Public school unit persistence in the Program.
- 29 (9) Recommendations for Program changes, including recommended legislative
30 changes and changes needed to ensure that federal funding for career and
31 technical education can be used for the Program.

32 **SECTION 7.62.(h)** SparkNC, in consultation with the partnering public school units,
33 shall provide a final report to the Joint Legislative Education Oversight Committee by March 1,
34 2026, on the following information, disaggregated for each public school unit by grade level and
35 school, when possible:

- 36 (1) Number and percentage of student participation in the Program.
 - 37 (2) Student retention and persistence in the Program.
 - 38 (3) Student completion of the High-Tech Learning Accelerator elective credit.
 - 39 (4) Student evaluation of the Program.
 - 40 (5) Student interest in science, technology, engineering, and mathematics
41 following participation in the Program.
 - 42 (6) Cost per student for Program participation.
 - 43 (7) The number and percentage of courses awarded credit that demonstrate
44 concentration leading toward a career pathway.
 - 45 (8) Public school unit persistence in the Program.
 - 46 (9) Recommendations for Program changes, including recommended legislative
47 changes and changes needed to ensure that federal funding for career and
48 technical education can be used for the Program.
 - 49 (10) Recommendations on development of a mastery transcript.
- 50

1 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**
2 **GRANT PROGRAM**

3 **SECTION 7.63.(a)** Of the funds appropriated by this act for the At-Risk Student
4 Services Alternative School Allotment for the 2023-2025 fiscal biennium, the Department of
5 Public Instruction shall use up to seven million dollars (\$7,000,000) for the 2023-2024 fiscal year
6 and up to seven million dollars (\$7,000,000) for the 2024-2025 fiscal year for the Extended
7 Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds,
8 the Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for
9 each fiscal year to administer the Program.

10 **SECTION 7.63.(b)** The purpose of the Program is to fund high-quality,
11 independently validated extended learning and integrated student support service programs for
12 at-risk students that raise standards for student academic outcomes by focusing on the following:

- 13 (1) Use of an evidence-based model with a proven track record of success.
- 14 (2) Inclusion of rigorous, quantitative performance measures to confirm
15 effectiveness of the program.
- 16 (3) Deployment of multiple tiered supports in schools to address student barriers
17 to achievement, such as strategies to improve chronic absenteeism, antisocial
18 behaviors, academic growth, and enhancement of parent and family
19 engagement.
- 20 (4) Alignment with State performance measures, student academic goals, and the
21 North Carolina Standard Course of Study.
- 22 (5) Prioritization in programs to integrate clear academic content, in particular,
23 science, technology, engineering, and mathematics (STEM) learning
24 opportunities or reading development and proficiency instruction.
- 25 (6) Minimization of student class size when providing instruction or instructional
26 supports and interventions.
- 27 (7) Expansion of student access to high-quality learning activities and academic
28 support that strengthen student engagement and leverage community-based
29 resources, which may include organizations that provide mentoring services
30 and private-sector employer involvement.
- 31 (8) Utilization of digital content to expand learning time, when appropriate.

32 **SECTION 7.63.(c)** Grants shall be used to award funds for new or existing eligible
33 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit
34 corporations working in collaboration with local school administrative units. Grant participants
35 are eligible to receive grants for up to two years in an amount of up to five hundred thousand
36 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not
37 performing at grade level as demonstrated by statewide assessments, (ii) students at risk of
38 dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a
39 result of antisocial behaviors. Priority consideration shall be given to applications demonstrating
40 models that focus services and programs in schools that are identified as low-performing pursuant
41 to G.S. 115C-105.37.

42 A grant participant shall provide certification to the Department of Public Instruction
43 that the grants received under the Program shall be matched on the basis of three dollars (\$3.00)
44 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include
45 other State funds. The Department shall also give priority consideration to an applicant that is a
46 nonprofit corporation working in partnership with a local school administrative unit resulting in
47 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education
48 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other
49 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent
50 (50%) of the required match.

1 **SECTION 7.63.(d)** A nonprofit corporation may act as its own fiscal agent for the
2 purposes of this Program. Grant recipients shall report to the Department of Public Instruction
3 for the year in which grant funds were expended on the progress of the Program, including
4 alignment with State academic standards, data collection for reporting student progress, the
5 source and amount of matching funds, and other measures, before receiving funding for the next
6 fiscal year. Grant recipients shall also submit a final report on key performance data, including
7 statewide test results, attendance rates, graduation rates, and promotion rates, and financial
8 sustainability of the Program.

9 **SECTION 7.63.(e)** The Department of Public Instruction shall provide an interim
10 report on the Program to the Joint Legislative Education Oversight Committee by September 15,
11 2024, with a final report on the Program by September 15, 2025. The final report shall include
12 the final results of the Program and recommendations regarding effective program models,
13 standards, and performance measures based on student performance, leveraging of
14 community-based resources to expand student access to learning activities, academic and
15 behavioral support services, and potential opportunities for the State to invest in proven models
16 for future grant programs.

17 **PROHIBITION AGAINST "THREE-CUEING"**

18 **SECTION 7.64.(a)** G.S. 115C-83.3 is amended by adding a new subdivision to read:
19 "(9a) "Three-cueing system" means a model of teaching students to read based on
20 meaning, structure and syntax, and visual cues, also known as "MSV.""

21 **SECTION 7.64.(b)** G.S. 115C-83.4B is amended by adding a new subsection to
22 read:

23 "(c) The Early Literacy Program shall not use a three-cueing system, as defined in
24 G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word
25 recognition in any instruction or intervention provided to students in an NC Pre-K program."

26 **SECTION 7.64.(c)** Part 1A of Article 8 of Chapter 115C of the General Statutes is
27 amended by adding a new section to read:

28 "§ 115C-83.12. Prohibition against three-cueing system model of teaching students to read.

29 Local school administrative units shall not use a three-cueing system or a curriculum with
30 visual memory as the primary basis for teaching word recognition in any instruction or
31 intervention provided to students in grades kindergarten through three."

32 **SECTION 7.64.(d)** G.S. 115C-150.12C is amended by adding a new subdivision to
33 read:

34 "(3a) Literacy instruction. – The board of trustees shall ensure that a three-cueing
35 system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory
36 as the primary basis for teaching word recognition is not used in any
37 instruction or intervention provided to students in grades kindergarten through
38 three."

39 **SECTION 7.64.(e)** G.S. 115C-218.85(b) is amended by adding a new subdivision
40 to read:

41 "(5) The charter school shall not use a three-cueing system, as defined in
42 G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis
43 for teaching word recognition in any instruction or intervention provided to
44 students in grades kindergarten through three."

45 **SECTION 7.64.(f)** G.S. 116-239.8(b)(2) is amended by adding a new
46 sub-subdivision to read:

47 "e. The chancellor shall ensure that a three-cueing system, as defined in
48 G.S. 115C-83.3(9a), or a curriculum with visual memory as the
49 primary basis for teaching word recognition is not used in any
50

1 instruction or intervention provided to students in grades kindergarten
2 through three."

3 **SECTION 7.64.(g)** G.S. 115C-269.20(a)(2)a1. reads as rewritten:

4 "a1. Coursework in the Science or Reading, as defined in G.S. 115C-83.3.
5 This coursework shall not include preparation to use a three-cueing
6 system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual
7 memory as the primary basis for teaching word recognition to students
8 in grades kindergarten through three."

9 **SECTION 7.64.(h)** This section is effective when it becomes law and applies
10 beginning with the 2023-2024 school year.

11
12 **PROFESSIONAL DEVELOPMENT FOR HOLOCAUST EDUCATION FUNDS NOT**
13 **TO REVERT**

14 **SECTION 7.65.(a)** Notwithstanding any provision of law to the contrary, the
15 nonrecurring funds appropriated to the Department of Public Instruction in S.L. 2021-180 for the
16 2022-2023 fiscal year for Holocaust and genocide education pursuant to Section 7.84 of S.L.
17 2021-180 shall not revert to the General Fund at the end of the 2022-2023 fiscal year, but shall
18 remain available until the end of the 2023-2024 fiscal year.

19 **SECTION 7.65.(b)** This section becomes effective June 30, 2023.

20
21 **SALARY SUPPLEMENTS FOR TEACHERS IN ADVANCED TEACHING ROLES**
22 **SCHOOLS**

23 **SECTION 7.66.** Article 20 of Chapter 115C of the General Statutes is amended by
24 adding a new section to read:

25 **"§ 115C-312. Salary supplements for teachers in Advanced Teaching Roles schools.**

26 (a) For purposes of this section, the following definitions shall apply:

27 (1) Adult leadership teacher. – A teacher who meets the following criteria:

28 a. Works in the classroom providing instruction for at least thirty percent
29 (30%) of the instructional day.

30 b. Leads a team of between three and eight teachers.

31 c. Shares responsibility for the performance of the students of all teachers
32 on the team identified in sub-subdivision b. of this subdivision.

33 d. Is not a school administrator.

34 (2) Advanced teaching role. – Additional responsibility for a teacher in an
35 Advanced Teaching Roles school, as developed by a local board of education
36 pursuant to G.S. 115C-311.

37 (3) Advanced Teaching Roles unit. – A local school administrative unit with at
38 least one Advanced Teaching Roles school.

39 (4) Classroom excellence teacher. – A teacher who meets the following criteria:

40 a. Is a teacher in an advanced teaching role.

41 b. Assumes and maintains responsibility for at least twenty percent
42 (20%) of additional students as compared to the most recent prior
43 school year in which the teacher did not receive a salary supplement
44 pursuant to this section.

45 c. Is a member of a team of teachers led by an adult leadership teacher
46 pursuant to sub-subdivision b. of subdivision (1) of this subsection.

47 (5) Teacher. – A classroom teacher in an Advanced Teaching Roles school who
48 is not instructional support personnel.

49 (b) Notwithstanding G.S. 115C-311, to the extent funds are made available for this
50 purpose, the State Board of Education shall award funds to local school administrative units for
51 annual salary supplements for teachers in accordance with this section. Advanced Teaching Roles

1 units shall designate up to fifteen percent (15%) of the teachers in each Advanced Teaching Roles
2 school as adult leadership teachers and five percent (5%) of the teachers in each Advanced
3 Teaching Roles school as classroom excellence teachers. Advanced Teaching Roles units shall
4 provide salary supplements for those teachers as follows:

5 (1) Ten thousand dollars (\$10,000) for adult leadership teachers.

6 (2) Three thousand dollars (\$3,000) for classroom excellence teachers.

7 (c) The following additional requirements apply to salary supplements received pursuant
8 to this section:

9 (1) Loss of a salary supplement received pursuant to this section for any reason
10 shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C
11 of the General Statutes.

12 (2) A teacher is eligible to continue receiving a salary supplement pursuant to this
13 section as long as he or she remains an adult leadership teacher or a classroom
14 excellence teacher.

15 (3) A teacher is eligible to receive no more than one annual salary supplement
16 pursuant to this section at any time."

17 18 **REALIGN ADVANCED TEACHING ROLES**

19 **SECTION 7.67.(a)** No later than 30 days after the date this act becomes law, the
20 State Board of Education shall issue a new Request for Proposal (RFP) for local school
21 administrative units to participate in the Advanced Teaching Roles Program pursuant to
22 G.S. 115C-311. As part of this new RFP, the State Board shall do the following:

23 (1) Take into account the additional recurring funds appropriated to the
24 Department of Public Instruction in this act for the 2023-2025 fiscal biennium.

25 (2) Make every effort to ensure that local school administrative units can
26 participate in the Program.

27 (3) Maximize the diversity of geography and student population among
28 participating local school administrative units.

29 **SECTION 7.67.(b)** Notwithstanding G.S. 115C-311, beginning in the 2023-2024
30 school year, as a part of the RFP required pursuant to subsection (a) of this section, the State
31 Board of Education shall authorize New Hanover County Schools to participate in the Advanced
32 Teaching Roles Program (Program) and, to the extent funds are available in the Program, award
33 State funds to New Hanover County Schools for an initial term, if the following occur:

34 (1) New Hanover County Schools submits a proposal to participate in the
35 Program by July 1, 2023.

36 (2) The proposal submitted pursuant to subdivision (1) of this subsection is
37 consistent with the requirements of G.S. 115C-311(b).

38 39 **DAILY DEPOSIT AMOUNT ADJUSTMENT**

40 **SECTION 7.68.** G.S. 115C-445 reads as rewritten:

41 "**§ 115C-445. Daily deposits.**

42 Except as otherwise provided by law, all moneys collected or received by an officer,
43 employee or agent of a local school administrative unit or an individual school shall be deposited
44 in accordance with this section. Each officer, employee and agent of a local school administrative
45 unit or individual school whose duty it is to collect or receive any taxes or other moneys shall
46 deposit his collections and receipts daily. If the board of education gives its approval, deposits
47 shall be required only when the moneys on hand amount to as much as ~~two hundred fifty dollars~~
48 ~~(\$250.00), one thousand five hundred dollars (\$1,500),~~ but in any event a deposit shall be made
49 on the last business day of the month. All deposits shall be made with the finance officer or in an
50 official depository. Deposits in an official depository shall be immediately reported to the finance
51 officer or individual school treasurer by means of a duplicate deposit ticket. The finance officer

1 may at any time audit the accounts of any officer, employee or agent collecting or receiving any
2 taxes or other moneys, and may prescribe the form and detail of these accounts. The accounts of
3 such an officer, employee or agent shall be audited at least annually."
4

5 **PLASMA GAMES GRANT PROGRAM**

6 **SECTION 7.69.(a)** The Department of Public Instruction shall create a grant
7 program for public school units to apply for funds to contract with Plasma Games, Inc., for the
8 use of educational software to be used in science, technology, engineering, and math (STEM)
9 and career and technical education (CTE) courses. The Department shall make an application
10 available to public school units by November 15, 2023, and August 1 of each year thereafter that
11 funds are made available for this purpose. Public school units shall submit applications by
12 January 15, 2024, and October 1 of each year thereafter that funds are available. The Department
13 shall make determinations on grant recipients by March 15, 2024, and December 1 of each year
14 thereafter that funds are made available. The Department shall prioritize issuing grants to public
15 school units that participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L.
16 2021-25, as amended by S.L. 2021-180, and are actively utilizing license grants pursuant to that
17 pilot program.

18 **SECTION 7.69.(b)** The Department shall report to the Joint Legislative Education
19 Oversight Committee beginning May 15, 2024, and each year thereafter that funds are made
20 available for the program created by subsection (a) of this section, on the outcomes of the
21 program. The report shall include at least the following:

- 22 (1) The number of public school units that submitted grant applications.
- 23 (2) The number of grants awarded.
- 24 (3) The percentage of grants that were awarded to public school units that
25 participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L.
26 2021-25, as amended by S.L. 2021-180. This subdivision applies only to the
27 report for May 15, 2024.
- 28 (4) The average size of grants awarded.
- 29 (5) The average daily membership of each public school unit that received grant
30 awards.
- 31 (6) The ratio of grant funds received by each public school unit to the average
32 daily membership of the public school unit.
- 33 (7) The total number of licenses in active use in the State.
- 34 (8) Any other information the Department deems relevant.

35 **NC EDUCATION CORPS REPORTING**

36 **SECTION 7.70.** The North Carolina Education Corps shall report to the Joint
37 Legislative Education Oversight Committee by February 15, 2024, on the results of the program
38 created pursuant to Section 3.5(a)(7) of S.L. 2021-25, as amended by S.L. 2021-180. The report
39 shall include at least the following:

- 40 (1) The number of tutors trained using funds provided.
- 41 (2) The number of students who worked with tutors trained by the program.
- 42 (3) The average amount of funding spent by the North Carolina Education Corps
43 per tutor trained.
- 44 (4) The number of tutors hired by public school units after completion of the
45 training provided by the program.
- 46 (5) Which public school units utilized tutors trained by the program.
- 47 (6) The impacts on student outcomes in public school units that utilized tutors
48 trained by the program.
- 49 (7) The amount spent by each public school unit to hire tutors trained by the
50 program.
- 51

(8) Any other information the North Carolina Education Corps deems relevant.

ALLOW NONPROFITS TO PROVIDE ABUSE/SEX TRAFFICKING TRAINING TO EDUCATORS

SECTION 7.71. G.S. 115C-375.20 reads as rewritten:

"§ 115C-375.20. **Child sexual abuse and sex trafficking training program required.**

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

(1) School personnel. – Teachers, instructional support personnel, principals, and assistant principals. This term may also include, in the discretion of the employing entity, other school employees who work directly with students in grades kindergarten through 12.

(b) Each employing entity shall adopt and implement a child sexual abuse and sex trafficking training program for school personnel who work directly with students in grades kindergarten through 12 that provides education and awareness training related to child sexual abuse and sex trafficking, including, but not limited to, best practices from the field of prevention, the grooming process of sexual predators, the warning signs of sexual abuse and sex trafficking, how to intervene when sexual abuse or sex trafficking is suspected or disclosed, legal responsibilities for reporting sexual abuse or sex trafficking, and available resources for assistance. This training may be provided by local nongovernmental organizations with expertise in these areas, local law enforcement ~~officers~~, officers or other officers of the ~~court~~, court, or nonprofit organizations with over 10 years of experience in providing research-based child sexual abuse prevention curriculum. All school personnel who work with students in grades kindergarten through 12 shall receive two hours of training consistent with this section in even-numbered years beginning in 2020.

(c) No entity required to adopt a child sexual abuse and sex trafficking training program by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or 116-239.8(b)(17), or its members, employees, designees, agents, or volunteers, shall be liable in civil damages to any party for any loss or damage caused by any act or omission relating to the provision of, participation in, or implementation of any component of a child sexual abuse and sex trafficking training program required by this section, unless that act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Nothing in this section shall be construed to impose any specific duty of care or standard of care on an entity required to adopt a child sexual abuse and sex trafficking training program by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or 116-239.8(b)(17)."

HIGH SCHOOL DIPLOMA ENDORSEMENTS

SECTION 7.72.(a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1D. High School Graduation.

"§ 115C-83.30. Reserved for future codification purposes.

"§ 115C-83.31. Exit standards and graduation requirements.

(a) The State Board of Education shall require the following for high school graduation:

(1) Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).

(2) A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1).

(b) The following restrictions apply to the State Board of Education regarding Algebra I and high school graduation projects:

(1) The Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any

1 student whose individualized education program (i) identifies the student as
2 learning disabled in the area of mathematics and (ii) states that this learning
3 disability will prevent the student from mastering Algebra I.

- 4 (2) The Board shall not require any student to prepare a high school graduation
5 project as a condition of graduation from high school; local boards of
6 education may, however, require their students to complete a high school
7 graduation project as provided in G.S. 115C-47(54a).

8 **"§ 115C-83.32. High school diploma endorsements.**

9 (a) The State Board of Education shall establish, implement, and determine the impact of
10 adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas
11 to encourage students to obtain requisite job skills necessary for students to be successful in a
12 wide range of high-quality careers and to reduce the need for remedial education in institutions
13 of higher education. The Board shall develop criteria for receiving a diploma endorsement under
14 this subsection that address the following:

- 15 (1) Courses completed by the student.
16 (2) Overall grade point average.
17 (3) Reading achievement, including the requirement that a student receive on a
18 nationally norm-referenced college admissions test for reading, either
19 administered under G.S. 115C-174.11(c)(4) or as an alternative nationally
20 norm-referenced college admissions test approved by the Board, at least the
21 benchmark score established by the testing organization that represents the
22 level of achievement required for students to have approximately a fifty
23 percent (50%) chance of obtaining a grade B or higher or a seventy-five
24 percent (75%) chance of obtaining a grade C or higher in a corresponding
25 credit-bearing, first-year college course. A student may retake a nationally
26 norm-referenced test as many times as necessary to achieve the required
27 benchmark score for reading in order to receive a high school diploma
28 endorsement prior to the student's graduation.
29 (4) Any additional criteria deemed necessary by the Board.

30 (b) The State Board of Education shall establish an arts proficiency high school diploma
31 endorsement to encourage students to obtain a well-rounded, high-quality arts education. The
32 Board shall create any form necessary for students to document their arts participation and shall
33 provide this form to local boards of education. The Board shall develop criteria for receiving a
34 diploma endorsement under this subsection that include the following:

- 35 (1) Completion of a minimum of four arts credits with an unweighted grade point
36 average of 3.0 or higher in each arts credit completed by the student.
37 (2) Completion of a minimum of 40 hours of arts-related extracurricular activities.
38 To receive credit for completing these hours, a student shall meet all of the
39 following requirements:
40 a. The student participates in an arts-related extracurricular activity that
41 is approved by the local board of education.
42 b. The student completes all of the required hours outside of instructional
43 hours.
44 c. The student does not receive any course credit for participation in the
45 activity.
46 d. The student documents the hours on the form provided by the Board
47 to local boards of education.
48 (3) Any additional criteria deemed necessary by the Board.

49 (c) The State Board of Education shall establish a citizenship proficiency high school
50 diploma endorsement to encourage students to demonstrate their understanding of the basics of
51 the American government and civic life. The Board shall create any form necessary for students

1 to document their civics participation and shall provide this form to governing bodies of local
 2 school administrative units. The Board shall develop criteria for receiving a diploma endorsement
 3 under this subsection that include at least a passing score on a civics test composed of questions
 4 from the pool of publicly available questions to be used for the civics test given by the U.S.
 5 Citizenship and Immigration Services (USCIS) as part of the naturalization interview and test
 6 issued by USCIS. The State Board shall determine the format of the civics test and the number
 7 of questions to be included in the civics test. The State Board shall require that all local school
 8 administrative units offer the civics test created pursuant to this subsection at least once per
 9 semester.

10 (d) The Board shall report annually to the Joint Legislative Education Oversight
 11 Committee on high school diploma endorsements as required by G.S. 115C-156.2."

12 **SECTION 7.72.(b)** Subsection (a) of this section is effective when it becomes law.
 13 The State Board of Education shall make available arts proficiency and citizenship proficiency
 14 high school diploma endorsements, as provided under this section, to students graduating high
 15 school beginning with the 2023-2024 school year.

16 **SECTION 7.72.(c)** G.S. 115C-12(9d) reads as rewritten:

17 "(9d) Power to Develop Exit Standards and Graduation Requirements. –

18 a. ~~The Board~~ In accordance with G.S. 115C-83.31, the Board shall
 19 require certain exit standards and may develop additional exit
 20 standards that shall be required for high school graduation. The Board
 21 shall require the following for high school graduation:

22 1. ~~Successful completion of instruction in cardiopulmonary~~
 23 ~~resuscitation as provided in G.S. 115C-81.25(c)(10).~~

24 2. ~~A passing grade in the semester course on the Founding~~
 25 ~~Principles of the United States of America and the State of~~
 26 ~~North Carolina described in G.S. 115C-81.45(d)(1).~~

27 b. ~~The following restrictions apply to the Board regarding Algebra I and~~
 28 ~~high school graduation projects:~~

29 1. ~~The Board shall not adopt or enforce any rule that requires~~
 30 ~~Algebra I as a graduation standard or as a requirement for a~~
 31 ~~high school diploma for any student whose individualized~~
 32 ~~education program (i) identifies the student as learning~~
 33 ~~disabled in the area of mathematics and (ii) states that this~~
 34 ~~learning disability will prevent the student from mastering~~
 35 ~~Algebra I.~~

36 2. ~~The Board shall not require any student to prepare a high~~
 37 ~~school graduation project as a condition of graduation from~~
 38 ~~high school; local boards of education may, however, require~~
 39 ~~their students to complete a high school graduation as provided~~
 40 ~~in G.S. 115C-47(54a)."~~

41 **SECTION 7.72.(d)** G.S. 115C-12(40) reads as rewritten:

42 "(40) To Establish High School Diploma Endorsements. – The State Board of
 43 Education shall establish, implement, and determine the impact of adding (i)
 44 college, (ii) career, and (iii) college and career endorsements to high school
 45 diplomas to encourage students to obtain requisite job skills necessary for
 46 students to be successful in a wide range of high quality careers and to reduce
 47 the need for remedial education in institutions of higher education. These
 48 endorsements shall reflect courses completed, overall grade point average,
 49 reading achievement, and other criteria as developed by the State Board of
 50 Education. A student shall only receive a high school diploma endorsement if
 51 that student receives on a nationally norm-referenced college admissions test

1 for reading, either administered under G.S. 115C-174.11(e)(4) or as an
 2 alternative nationally norm-referenced college admissions test approved by
 3 the State Board, at least the benchmark score established by the testing
 4 organization that represents the level of achievement required for students to
 5 have approximately a fifty percent (50%) chance of obtaining a grade B or
 6 higher or a seventy-five percent (75%) chance of obtaining a grade C or higher
 7 in a corresponding credit-bearing, first-year college course. A student may
 8 retake a nationally norm-referenced test as many times as necessary to achieve
 9 the required benchmark score for reading in order to receive a high school
 10 diploma endorsement prior to the student's graduation. The State Board of
 11 Education shall report annually to the Joint Legislative Education Oversight
 12 Committee on high school diploma endorsements in accordance with
 13 G.S. 115C-156.2 establish high school diploma endorsements as provided in
 14 G.S. 115C-83.32."

15 **SECTION 7.72.(e)** G.S. 115C-218.85 is amended by adding a new subsection to

16 read:

17 "(c) High School Diploma Endorsements. –

- 18 (1) A charter school shall offer students the opportunity to earn a citizenship
 19 proficiency high school diploma endorsement consistent with
 20 G.S. 115C-83.32(c).
 21 (2) If necessary due to practical limitations at the charter school, a student may
 22 take the civics test required to earn the endorsement pursuant to
 23 G.S. 115C-83.32(c) at the nearest high school to the charter school located
 24 within the local school administrative unit in which the charter school is
 25 located at the time that the nearest high school within the local school
 26 administrative unit is scheduled to offer the exam."

27 **SECTION 7.72.(f)** G.S. 115C-156.2(b) reads as rewritten:

28 "(b) ~~Beginning in 2019, the~~ The State Board of Education shall report to the Joint
 29 Legislative Education Oversight Committee by November 15 of each year on the following
 30 information:

- 31 (1) The number of students in career and technical education courses who earned
 32 (i) community college credit and (ii) related industry certifications and
 33 credentials.
 34 (2) Implementation of high school diploma endorsements, including adding (i)
 35 college, (ii) career, and (iii) college and career endorsements to high school
 36 diplomas, through evaluation of at least the following data:
 37 a. Impact on the rates of high school graduation, college acceptance and
 38 remediation, and post-high school employment.
 39 b. ~~Beginning with the 2019-2020 school year, the~~ The number of students
 40 who had to retake a nationally norm-referenced college admissions test
 41 to meet the reading benchmark score required by ~~G.S. 115C-12(40)~~
 42 G.S. 115C-83.32(a) to receive a college or career high school diploma
 43 endorsement and the number of students who were not awarded a
 44 college or career high school diploma endorsement solely because of
 45 the inability to meet the benchmark score for reading required by
 46 ~~G.S. 115C-12(40)~~ G.S. 115C-83.32(a).
 47 c. The number of students receiving any high school diploma
 48 endorsement."

49 **SECTION 7.72.(g)** Except as otherwise provided, this section is effective when it
 50 becomes law. Subsection (f) of this section applies beginning with the report due to the Joint
 51 Legislative Education Oversight Committee on November 15, 2024.

LIMITED TEACHER LICENSE CHANGES

SECTION 7.73.(a) G.S. 115C-270.20(a)(4a) reads as rewritten:

"(4a) Limited license. – A three-year ~~nonrenewable~~-renewable license issued to an individual who meets the requirements of this subdivision. A limited license shall only be requested by the local board of education currently employing or seeking to employ the individual and shall be used for continued employment only in that local school administrative unit. The State Board shall not require individuals to demonstrate preparation through achieving a prescribed minimum score on a standardized examination for a limited license. To receive a limited license, one of the following shall be met:

a. In-state licensee. – Both of the following are met:

1. The individual was issued an IPL or RL, but failed to fulfill examination requirements under G.S. 115C-270.15 after three years of licensure.
2. The local board of education submits to the State Board an affidavit stating that the teacher is currently employed by that local board, is an effective teacher, and will be encouraged to continue to pursue a CPL. The affidavit shall be signed by both the principal and superintendent for the school to which the teacher is currently assigned.

b. Out-of-state licensee. – Both of the following are met:

1. The individual holds current teacher licensure in another state that is in good standing.
2. The local board of education submits to the State Board an affidavit stating that the local board seeks to employ the teacher, that the teacher has been employed as a licensed teacher in another state for at least three years, and that the teacher will be encouraged to pursue an IPL or CPL, as appropriate for that teacher. The affidavit shall be signed by the superintendent for the local board of education seeking to employ the teacher."

SECTION 7.73.(b) G.S. 115C-270.30(b) is amended by adding a new subdivision to read:

"(6) For a teacher renewing a limited license, an affidavit from the employing local board of education that is signed by both the principal and the superintendent for the school to which the teacher is currently assigned. The affidavit must state all of the following:

- a. The teacher is currently employed by the local board of education.
- b. The teacher is an effective teacher. For teachers who have available growth data under the Education Value-Added Assessment System (EVAAS), the data must demonstrate that the teacher meets or exceeds expectations of growth.
- c. The teacher will be encouraged to continue to pursue a CPL."

SECTION 7.73.(c) For limited license renewals that occur on or before July 1, 2025, the State Board of Education shall only require the teacher to meet the licensure renewal requirements in G.S. 115C-270.30(b)(6), as enacted by subsection (b) of this section.

SECTION 7.73.(d) This section is effective when it becomes law and applies to renewal applications on or after that date.

OUT-OF-STATE TEACHER LICENSE RECIPROCITY

1 **SECTION 7.74.(a)** G.S. 115C-270.25 reads as rewritten:

2 "**§ 115C-270.25. Out-of-state license applicants.**

3 ~~Initial applications for a continuing professional license from an individual with an~~
4 ~~out of state teacher's license shall require the applicant to provide evidence of that teacher's~~
5 ~~effectiveness, when available, as measured by the evaluation system used in that applicant's state~~
6 ~~of current licensure at the time of application, including any growth measures included in that~~
7 ~~evaluation system. An individual who does not include evidence of that teacher's effectiveness~~
8 ~~with the initial application shall only be eligible for an IPL or LL.~~ The State Board of Education
9 shall grant a CPL to a teacher licensed in another state with substantially similar licensure
10 requirements who has at least three years of teaching experience and is in good standing with the
11 other state."

12 **SECTION 7.74.(b)** This section is effective when it becomes law and applies to
13 out-of-state applicants for a CPL on or after that date.

14 **ALLOW HOME SCHOOL STUDENTS TO SIT FOR AP/PSAT EXAMS**

15 **SECTION 7.75.(a)** G.S. 115C-174.18 reads as rewritten:

16 "**§ 115C-174.18. Opportunity to take Preliminary SAT/National Merit Scholarship**
17 **Qualifying Test (PSAT/NMSQT).**

18 Every student in the eighth through tenth grades who has completed Algebra I or who is in
19 the last month of Algebra I shall be given an opportunity to take a version of either the
20 Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the ~~PLAN~~
21 ~~precursor test to the ACT, PreACT test,~~ at the discretion of the local school administrative unit,
22 one time at no cost to the student. A student receiving instruction through a home school, as
23 provided by Part 3 of Article 39 of this Chapter, shall be eligible to participate in testing as
24 provided in G.S. 115C-565.1. The maximum amount of State funds used for this purpose shall
25 be the cost of the PSAT/NMSQT."

26 **SECTION 7.75.(b)** G.S. 115C-174.26(a) reads as rewritten:

27 "(a) It is the intent of the State to enhance accessibility and encourage students to enroll
28 in and successfully complete more rigorous advanced courses to enable success in postsecondary
29 education for all students. For the purposes of this section, an advanced course is an Advanced
30 Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge
31 Advanced International Certificate of Education (AICE) course, including an AS-Level or
32 A-Level course. To attain this goal, to the extent funds are made available for this purpose,
33 students enrolled in public schools shall be exempt from paying any fees for administration of
34 examinations for advanced courses and registration fees for advanced courses in which the
35 student is enrolled regardless of the score the student achieves on an examination. A student
36 receiving instruction through a home school, as provided by Part 3 of Article 39 of this Chapter,
37 shall be eligible to participate in administration of examinations for advanced courses as provided
38 in G.S. 115C-565.1."

39 **SECTION 7.75.(c)** Part 3 of Article 39 of Chapter 115C of the General Statutes is
40 amended by adding a new section to read:

41 "**§ 115C-565.1. Eligibility to participate in certain testing administration in local school**
42 **administrative units.**

43 (a) A student enrolled in a home school shall be allowed to participate in the
44 administration of the Preliminary SAT/National Merit Scholarship Qualifying Test or the
45 PreACT test, as offered by the local school administrative unit in accordance with
46 G.S. 115C-174.18, as follows:

- 47 (1) The student may take the test at a school within the local school administrative
48 unit that the student would be assigned to if the student attended public school.
49 (2) The student shall have completed a course or test that shows equivalent
50 competency to passing Algebra I.
51

- (3) The student's parent shall be charged the cost of the test by the local school administrative unit.
- (4) The student's parent, or other responsible adult designated by the parent, may be required by the local school administrative unit to serve as a proctor in order for the student to take the test, if the addition of the student would prevent the local school administrative unit from meeting the required proctor-student ratio for that test at that school.

(b) A student enrolled in a home school shall be allowed to take any advanced course examination offered by a local school administrative unit in accordance with G.S. 115C-174.26, as follows:

- (1) The student may take the advanced course examination at a school within the local school administrative unit that the student would have been assigned to if the student attended public school.
- (2) The student shall meet any requirements to take the advanced course examination established by the organization issuing that examination and the chief administrator of the home school. A local board of education shall not require the student to complete a specific advanced course to take the related examination.
- (3) The student's parent shall be charged the cost of the test by the local school administrative unit.
- (4) The student's parent, or other responsible adult designated by the parent, may be required by the local school administrative unit to serve as a proctor in order for the student to take the advanced course examination, if the addition of the student would prevent the local school administrative unit from meeting the required proctor-student ratio for that examination at that school."

SEARCHES OF STUDENT'S PERSON

SECTION 7.76. Article 27 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-391.2. Searches of students.

(a) Policies adopted by governing bodies of public school units governing searches of a student's person or property shall be consistent with the provisions of this Article and the constitutions, statutes, and regulations of the United States and the State of North Carolina. All searches performed by school officials in accordance with the policies shall be executed using methods that are narrowly tailored to be minimally intrusive while investigating the suspected activity.

(b) Each policy adopted by a governing body of a public school unit in accordance with subsection (a) of this section shall require that searches of a student's person are conducted in private by one school official and one adult witness, both of whom shall be the same sex as the student. The policy may provide an exception to this requirement for searches conducted using a walk-through metal detector, handheld wand, or other similar minimally intrusive device designed to detect weapons and regularly used for security scanning."

STATE OF THE SCHOOL ADMINISTRATION PROFESSION REPORT

SECTION 7.77.(a) G.S. 115C-12(22) reads as rewritten:

"(22) Duty to Monitor the State of the Teaching ~~Profession~~ and School Administration Professions in North Carolina. – The State Board of Education shall monitor and compile an annual report on the state of the teaching ~~profession~~ and school administration professions in North ~~Carolina~~ that includes data on the decisions of teachers to leave the teaching profession and

1 ~~data on teaching positions that local boards of education are unable to fill,~~
2 ~~Carolina, as provided in G.S. 115C-289.2 and G.S. 115C-299.5."~~

3 **SECTION 7.77.(b)** Article 19 of Chapter 115C of the General Statutes is amended
4 by adding a new section to read:

5 "**§ 115C-289.2. Report on the state of the school administration profession in North**
6 **Carolina.**

7 (a) State of the School Administration Profession Report. – The State Board of Education
8 shall monitor and compile an annual report by December 15 annually on school principals in
9 North Carolina that includes data on the decisions of principals to leave the profession of school
10 administration or move to a different position, as provided in subsection (b) of this section. The
11 State Board shall adopt standard procedures for each local board of education to use in requesting
12 information required by this report and shall require each local board of education to report the
13 information to the State Board in a standard format adopted by the State Board.

14 (b) Principals Leaving Their Position. – The report shall include the following data on
15 the decisions of principals to leave their position in the prior school year, including reasons for
16 leaving their position:

17 (1) The number of principals who left the profession without remaining in the
18 field of education.

19 (2) The number of principals who left their position for employment as a principal
20 in another school in the State, including principals who left for employment
21 within another local school administrative unit, a nonpublic school, or a
22 charter school.

23 (3) The number of principals who left their position for another type of
24 educational position and the type of educational position to which the
25 principals moved.

26 (4) The number of principals who left their position in low-performing schools as
27 defined in G.S. 115C-105.37.

28 (5) The number of principals who left their position in order to move to a
29 low-performing school, as defined in G.S. 115C-105.37, and the impact of the
30 principal recruitment supplement authorized in G.S. 115C-285.1 on the
31 principal's decision to accept the position at the low-performing school.

32 (c) Principal and School Performance. – The State of the School Administration
33 Profession Report prepared by the State Board of Education pursuant to this section shall analyze
34 the relationship between the data included in subsection (b) of this section and student growth,
35 student achievement, and school performance, as calculated by G.S. 115C-83.15(c), including
36 the extent to which principal attrition and mobility led to changes in school performance.

37 (d) Report Consolidation. – The report required by this section shall be consolidated with
38 the report on the State of the Teaching Profession required by G.S. 115C-299.5."

39 **SECTION 7.77.(c)** G.S. 115C-299.5 is amended by adding a new subsection to read:

40 "(g) Report Consolidation. – The report required by this section shall be consolidated with
41 the State of the School Administration Profession Report required by G.S. 115C-289.2."

42 **SECTION 7.77.(d)** This section is effective when it becomes law and applies
43 beginning with the report due December 15, 2024.

44 45 **STUDY STATUS AND COST OF CARBON MONOXIDE ALARMS AND RADON** 46 **TESTING IN SCHOOLS**

47 **SECTION 7.78.** The State Board of Education shall survey all identified public
48 schools to determine the number of existing school buildings that are currently not equipped with
49 carbon monoxide alarm and detection systems but would have to install those systems if required
50 to be in compliance with the requirements for new buildings in Section 915 of the North Carolina
51 State Building Code, Fire Prevention Code (non-equipped buildings). The State Board of

1 Education shall also survey all identified public schools to determine the need and
2 implementation of radon gas testing. The State Board of Education shall report to the Joint
3 Legislative Education Oversight Committee the following information no later than December
4 15, 2023:

- 5 (1) The number of non-equipped buildings statewide, and by identified public
6 school.
- 7 (2) The estimated cost statewide, and by the identified public school, to permit,
8 install, and inspect all non-equipped buildings with carbon monoxide alarm
9 and detection systems and radon gas testing.

10 For purposes of this section, "identified public schools" shall refer to (i) schools in a
11 public school unit, as defined in G.S. 115C-5(7a), except charter schools, (ii) the North Carolina
12 School of Science and Mathematics, (iii) the University of North Carolina School of the Arts,
13 (iv) schools operated by the Department of Health and Human Services, and (v) schools operated
14 by the Division of Juvenile Justice of the Department of Public Safety.

15 16 **PROCEDURAL CORRECTION FOR S.L. 2023-107**

17 **SECTION 7.79.** Subsection (c) of Section 6 of S.L. 2023-107 is reenacted.

18 19 **CLARIFY THAT NONPUBLIC SCHOOLS MAY PROVIDE REMOTE INSTRUCTION** 20 **AND THAT A NONPUBLIC SCHOOL SHALL PROVIDE IN-PERSON** 21 **INSTRUCTION TO BE ELIGIBLE TO RECEIVE STUDENTS WITH** 22 **SCHOLARSHIP GRANTS**

23 **SECTION 7.80.(a)** Part 1 of Article 39 of Chapter 115C of the General Statutes is
24 amended by adding a new section to read:

25 **§ 115C-550.5. Remote instruction.**

26 A private church school or school of religious charter may provide remote instruction if the
27 school maintains copies of all records required by this Chapter at an administrative office that is
28 physically located in the State. For the purposes of this section, remote instruction means
29 instruction delivered to students in a remote location outside of a school facility, whether
30 synchronously or asynchronously."

31 **SECTION 7.80.(b)** Part 2 of Article 39 of Chapter 115C of the General Statutes is
32 amended by adding a new section to read:

33 **§ 115C-558.5. Remote instruction.**

34 A qualified nonpublic school may provide remote instruction if the school maintains copies
35 of all records required by this Chapter at an administrative office that is physically located in the
36 State. For the purposes of this section, remote instruction means instruction delivered to students
37 in a remote location outside of a school facility, whether synchronously or asynchronously."

38 **SECTION 7.80.(c)** G.S. 115C-562.5(a) is amended by adding a new subdivision to
39 read:

- 40 "(7) Maintain a school facility within the State where in-person instruction is
41 provided. This subdivision does not prohibit a school from offering
42 remote-only courses of instruction in addition to in-person instruction."

43 44 **ADJUSTMENTS TO S.L. 2023-106**

45 **SECTION 7.81.(a)** G.S. 114A-10(7), as enacted by S.L. 2023-106, reads as
46 rewritten:

- 47 "(7) To prohibit the creation, sharing, or storage of a biometric scan of his or her
48 child without the parent's prior written consent, except as for information
49 stored within the United States in any of the following circumstances:
50 a. ~~authorized~~ When authorized pursuant to a court order.

- 1 (4) Governing bodies of public school units shall adopt the procedures and
 2 process required by G.S. 115C-76.60, as enacted by S.L. 2023-106, no later
 3 than December 15, 2023, and shall permit parents to begin using that process
 4 no later than January 1, 2024.
- 5 (5) The State Board of Education shall adopt emergency rules to be used for
 6 parental concern hearings required by G.S. 115C-76.60, as enacted by S.L.
 7 2023-106, conducted during the 2023-2024 school year. The State Board of
 8 Education shall receive requests for parental concern hearings beginning no
 9 later than January 30, 2024.
- 10 (6) Public school units shall submit the report required by G.S. 115C-76.70(a), as
 11 enacted by S.L. 2023-106, beginning September 15, 2024.
- 12 (7) The State Board of Education shall submit the report required by
 13 G.S. 115C-76.70(b), as enacted by S.L. 2023-106, beginning November 15,
 14 2024.

15 **SECTION 7.81.(e)** This section is effective August 16, 2023.

16
 17 **OPPORTUNITY SCHOLARSHIP FINANCIAL IMPACT REPORT/REINVESTMENT**
 18 **IN PUBLIC SCHOOLS**

19 **SECTION 7.82.(a)** G.S. 115C-562.7 reads as rewritten:

20 "**§ 115C-562.7. Authority reporting Reporting requirements.**

21 ...

22 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative
 23 Education Oversight Committee on the following information from the prior school year:

24 ...

- 25 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
 26 including numbers of scholarship grant students at each nonpublic school.

27 ...

28 (e) No later than October 15 of each year, the Authority shall provide the following
 29 information to the Department of Public Instruction:

30 (1) The information described in subdivision (4) of subsection (b) of this section.

31 (2) For each scholarship grant recipient, award amounts and sufficient personally
 32 identifiable information to track the recipient's continued enrollment in a
 33 nonpublic school. This information is confidential and not a public record
 34 under G.S. 132-1.

35 (f) The Department of Public Instruction shall report no later than April 1 of each year
 36 to the Joint Legislative Education Oversight Committee on the cumulative difference in the
 37 current school year between the scholarship grant award amount for each prior public school
 38 attende enrolled in a nonpublic school and the average State per pupil allocation for average
 39 daily membership for a student in a public school unit. For purposes of this subsection, a "prior
 40 public school attendee" is any scholarship grant recipient who was in membership in a public
 41 school unit for a majority of the first or second month of the school year immediately prior to
 42 enrollment in a nonpublic school, beginning with students enrolled in a public school unit the
 43 2023-2024 school year or subsequent school years."

44 **SECTION 7.82.(b)** Notwithstanding G.S. 115C-562.7, as amended by subsection
 45 (a) of this section, the State Education Assistance Authority shall provide the first report required
 46 by G.S. 115C-562.7(e) by October 15, 2024, and the Department of Public Instruction shall
 47 provide the first report required by G.S. 115C-562.7(f) by April 1, 2025. The report required by
 48 G.S. 115C-562.7(f) shall apply to all prior public school attendees enrolled in a nonpublic school
 49 in the 2024-2025 school year who were enrolled in a public school unit in the 2023-2024 school
 50 year.

1 **SECTION 7.82.(c)** It is the intent of the General Assembly to reinvest in the public
2 schools any savings realized by the State each year, beginning in the 2025-2026 school year,
3 because of the transfer of a student from a public school unit to a nonpublic school where the
4 student accepts an opportunity scholarship grant award that is less than one hundred percent
5 (100%) of the average State per pupil allocation for average daily membership for a student in a
6 public school unit.

7
8 **CLARIFY MINIMUM SERVICE REQUIREMENTS FOR PAID PARENTAL LEAVE**

9 **SECTION 7.83.(a)** G.S. 126-8.6(c1) reads as rewritten:

10 "(c1) The State Human Resources Commission shall adopt rules and policies providing for
11 a period of minimum service before an employee becomes eligible for parental leave, the
12 maximum number of uses of paid parental leave within a 12-month period, and how much leave
13 is to be provided in the event of miscarriage or the death of a child during birth. The rules shall
14 provide that the period of minimum service may be met by aggregating employment at any of
15 the following:

16 (1) State agencies, departments, and institutions, including The University of
17 North Carolina.

18 (2) Public school units that provide paid parental leave in accordance with this
19 section.

20 (3) Community colleges located in this State."

21 **SECTION 7.83.(b)** G.S. 115C-218.90(a)(6) reads as rewritten:

22 "(6) A board of directors may provide paid parental leave consistent with the
23 requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall
24 be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board
25 does not provide paid parental leave, it shall provide written notice to
26 individuals upon offering employment. The notice shall state that employment
27 with the charter school will not count toward any minimum period of service
28 established pursuant to G.S. 126-8.6(c1)."

29
30 **LIMIT DISCRETION TO WITHHOLD OR REDUCE CHARTER SCHOOL FUNDING**
31 **TO REVIEW BOARD AND SUPERINTENDENT OF PUBLIC INSTRUCTION**

32 **SECTION 7.84.** G.S. 115C-218.105, as amended by S.L. 2023-110, reads as
33 rewritten:

34 **"§ 115C-218.105. State and local funds for a charter school.**

35 (a) The State Board of Education shall allocate to each charter school:

36 (1) An amount equal to the average per pupil allocation for average daily
37 membership from the local school administrative unit allotments in which the
38 charter school is located for each child attending the charter school except for
39 the allocation for children with disabilities and for the allocation for children
40 with limited English proficiency;

41 (2) An additional amount for each child attending the charter school who is a child
42 with disabilities; and

43 (3) An additional amount for children with limited English proficiency attending
44 the charter school, based on a formula adopted by the State Board.

45 In accordance with G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for
46 annual adjustments to the amount allocated to a charter school based on its enrollment growth in
47 school years subsequent to the initial year of operation.

48 In the event a child with disabilities leaves the charter school and enrolls in a public school
49 during the first 60 school days in the school year, the charter school shall return a pro rata amount
50 of funds allocated for that child to the State Board, and the State Board shall reallocate those
51 funds to the local school administrative unit in which the public school is located. In the event a

1 child with disabilities enrolls in a charter school during the first 60 school days in the school year,
2 the State Board shall allocate to the charter school the pro rata amount of additional funds for
3 children with disabilities.

4 (a1) The State Board shall not withhold or reduce distribution of funds to a charter school
5 for any reason except as provided in subsection (a2) of this section.

6 (a2) The State Board shall withhold or reduce distribution of funds to a charter school if
7 any of the following applies:

8 (1) The change in funding is due to an annual adjustment based on enrollment or
9 is a general adjustment to allocations that is not specific to the charter or
10 actions of that charter school.

11 (2) The Review Board notifies the State Board that the charter school has
12 materially violated a term of its charter, has violated a State statute or federal
13 law, or has had its charter terminated or nonrenewed.

14 (3) The Superintendent of Public Instruction notifies the State Board that the
15 charter school has failed to meet generally accepted standards of fiscal
16 management or has violated a State or federal requirement for receipt of funds.

17"

18
19 **PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

20
21 **TEACHER SALARY SCHEDULE**

22 **SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for
23 the 2023-2024 fiscal year to licensed personnel of the public schools who are classified as
24 teachers. The salary schedule is based on years of teaching experience.

25 **2023-2024 Teacher Monthly Salary Schedule**

26 Years of Experience	"A" Teachers
27 0	\$3,900
28 1	\$3,984
29 2	\$4,085
30 3	\$4,187
31 4	\$4,289
32 5	\$4,391
33 6	\$4,481
34 7	\$4,572
35 8	\$4,662
36 9	\$4,753
37 10	\$4,843
38 11	\$4,933
39 12	\$5,024
40 13	\$5,114
41 14	\$5,205
42 15-24	\$5,306
43 25+	\$5,510

44 **SECTION 7A.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

45 -
46 (1) Licensed teachers who have NBPTS certification shall receive a salary
47 supplement each month of twelve percent (12%) of their monthly salary on
48 the "A" salary schedule.

49 (2) Licensed teachers who are classified as "M" teachers shall receive a salary
50 supplement each month of ten percent (10%) of their monthly salary on the
51 "A" salary schedule.

- 1 (3) Licensed teachers with licensure based on academic preparation at the
2 six-year degree level shall receive a salary supplement of one hundred
3 twenty-six dollars (\$126.00) per month in addition to the supplement provided
4 to them as "M" teachers.
- 5 (4) Licensed teachers with licensure based on academic preparation at the
6 doctoral degree level shall receive a salary supplement of two hundred
7 fifty-three dollars (\$253.00) per month in addition to the supplement provided
8 to them as "M" teachers.
- 9 (5) Certified school nurses shall receive a salary supplement each month of ten
10 percent (10%) of their monthly salary on the "A" salary schedule.
- 11 (6) School counselors who are licensed as counselors at the master's degree level
12 or higher shall receive a salary supplement each month of one hundred dollars
13 (\$100.00).

14 **SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are
15 licensed as speech pathologists at the master's degree level or higher, and school audiologists
16 who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- 17 (1) The first step of the salary schedule shall be equivalent to the sixth step of the
18 "A" salary schedule.
- 19 (2) These employees shall receive the following salary supplements each month:
20 a. Ten percent (10%) of their monthly salary, excluding the supplement
21 provided pursuant to sub-subdivision b. of this subdivision.
22 b. Three hundred fifty dollars (\$350.00).
- 23 (3) These employees are eligible to receive salary supplements equivalent to those
24 of teachers for academic preparation at the six-year degree level or the
25 doctoral degree level.
- 26 (4) The twenty-sixth step of the salary schedule shall be seven and one-half
27 percent (7.5%) higher than the salary received by these same employees on
28 the twenty-fifth step of the salary schedule.

29 **SECTION 7A.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing
30 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those
31 longevity payments are included in the monthly amounts under the teacher salary schedule.

32 **SECTION 7A.1.(e)** A teacher compensated in accordance with this salary schedule
33 for the 2023-2024 school year shall receive an amount equal to the greater of the following:

- 34 (1) The applicable amount on the salary schedule for the applicable school year.
35 (2) For teachers who were eligible for longevity for the 2013-2014 school year,
36 the sum of the following:
37 a. The salary the teacher received in the 2013-2014 school year pursuant
38 to Section 35.11 of S.L. 2013-360.
39 b. The longevity that the teacher would have received under the longevity
40 system in effect for the 2013-2014 school year provided in Section
41 35.11 of S.L. 2013-360 based on the teacher's current years of service.
42 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 43 (3) For teachers who were not eligible for longevity for the 2013-2014 school
44 year, the sum of the salary and annual bonus the teacher received in the
45 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

46 **SECTION 7A.1.(f)** As used in this section, the term "teacher" shall also include
47 instructional support personnel.

48 **SECTION 7A.1.(g)** It is the intent of the General Assembly to implement the
49 following base monthly teacher salary schedule for the 2024-2025 fiscal year to licensed
50 personnel of the public schools who are classified as teachers. The salary schedule is based on
51 years of teaching experience.

2024-2025 Teacher Monthly Salary Schedule

	Years of Experience	"A" Teachers
1		
2		
3	0	\$4,100
4	1	\$4,175
5	2	\$4,250
6	3	\$4,325
7	4	\$4,400
8	5	\$4,475
9	6	\$4,572
10	7	\$4,663
11	8	\$4,753
12	9	\$4,844
13	10	\$4,935
14	11	\$5,025
15	12	\$5,116
16	13	\$5,206
17	14	\$5,297
18	15-24	\$5,388
19	25+	\$5,595
20		

CONSOLIDATED TEACHER BONUS PROGRAM

SECTION 7A.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2023-2025 fiscal biennium to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2024 and 2025, based on data from the 2022-2023 and 2023-2024 school years, respectively, in accordance with this section.

SECTION 7A.3.(b) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, one or more of the following:
 - 1. A qualifying public school unit.
 - 2. The North Carolina Virtual Public School program.
 - b. Taught one or more students who received a score listed in subsection (c) of this section.
- (2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit.
 - b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.
- (3) Eligible growth teacher. – A teacher who meets at least one of the following criteria:
 - a. Is employed by, or retired having last held a position at, a qualifying public school unit and meets one of the following criteria:

- 1 1. Is in the top twenty-five percent (25%) of teachers in the State
2 according to the EVAAS student growth index score for third
3 grade reading from the previous school year.
- 4 2. Is in the top twenty-five percent (25%) of teachers in the State
5 according to the EVAAS student growth index score for fourth
6 or fifth grade reading from the previous school year.
- 7 3. Is in the top twenty-five percent (25%) of teachers in the State
8 according to the EVAAS student growth index score for fourth,
9 fifth, sixth, seventh, or eighth grade mathematics from the
10 previous school year.
- 11 b. Is employed by, or retired having last held a position at, a local school
12 administrative unit and meets one of the following criteria:
 - 13 1. Is in the top twenty-five percent (25%) of teachers in the
14 teacher's respective local school administrative unit according
15 to the EVAAS student growth index score for third grade
16 reading from the previous school year.
 - 17 2. Is in the top twenty-five percent (25%) of teachers in the
18 teacher's respective local school administrative unit according
19 to the EVAAS student growth index score for fourth or fifth
20 grade reading from the previous school year.
 - 21 3. Is in the top twenty-five percent (25%) of teachers in the
22 teacher's respective local school administrative unit according
23 to the EVAAS student growth index score for fourth, fifth,
24 sixth, seventh, or eighth grade mathematics from the previous
25 school year.
- 26 c. Was employed by a local school administrative unit that employed in
27 the previous school year three or fewer total teachers in that teacher's
28 grade level as long as the teacher has an EVAAS student growth index
29 score from the previous school year of exceeded expected growth in
30 one of the following subject areas:
 - 31 1. Third grade reading.
 - 32 2. Fourth or fifth grade reading.
 - 33 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 34 (4) EVAAS. – The Education Value-Added Assessment System.
- 35 (5) Qualifying public school unit. – Any of the following:
 - 36 a. A local school administrative unit.
 - 37 b. A charter school.
 - 38 c. A regional school.
 - 39 d. A school providing elementary or secondary instruction operated by
40 The University of North Carolina under Article 29A of Chapter 116 of
41 the General Statutes.
- 42 (6) Qualifying teacher. – An eligible teacher who meets one of the following
43 criteria:
 - 44 a. Remains employed teaching in the same qualifying public school unit,
45 or, if an eligible advanced course teacher is only employed by the
46 North Carolina Virtual Public School program, remains employed
47 teaching in that program, at least from the school year the data is
48 collected until January 1 of the corresponding school year that the
49 bonus is paid.

- 1 b. Retired, between the last day of the school year in which the data is
2 collected and January 1 of the corresponding school year in which the
3 bonus is paid, after attaining one of the following:
4 1. The age of at least 65 with five years of creditable service.
5 2. The age of at least 60 with 25 years of creditable service.
6 3. Thirty years of creditable service.

7 **SECTION 7A.3.(c)** Advanced Course Bonuses. – A bonus in the amount of fifty
8 dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught
9 in each advanced course who receives the following score:

- 10 (1) For Advanced Placement courses, a score of three or higher on the College
11 Board Advanced Placement Examination.
12 (2) For International Baccalaureate Diploma Programme courses, a score of four
13 or higher on the International Baccalaureate course examination.
14 (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge
15 AICE program examinations.

16 **SECTION 7A.3.(d)** CTE Bonuses. – For qualifying career and technical education
17 teachers, bonuses shall be provided in the following amounts:

- 18 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught
19 by a teacher who provided instruction in a course that led to the attainment of
20 an industry certification or credential with a twenty-five dollar (\$25.00) value
21 ranking as determined under subsection (e) of this section.
22 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a
23 teacher who provided instruction in a course that led to the attainment of an
24 industry certification or credential with a fifty dollar (\$50.00) value ranking
25 as determined under subsection (e) of this section.

26 **SECTION 7A.3.(e)** CTE Course Value Ranking. – The Department of Commerce,
27 in consultation with the State Board, shall assign a value ranking for each industry certification
28 and credential based on academic rigor and employment value in accordance with this subsection.
29 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty
30 percent (50%) on employment value. Academic rigor and employment value shall be based on
31 the following elements:

- 32 (1) Academic rigor shall be based on the number of instructional hours, including
33 work experience or internship hours, required to earn the industry certification
34 or credential, with extra weight given for coursework that also provides
35 community college credit.
36 (2) Employment value shall be based on the entry wage, growth rate in
37 employment for each occupational category, and average annual openings for
38 the primary occupation linked with the industry certification or credential.

39 **SECTION 7A.3.(f)** Statewide Growth Bonuses. – Of the funds appropriated in this
40 act for the program, bonuses shall be provided to qualifying teachers who are eligible teachers
41 under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

- 42 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
43 eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of
44 subsection (b) of this section. These funds shall be distributed equally among
45 qualifying teachers.
46 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
47 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
48 a.2. of subdivision (3) of subsection (b) of this section.
49 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
50 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
51 a.3. of subdivision (3) of subsection (b) of this section.

1 **SECTION 7A.3.(g)** Local Growth Bonuses. – Of the funds appropriated in this act
2 for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c.
3 of subdivision (3) of subsection (b) of this section, as follows:

- 4 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to
5 eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of
6 subdivision (3) of subsection (b) of this section. These funds shall be divided
7 proportionally based on average daily membership in third grade for each
8 local school administrative unit and then distributed equally among qualifying
9 third grade reading teachers in each local school administrative unit.
- 10 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
11 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
12 b.2. or c.2. of subdivision (3) of subsection (b) of this section.
- 13 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to
14 each qualifying teacher who is an eligible teacher under sub-sub-subdivision
15 b.3. or c.3. of subdivision (3) of subsection (b) of this section.

16 **SECTION 7A.3.(h)** Limitations and Other Criteria. – The following additional
17 limitations and other criteria shall apply to the program:

- 18 (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d),
19 subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this
20 section shall not exceed three thousand five hundred dollars (\$3,500) per
21 subsection or subdivision in any given school year.
- 22 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1.,
23 b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a
24 bonus under both subdivision (1) of subsection (f) and subdivision (1) of
25 subsection (g) of this section but shall not receive more than seven thousand
26 dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision
27 (1) of subsection (g) of this section in any given school year.
- 28 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2.,
29 b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a
30 bonus under both subdivision (2) of subsection (f) and subdivision (2) of
31 subsection (g) of this section but shall not receive more than two bonuses
32 pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection
33 (g) of this section in any given school year.
- 34 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3.,
35 b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a
36 bonus under both subdivision (3) of subsection (f) and subdivision (3) of
37 subsection (g) of this section but shall not receive more than two bonuses
38 pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection
39 (g) of this section in any given school year.

40 **SECTION 7A.3.(i)** Bonuses Not Compensation. – Bonuses awarded to a teacher
41 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives
42 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this
43 section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement
44 System for Teachers and State Employees.

45 **SECTION 7A.3.(j)** Study and Report. – The State Board of Education shall study
46 the effect of the program on teacher performance and retention. The State Board shall report the
47 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the
48 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight
49 Committee, and the Fiscal Research Division by March 15 of each year of the 2023-2025 fiscal
50 biennium. The report shall include, at a minimum, the following information:

- 1 (1) Number of students enrolled and taking examinations in each of the following
2 categories of courses:
 - 3 a. Advanced Placement.
 - 4 b. International Baccalaureate Diploma Programme.
 - 5 c. Cambridge AICE program.
 - 6 d. Courses needed for the attainment of an industry certification or
7 credential.
- 8 (2) Number of students receiving outcomes on examinations resulting in the
9 award of a bonus for a teacher in each category of courses identified in
10 sub-subdivision a. of subdivision (1) of this subsection.
- 11 (3) Number of teachers receiving a bonus in each category of courses identified
12 in sub-subdivision a. of subdivision (1) of this subsection.
- 13 (4) The amounts awarded to teachers for each category of courses identified in
14 sub-subdivision a. of subdivision (1) of this subsection.
- 15 (5) The type of industry certifications and credentials earned by the students, the
16 value ranking for each certification and credential, the number of bonuses
17 earned for each certification or credential, and the total bonus amount awarded
18 for each certification or credential.
- 19 (6) Average bonus amount awarded to each qualifying teacher who is an eligible
20 teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of
21 subsection (b) of this section.
- 22 (7) The percentage of teachers who received a bonus pursuant to this section and
23 were eligible to receive a bonus for teaching in the same grade level or course
24 in January 2022 or January 2023, or both, where applicable, pursuant to one
25 of the following programs:
 - 26 a. The Advanced Course and CTE Bonus Program provided in Section
27 7A.4 of S.L. 2021-180.
 - 28 b. The Growth-Based Teacher Bonus Program provided in Section 7A.2
29 of S.L. of 2022-74.
- 30 (8) The percentage of teachers who received a bonus pursuant to this section and
31 received a bonus for teaching in the same grade level or course in either
32 January 2022 or January 2023 pursuant to one of the programs listed in
33 subdivision (7) of this subsection.
- 34 (9) The percentage of teachers who received a bonus pursuant to this section and
35 received a bonus for teaching in the same grade level or course in January
36 2022 or January 2023, or both, where applicable, pursuant to one of the
37 programs listed subdivision (7) of this subsection.
- 38 (10) The statistical relationship between a teacher receiving a bonus in January
39 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a
40 predecessor bonus program. For purposes of this subdivision, the following
41 are predecessor programs:
 - 42 a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are
43 predecessors to bonuses awarded pursuant to subsection (c) of this
44 section.
 - 45 b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are
46 predecessors to bonuses awarded pursuant to subsection (d) of this
47 section.
 - 48 c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and
49 subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are
50 predecessors to bonuses awarded pursuant to subdivision (1) of
51 subsection (f) and subdivision (1) of subsection (g) of this section.

- 1 d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and
 2 subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are
 3 predecessors to bonuses awarded pursuant to subdivision (2) of
 4 subsection (f) and subdivision (2) of subsection (g) of this section.
 5 e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3)
 6 of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded
 7 pursuant to subdivision (3) of subsection (f) and subdivision (3) of
 8 subsection (g) of this section.
 9 (11) The distribution of statewide and local growth bonuses awarded pursuant to
 10 this section as among qualifying public school units and, where applicable,
 11 schools within those units.
 12

13 SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

14 **SECTION 7A.4.(a)** Use of Funds. – For each year of the 2023-2025 fiscal biennium,
 15 except as provided in subsection (f1) of this section, the State Board of Education shall allocate
 16 funds pursuant to this section to eligible local school administrative units to provide salary
 17 supplements to teachers and qualifying school administrators in those units. Allocation of salary
 18 supplements among teachers and qualifying school administrators within each eligible local
 19 school administrative unit, including whether a teacher or qualifying school administrator
 20 receives a salary supplement and the amount of the supplement provided to that person, shall be
 21 determined in the discretion of the local board of education of the eligible unit, except that no
 22 individual salary supplement shall exceed the per teacher funding amount awarded to that unit
 23 pursuant to subdivision (4) of subsection (c) of this section.

24 **SECTION 7A.4.(b)** Definitions. – As used in this section, the following definitions
 25 shall apply:

- 26 (1) Adjusted market value of taxable real property. – A county's assessed taxable
 27 real property value, using the latest available data published by the
 28 Department of Revenue, divided by the county's sales assessment ratio
 29 determined under G.S. 105-289(h).
 30 (2) Composite value. – For each eligible county, the sum of the following:
 31 a. The taxable real property factor multiplied by sixty-five percent
 32 (65%).
 33 b. The median household income factor multiplied by twenty-five
 34 percent (25%).
 35 c. The effective tax rate factor multiplied by ten percent (10%).
 36 (3) County allocation factor. – For each eligible county, the supplement factor for
 37 that county divided by the sum of all supplement factors for the State.
 38 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
 39 annual sales assessment ratio for that county.
 40 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
 41 that county divided by the median effective tax rate in the State.
 42 (6) Eligible county. – A county that has an adjusted market value of taxable real
 43 property of less than fifty billion nine hundred million dollars
 44 (\$50,900,000,000).
 45 (7) Eligible local school administrative unit. – A local school administrative unit
 46 located in whole or in part in an eligible county.
 47 (8) Eligible school. – A public school that is located in an eligible county and
 48 governed by a local school administrative unit.
 49 (9) Maintenance of effort amount. – For each local school administrative unit in
 50 each fiscal year, the supplant factor multiplied by the total State and non-State

- 1 funds expended for salaries for teachers from the fiscal year for which the
2 most recent salary data are available.
- 3 (10) Median household income. – A county's median household income for the
4 most recent 12 months for which data are available, as that term is used in
5 G.S. 143B-437.08.
- 6 (11) Median household income factor. – For each eligible county, the median
7 household income in the State divided by the median household income for
8 that county.
- 9 (12) Non-State funds. – Any funds held by a local school administrative unit, other
10 than nonrecurring federal funds received as a result of legislation enacted by
11 Congress in response to COVID-19, that are not State funds.
- 12 (13) Qualifying school administrator. – Any of the following:
13 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
14 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 15 (14) Supplant factor. – For each local school administrative unit in each fiscal year
16 of the fiscal biennium, the total non-State funds expended for salary
17 supplements for teachers in the 2020-2021 fiscal year divided by the total
18 State and non-State funds expended for salaries for teachers in the 2020-2021
19 fiscal year.
- 20 (15) Supplement factor. – For each eligible county, the composite value multiplied
21 by the number of State-funded teachers employed in a school in the county
22 that is governed by a local school administrative unit.
- 23 (16) Taxable real property factor. – For each eligible county, the median adjusted
24 market value of taxable real property in the State divided by the adjusted
25 market value of taxable real property for that county.
- 26 (17) Teacher. – Teachers and instructional support personnel.
- 27 **SECTION 7A.4.(c)** Allocation of Funds. – The State Board of Education shall
28 allocate funds for salary supplements to eligible local school administrative units according to
29 the following procedure:
- 30 (1) County allocation. – For each eligible county, the State Board shall determine
31 a county allocation by multiplying the county allocation factor for that county
32 by the funding amount appropriated pursuant to this section for the applicable
33 fiscal year.
- 34 (2) Per teacher funding amount. – For each eligible county, the State Board shall
35 determine a per teacher funding amount by dividing the county allocation
36 amounts determined pursuant to subdivision (1) of this subsection by the total
37 number of State-funded teachers employed in all eligible schools in that
38 county.
- 39 (3) Unit funding amount. – For each eligible local school administrative unit, the
40 State Board shall determine the funding amount for that unit based on the per
41 teacher funding amount or amounts for the eligible county or counties where
42 the unit is located. For each county with an eligible school governed by the
43 unit, the State Board shall multiply the applicable per teacher funding amount
44 for that county determined pursuant to subdivision (2) of this subsection by
45 the number of State-funded teachers employed in the eligible school in that
46 county. If the unit is located in multiple eligible counties, the State Board shall
47 aggregate those amounts.
- 48 (4) Allocation and funding cap. – The State Board shall allocate the amount
49 determined pursuant to subdivision (3) of this subsection to each eligible local
50 school administrative unit for each applicable fiscal year, up to a maximum of
51 five thousand dollars (\$5,000) per State-funded teacher.

1 **SECTION 7A.4.(d)** Charter Schools. – Funds appropriated to the Department of
2 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter
3 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools
4 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying
5 school administrators in the charter school in accordance with the requirements of this section.

6 **SECTION 7A.4.(e)** Formula for Distribution of Supplemental Funding Pursuant to
7 this Section Only. – The formula in this section is solely a basis for distribution of supplemental
8 funding to eligible local school administrative units and is not intended to reflect any measure of
9 the adequacy of the educational program or funding for public schools. The formula is also not
10 intended to reflect any commitment by the General Assembly to appropriate any additional
11 supplemental funds for eligible local school administrative units.

12 **SECTION 7A.4.(f)** Nonsupplant Requirement. – A local school administrative unit
13 that receives funds under this section shall use those funds to supplement non-State funds
14 provided for salary supplements for teachers and qualifying school administrators and shall not
15 use any State funds, including funds received under this section or Section 7A.12 of S.L.
16 2021-180, to supplant non-State funds provided for salary supplements for teachers and
17 qualifying school administrators. For purposes of this section, a local school administrative unit
18 has supplanted non-State funds if the State Board finds that the amount of non-State funds
19 expended by the unit for salary supplements was less than ninety-five percent (95%) of the
20 maintenance of effort amount for the local school administrative unit.

21 **SECTION 7A.4.(f1)** Nonsupplant Enforcement. – If the State Board of Education
22 determines that a local school administrative unit has supplanted non-State funds in violation of
23 subsection (f) of this section, the State Board of Education shall do the following:

- 24 (1) For the 2023-2024 fiscal year, continue to allocate funds to the unit in
25 accordance with subsection (c) of this section.
- 26 (2) For the 2024-2025 fiscal year, not allocate any funds under this section to the
27 unit.

28 **SECTION 7A.4.(f2)** Additional Penalty for Consecutive Supplanting. – It is the
29 intent of the General Assembly that the State Board of Education will not allocate supplemental
30 funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year
31 if the State Board of Education determines that the local school administrative unit supplanted
32 non-State funds provided for salary supplements for teachers and qualifying school
33 administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For
34 the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to
35 have supplanted non-State funds for purposes of this subsection if the State Board determines
36 that the unit supplanted non-State funds solely with any State funds for which the allowable uses
37 include salary supplements for teachers or qualifying school administrators.

38 **SECTION 7A.4.(g)** Reports. – No later than April 15 of each year of the 2023-2025
39 fiscal biennium, the State Board of Education shall report the following information for the
40 applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal
41 Research Division:

- 42 (1) A list of all eligible counties and eligible local school administrative units.
- 43 (2) Funds allocated to each eligible local school administrative unit.
- 44 (3) The percentage and amount of teachers and qualifying school administrators
45 in each eligible local school administrative unit receiving salary supplements.
- 46 (4) The average salary supplement amount in each eligible local school
47 administrative unit.
- 48 (5) The range of salary supplement amounts in each eligible local school
49 administrative unit.
- 50 (6) The effect of the salary supplements on the retention of teachers and
51 qualifying school administrators in eligible local school administrative units.

(7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-302.8. Small county and low-wealth signing bonus.

(a) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible employee. – A person who meets all of the following criteria:

- a. Accepts employment as a teacher with an eligible employer.
- b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the prior fiscal year.
- c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1 of the school year for which the teacher accepts employment.

(2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the year in which the teacher accepts employment pursuant to sub-subdivision c. of subdivision (1) of this subsection:

- a. Small county school system supplemental funding.
- b. Supplemental funding for local school administrative units in low-wealth counties.

(3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.

(4) Teacher. – Teachers and instructional support personnel.

(b) Signing Bonus Program. – To the extent funds are provided for this purpose, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided each school year to all eligible employees who are employed by an eligible employer as long as they are matched on the basis of one dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in State funds.

(c) Limited Exclusion from Future Signing Bonuses. – A teacher who receives a signing bonus pursuant to this section is ineligible to receive another signing bonus pursuant to this section or a similar enactment of the General Assembly for at least two full school years. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

(d) Bonuses as Additions. – The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled to receive.

(e) Not for Retirement. – Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees."

SECTION 7A.5.(b) This section applies beginning with eligible employees who accept employment as a teacher with an eligible employer for the 2023-2024 school year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.6.(a) The following annual salary schedule for principals shall apply for the 2023-2024 fiscal year, beginning July 1, 2023:

2023-2024 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$75,526	\$83,078	\$90,631

1	201-400	\$79,302	\$87,232	\$95,162
2	401-700	\$83,078	\$91,386	\$99,694
3	701-1,000	\$86,855	\$95,540	\$104,226
4	1,001-1,600	\$90,631	\$99,694	\$108,757
5	1,601+	\$94,407	\$103,848	\$113,288

6 A principal's placement on the salary schedule shall be determined according to the
 7 average daily membership of the school supervised by the principal, as described in subsection
 8 (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for
 9 each school the principal supervised in one or more prior school years, as described in subsection
 10 (c) of this section, regardless of a break in service, and provided the principal supervised each
 11 school as a principal for at least a majority of the school year, as follows:

12 (1) A principal shall be paid according to the Exceeded Growth column of the
 13 schedule as follows:

- 14 a. Between July 1, 2023, and December 31, 2023, if the school growth
 15 score shows the school exceeded expected growth.
- 16 b. Between January 1, 2024, and June 30, 2024, if the higher school
 17 growth score in one of the two prior school years shows that the school
 18 exceeded expected growth.

19 (2) A principal shall be paid according to the Met Growth column of the schedule
 20 as follows:

- 21 a. Between July 1, 2023, and December 31, 2023, if the school growth
 22 score shows the school met expected growth or the principal
 23 supervised a school in the prior school year that was not eligible to
 24 receive a school growth score.
- 25 b. Between January 1, 2024, and June 30, 2024, if any of the following
 26 apply:
 27 1. The higher school growth score in one of the two prior school
 28 years shows that the school met expected growth.
 29 2. The principal supervised a school in the two prior school years
 30 that was not eligible to receive a school growth score.

31 (3) A principal shall be paid according to the Base column, as follows:

- 32 a. Between July 1, 2023, and December 31, 2023, if the school growth
 33 score shows the school did not meet expected growth or the principal
 34 has not supervised any school as a principal for a majority of the prior
 35 school year.
- 36 b. Between January 1, 2024, and June 30, 2024, if any of the following
 37 apply:
 38 1. The school growth scores from the two prior school years show
 39 that the school did not meet expected growth in both years.
 40 2. The principal has not supervised any school as a principal for
 41 a majority of the two prior school years.

42 **SECTION 7A.6.(b)** For purposes of determining the average daily membership of a
 43 principal's school, the following amounts shall be used during the following time periods:

- 44 (1) Between July 1, 2023, and December 31, 2023, the average daily membership
 45 for the school from the 2022-2023 school year. If the school did not have an
 46 average daily membership in the 2022-2023 school year, the projected average
 47 daily membership for the school for the 2023-2024 school year.
- 48 (2) Between January 1, 2023, and June 30, 2023, the average daily membership
 49 for the school for the 2023-2024 school year.

50 **SECTION 7A.6.(b1)** Beginning in the 2024-2025 fiscal year, it is the intent of the
 51 General Assembly to include in the calculation of the average daily membership of a principal's

1 school the average daily membership of any prekindergarten students in membership at the
2 school.

3 **SECTION 7A.6.(c)** For purposes of determining the school growth scores for each
4 school the principal supervised in one or more prior school years, the following school growth
5 scores shall be used during the following time periods:

- 6 (1) Between July 1, 2023, and December 31, 2023, the school growth score from
7 the 2021-2022 school year.
- 8 (2) Between January 1, 2023, and June 30, 2023, the school growth scores from
9 the 2021-2022 and 2022-2023 school years.

10 **SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
11 annual longevity payments to principals paid on the principal salary schedule, the amounts of
12 those longevity payments are included in the annual amounts under the principal salary schedule.

13 **SECTION 7A.6.(e)** A principal compensated in accordance with this section for the
14 2023-2024 fiscal year shall receive an amount equal to the greater of the following:

- 15 (1) The applicable amount on the salary schedule for the applicable year.
- 16 (2) For principals who were eligible for longevity in the 2016-2017 fiscal year,
17 the sum of the following:
 - 18 a. The salary the principal received in the 2016-2017 fiscal year pursuant
19 to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 20 b. The longevity that the principal would have received as provided for
21 State employees under the North Carolina Human Resources Act for
22 the 2016-2017 fiscal year based on the principal's current years of
23 service.
- 24 (3) For principals who were not eligible for longevity in the 2016-2017 fiscal
25 year, the salary the principal received in the 2016-2017 fiscal year pursuant to
26 Section 9.1 or Section 9.2 of S.L. 2016-94.

27 **SECTION 7A.6.(f)** It is the intent of the General Assembly to implement the
28 following annual salary schedule for principals for the 2024-2025 fiscal year, beginning July 1,
29 2024:

30 **2024-2025 Principal Annual Salary Schedule**

31 Avg. Daily Membership	32 Base	33 Met Growth	34 Exceeded Growth
35 0-200	\$77,792	\$85,570	\$93,350
36 201-400	\$81,681	\$89,849	\$98,017
37 401-700	\$85,570	\$94,128	\$102,685
38 701-1,000	\$89,461	\$98,406	\$107,353
39 1,001-1,600	\$93,350	\$102,685	\$112,020
40 1,601+	\$97,239	\$106,963	\$116,687

41 **BONUSES FOR PRINCIPALS**

42 **SECTION 7A.7.(a)** The Department of Public Instruction shall administer a bonus
43 in the 2023-2024 fiscal year to any principal who supervised a school as a principal for a majority
44 of the previous school year if that school was in the top fifty percent (50%) of school growth in
45 the State during the previous school year, calculated by the State Board pursuant to
46 G.S. 115C-83.15(c), as follows:

47 **2023-2024 Principal Bonus Schedule**

48 Statewide Growth Percentage	49 Bonus
50 Top 5%	\$15,000
51 Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

1 A principal shall receive no more than one bonus pursuant to this subsection. The
2 bonus shall be paid at the highest amount for which the principal qualifies.

3 **SECTION 7A.7.(b)** The bonus awarded pursuant to this section shall be in addition
4 to any regular wage or other bonus the principal receives or is scheduled to receive.

5 **SECTION 7A.7.(c)** Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant
6 to this section are not compensation under Article 1 of Chapter 135 of the General Statutes,
7 Retirement System for Teachers and State Employees.

8 **SECTION 7A.7.(d)** It is the intent of the General Assembly that funds provided
9 pursuant to this section will supplement principal compensation and not supplant local funds.

10 **SECTION 7A.7.(e)** The bonus provided pursuant to this section shall be paid no
11 later than October 31, 2023, to qualifying principals employed as of October 1, 2023.

12 **ASSISTANT PRINCIPAL SALARIES**

13 **SECTION 7A.8.(a)** For the 2023-2024 fiscal year, beginning July 1, 2023, assistant
14 principals shall receive a monthly salary based on the salary schedule for teachers who are
15 classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on
16 the step on the salary schedule that reflects the total number of years of experience as a certified
17 employee of the public schools. For purposes of this section, an administrator with a one-year
18 provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

19 **SECTION 7A.8.(b)** Assistant principals with certification based on academic
20 preparation at the six-year degree level shall be paid a salary supplement of one hundred
21 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary
22 supplement of two hundred fifty-three dollars (\$253.00) per month.

23 **SECTION 7A.8.(c)** Participants in an approved full-time master's in school
24 administration program shall receive up to a 10-month stipend during the internship period of the
25 master's program. The stipend shall be at the beginning salary of an assistant principal or, for a
26 teacher who becomes an intern, at least as much as that person would earn as a teacher on the
27 teacher salary schedule. The North Carolina Principal Fellows Program or the school of education
28 where the intern participates in a full-time master's in school administration program shall supply
29 the Department of Public Instruction with certification of eligible full-time interns.

30 **SECTION 7A.8.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing
31 annual longevity payments to assistant principals on the assistant principal salary schedule, the
32 amounts of those longevity payments are included in the monthly amounts provided to assistant
33 principals pursuant to subsection (a) of this section.

34 **SECTION 7A.8.(e)** An assistant principal compensated in accordance with this
35 section for the 2023-2024 fiscal year shall receive an amount equal to the greater of the following:

- 36 (1) The applicable amount on the salary schedule for the applicable year.
- 37 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal
38 year, the sum of the following:
 - 39 a. The salary the assistant principal received in the 2016-2017 fiscal year
40 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
 - 41 b. The longevity that the assistant principal would have received as
42 provided for State employees under the North Carolina Human
43 Resources Act for the 2016-2017 fiscal year based on the assistant
44 principal's current years of service.
- 45 (3) For assistant principals who were not eligible for longevity in the 2016-2017
46 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal
47 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

48 **CENTRAL OFFICE SALARIES**

1 **SECTION 7A.9.(a)** For the 2023-2024 fiscal year, beginning July 1, 2023, the
 2 annual salary for superintendents, assistant superintendents, associate superintendents,
 3 directors/coordinators, supervisors, and finance officers whose salaries are supported from State
 4 funds shall be increased by four percent (4%).

5 **SECTION 7A.9.(b)** It is the intent of the General Assembly to increase the annual
 6 salary for superintendents, assistant superintendents, associate superintendents,
 7 directors/coordinators, supervisors, and finance officers whose salaries are supported from State
 8 funds for the 2024-2025 fiscal year, beginning July 1, 2024, by three percent (3%).

9 **SECTION 7A.9.(c)** The monthly salary maximums that follow apply to assistant
 10 superintendents, associate superintendents, directors/coordinators, supervisors, and finance
 11 officers for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year
	Maximum
School Administrator I	\$7,352
School Administrator II	\$7,790
School Administrator III	\$8,254
School Administrator IV	\$8,577
School Administrator V	\$8,919
School Administrator VI	\$9,448
School Administrator VII	\$9,825

12 The local board of education shall determine the appropriate category and placement
 13 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or
 14 finance officer within the maximums and within funds appropriated by the General Assembly
 15 for central office administrators and superintendents. The category in which an employee is
 16 placed shall be included in the contract of any employee.

17 **SECTION 7A.9.(d)** The monthly salary maximums that follow apply to
 18 superintendents for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year
	Maximum
Superintendent I	\$10,415
Superintendent II	\$11,035
Superintendent III	\$11,698
Superintendent IV	\$12,401
Superintendent V	\$13,147

19 The local board of education shall determine the appropriate category and placement
 20 for the superintendent based on the average daily membership of the local school administrative
 21 unit and within funds appropriated by the General Assembly for central office administrators and
 22 superintendents.

23 **SECTION 7A.9.(e)** Longevity pay for superintendents, assistant superintendents,
 24 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as
 25 provided for State employees under the North Carolina Human Resources Act.

26 **SECTION 7A.9.(f)** Superintendents, assistant superintendents, associate
 27 superintendents, directors/coordinators, supervisors, and finance officers with certification based
 28 on academic preparation at the six-year degree level shall receive a salary supplement of one
 29 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
 30 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,
 31 directors/coordinators, supervisors, and finance officers with certification based on academic
 32 preparation at the doctoral degree level shall receive a salary supplement of two hundred
 33 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this
 34 section.
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1 **SECTION 7A.9.(g)** The State Board of Education shall not permit local school
 2 administrative units to transfer State funds from other funding categories for salaries for public
 3 school central office administrators.

4 **SECTION 7A.9.(h)** It is the intent of the General Assembly that the monthly salary
 5 maximums that follow shall apply to assistant superintendents, associate superintendents,
 6 directors/coordinators, supervisors, and finance officers for the 2024-2025 fiscal year, beginning
 7 July 1, 2024:

	2024-2025 Fiscal Year
	Maximum
School Administrator I	\$7,573
School Administrator II	\$8,024
School Administrator III	\$8,502
School Administrator IV	\$8,834
School Administrator V	\$9,187
School Administrator VI	\$9,731
School Administrator VII	\$10,120

17 **SECTION 7A.9.(i)** It is the intent of the General Assembly that the monthly salary
 18 maximums that follow shall apply to superintendents for the 2024-2025 fiscal year, beginning
 19 July 1, 2024:

	2024-2025 Fiscal Year
	Maximum
Superintendent I	\$10,727
Superintendent II	\$11,366
Superintendent III	\$12,049
Superintendent IV	\$12,773
Superintendent V	\$13,541

27
 28 **NONCERTIFIED PERSONNEL SALARIES**

29 **SECTION 7A.10.(a)** For the 2023-2024 fiscal year, beginning July 1, 2023, the
 30 annual salary for noncertified public school employees whose salaries are supported from State
 31 funds shall be increased as follows:

- 32 (1) For permanent, full-time employees on a 12-month contract, by four percent
 33 (4%).
- 34 (2) For the following employees, by an equitable amount based on the amount
 35 specified in subdivision (1) of this subsection:
 - 36 a. Permanent, full-time employees on a contract for fewer than 12
 37 months.
 - 38 b. Permanent, part-time employees.
 - 39 c. Temporary and permanent hourly employees.

40 **SECTION 7A.10.(b)** Of the funds appropriated in this act to the Department of
 41 Public Instruction for the 2023-2024 fiscal year, the sum of four million seven hundred sixteen
 42 thousand nine hundred thirty-two dollars (\$4,716,932) in recurring funds shall be allocated to
 43 local boards of education to increase the average rates of pay for school bus drivers. These funds
 44 shall be allocated on an equitable basis among all school bus drivers in the local school
 45 administrative unit. Compensation increases received by school bus drivers pursuant to this
 46 subsection shall be in addition to the increases provided for noncertified personnel pursuant to
 47 subsection (a) of this section.

48 **SECTION 7A.10.(c)** For the 2024-2025 fiscal year, beginning July 1, 2024, it is the
 49 intent of the General Assembly to increase the annual salary for noncertified public school
 50 employees whose salaries are supported from State funds as follows:

- 1 (1) For permanent, full-time employees on a 12-month contract, by three percent
- 2 (3%).
- 3 (2) For the following employees, by an equitable amount based on the amount
- 4 specified in subdivision (1) of this subsection:
- 5 a. Permanent, full-time employees on a contract for fewer than 12
- 6 months.
- 7 b. Permanent, part-time employees.
- 8 c. Temporary and permanent hourly employees.
- 9

10 PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

11 UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS

12 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the
13 2023-2025 fiscal biennium for student financial aid shall be allocated in accordance with
14 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if
15 the interest income generated from the Escheat Fund is less than the amounts referenced in this
16 act, the difference may be taken from the Escheat Fund principal to reach the appropriations
17 referenced in this act; however, under no circumstances shall the Escheat Fund principal be
18 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat
19 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,
20 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount
21 of the Escheat Fund income for that fiscal year.

22 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall
23 conduct periodic evaluations of expenditures of the student financial aid programs administered
24 by the Authority to determine if allocations are utilized to ensure access to institutions of higher
25 education and to meet the goals of the respective programs. The Authority may make
26 recommendations for redistribution of funds to the President of The University of North Carolina
27 and the President of the Community College System regarding their respective student financial
28 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal
29 year.
30

31 UNC BUILDING RESERVE STUDY

32 **SECTION 8.2.(a)** For purposes of this section, the following definitions shall apply:

- 33 (1) Building. – A building that is operated or maintained by The University of
- 34 North Carolina or a constituent institution of The University of North
- 35 Carolina.
- 36 (2) Building reserve model. – The formula used by The University of North
- 37 Carolina System Office to determine the operating and maintenance costs for
- 38 buildings once construction of those buildings is complete.
- 39

40 **SECTION 8.2.(b)** No later than April 1, 2024, the Board of Governors of The
41 University of North Carolina shall study and report to the Joint Legislative Education Oversight
42 Committee and the Fiscal Research Division on the building reserve model. At a minimum, the
43 report shall include the following information:

- 44 (1) For all buildings, disaggregated by constituent institution and fund source, the
- 45 following:
- 46 a. Expenditures related to operation and maintenance costs for the
- 47 2022-2023 fiscal year, including expenditures disaggregated on the
- 48 basis of at least the following building reserve model outputs and
- 49 expenses:
 - 50 1. Personnel and fringe benefits.
 - 51 2. Utilities and insurance.

- 1 3. Custodial and supplies.
- 2 4. Facilities and maintenance.
- 3 5. Information technology.
- 4 b. The number of full-time equivalent positions for building operation
- 5 and maintenance used in the 2022-2023 fiscal year, including at least
- 6 positions that align with the following building reserve model outputs
- 7 and expenses:
- 8 1. Building environmental service technician and supervisor.
- 9 2. Building environmental service supervisor.
- 10 3. Facilities maintenance technician mechanical.
- 11 4. Public safety officer.
- 12 5. Environmental health and safety professional.
- 13 6. Information technology networking analyst.
- 14 7. Information technology networking technician.
- 15 8. Facilities maintenance technician trades.
- 16 c. Recurring expenditures generated by the current building reserve
- 17 model, taking into account all gross square feet and building types, for
- 18 at least the outputs and expenses identified in sub-subdivision a. of this
- 19 subdivision.
- 20 d. The number of full-time positions generated by the current building
- 21 reserve model, taking into account all gross square feet and building
- 22 types, for at least the outputs and expenses identified in
- 23 sub-subdivision b. of this subdivision.
- 24 (2) An analysis of the findings in subdivision (1) of this subsection, including at
- 25 least the following information:
- 26 a. Any instances where the current building reserve model aligns or
- 27 misaligns with full-time equivalent positions and actual expenditures
- 28 of the constituent institutions.
- 29 b. Any substantial differences among constituent institutions in actual
- 30 operating and maintenance expenditures compared to projected
- 31 expenditures under the building reserve model.
- 32 c. Recommendations to improve the process of providing operation and
- 33 maintenance funds for buildings.
- 34

COMPLETION ASSISTANCE PROGRAMS

SECTION 8.3.(a) For purposes of this section, the term "eligible constituent institutions" refers to the following constituent institutions of The University of North Carolina:

- 38 (1) Elizabeth City State University.
- 39 (2) Fayetteville State University.
- 40 (3) North Carolina Agricultural and Technical State University.
- 41 (4) North Carolina Central University.
- 42 (5) The University of North Carolina at Asheville.
- 43 (6) The University of North Carolina at Greensboro.
- 44 (7) The University of North Carolina at Pembroke.
- 45 (8) Winston-Salem State University.

SECTION 8.3.(b) For the 2023-2025 fiscal biennium, the Board of Governors of The University of North Carolina shall establish a Completion Assistance Program (Program) at each eligible constituent institution. At a minimum, each Program shall meet the following criteria:

- 50 (1) A student enrolled in a Program established by this section may receive up to
- 51 one thousand dollars (\$1,000) per academic year under that Program to pay

1 for the costs of continuing attendance and earning necessary credit hours at
2 the eligible constituent institution.

3 (2) A student shall be eligible to receive funds under a Program if the student
4 meets at least the following requirements:

5 a. Needs financial assistance to remain enrolled at the eligible constituent
6 institution and earn credits necessary to graduate on time.

7 b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.

8 c. Meets satisfactory academic progress, as determined by the Board.

9 d. Has completed or is on track to complete at least 60 academic credit
10 hours by the end of the semester in which the funds are provided.

11 e. Has completed the Free Application for Federal Student Aid (FAFSA)
12 for the academic year in which the funds are provided.

13 f. Has an unpaid balance with the eligible constituent institution. This
14 may include an unpaid balance for tuition, fees, room, board, or other
15 expenses of attendance.

16 **SECTION 8.3.(c)** The Board of Governors of The University of North Carolina shall
17 report on each Completion Assistance Program established pursuant to this section to the Joint
18 Legislative Education Oversight Committee no later than March 15, 2025. The report shall
19 include, at a minimum, an analysis of the impact of each Program on the following:

20 (1) On-time graduation rates.

21 (2) Student debt at graduation.

22 **SECTION 8.3.(d)** Of the nonrecurring funds appropriated in this act to the Board of
23 Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium
24 for Completion Assistance Programs, the Board shall allocate funds to each eligible constituent
25 institution of The University of North Carolina proportional to the number of undergraduate
26 students enrolled at each eligible constituent institution who are residents of North Carolina and
27 recipients of a federal Pell Grant.

28
29 **NC AHEC TO ESTABLISH TEAM-BASED CARE CLINICAL TEACHING HUBS AND**
30 **STUDY IMPEDIMENTS TO THE AVAILABILITY OF COMMUNITY-BASED**
31 **PRECEPTORS**

32 **SECTION 8.4.(a)** Of the nonrecurring funds appropriated in this act from the ARPA
33 Temporary Savings Fund in the 2023-2024 fiscal year and the recurring funds appropriated in
34 this act from the General Fund in the 2024-2025 fiscal year to the Board of Governors of The
35 University of North Carolina to be allocated to the University of North Carolina at Chapel Hill
36 for the North Carolina Area Health Education Centers Program (NC AHEC) to create team-based
37 teaching sites, NC AHEC shall contract with up to five rural community-based medical teaching
38 practices for at least one hundred fifty thousand dollars (\$150,000) per teaching practice per year
39 to establish and maintain up to five outpatient, clinical, team-based healthcare teaching sites
40 across the rural areas of the State. At least one site shall be located in each of the three regions
41 of the State. For purposes of this subsection, the regions of the State are the Western region, the
42 Piedmont region, and the Eastern region. The teaching sites shall serve as team-based locations
43 for medical students to learn alongside nurse practitioners or physician assistants in rural clinical
44 primary care rotations. Community-based medical teaching practices receiving funds pursuant to
45 this subsection shall contract with clinical preceptors to provide instruction, including significant
46 time devoted to clinical instruction, to medical students and student nurse practitioners or student
47 physician assistants. In establishing and maintaining these teaching sites, NC AHEC shall
48 provide technical assistance to the teaching sites and consult, as appropriate, with schools within
49 institutions of higher education that provide instruction for medical students, nurse practitioner
50 students, and physician assistant students. No later than March 15 of each year funds are provided
51 under this subsection, NC AHEC shall study the impact of the teaching sites and report at least

1 the following information to the Joint Legislative Education Oversight Committee and the Joint
2 Legislative Oversight Committee on Health and Human Services:

- 3 (1) The identity of the community-based medical teaching practices receiving
4 funds.
- 5 (2) An analysis of the financial impact of providing these services on a
6 community-based medical teaching practice.
- 7 (3) The impact of the teaching sites on (i) the learning and success of students and
8 (ii) the health and well-being of the respective service areas for each site.

9 **SECTION 8.4.(b)** Of the nonrecurring funds appropriated in this act from the ARPA
10 Temporary Savings Fund in the 2023-2024 fiscal year and the recurring funds appropriated in
11 this act from the General Fund in the 2024-2025 fiscal year to the Board of Governors of The
12 University of North Carolina to be allocated to the University of North Carolina at Chapel Hill
13 for the North Carolina Area Health Education Centers Program (NC AHEC), NC AHEC may
14 use up to two hundred fifty thousand dollars (\$250,000) in each year of the 2023-2025 fiscal
15 biennium to study (i) the availability of community preceptors in North Carolina and nearby
16 states and (ii) the demand for those preceptors, including factors that influence the supply and
17 barriers that community-based outpatient clinicians face in teaching healthcare professional
18 students. NC AHEC shall provide an interim report with its findings to the Joint Legislative
19 Education Oversight Committee and the Joint Legislative Oversight Committee on Health and
20 Human Services no later than April 1, 2024, and a final report no later than September 1, 2024.
21 NC AHEC shall consult with other healthcare professional organizations and boards, including,
22 but not limited to, the North Carolina Nurses Association, the North Carolina Academy of Family
23 Physicians, the North Carolina Academy of Physician Assistants, the North Carolina Healthcare
24 Association, the North Carolina Independent Colleges and Universities, the North Carolina
25 Medical Society, the North Carolina Pediatric Society, The University of North Carolina, the
26 North Carolina Board of Nursing, and the North Carolina Medical Board. As part of its study,
27 NC AHEC shall do at least the following:

- 28 (1) Survey other states to identify the best innovative and effective approaches to
29 address preceptor shortages for medical students, nurse practitioner students,
30 physician assistant students, and prelicensure nursing students.
- 31 (2) Research and report on the current approaches to identifying, engaging,
32 financing, and evaluating clinical training sites and how schools use tuition
33 funding to cover their students' costs related to clinical placements and
34 training. As part of this component of the study, NC AHEC shall consult with
35 the Board of Governors of The University of North Carolina, the State Board
36 of Community Colleges, and the North Carolina Independent Colleges and
37 Universities.
- 38 (3) Assess the capacity of North Carolina and nearby states for clinical training
39 sites, in consultation with the North Carolina Healthcare Association
40 (NCHA), the North Carolina Community Health Center Association, and
41 clinically integrated networks, including the following information:
 - 42 a. The number and percentage of independent and health system
43 practices that are currently clinical training sites in this State.
 - 44 b. The number and percentage of independent and health system
45 practices that could become clinical training sites in this State.
 - 46 c. The impacts on the efficiency of clinical practices when or if they
47 become clinical training sites.
 - 48 d. The financial impact on an independent or health system practice if it
49 precepts students in clinical rotations.

1 **ESTABLISH THE SCHOOL OF CIVIC LIFE AND LEADERSHIP AT THE**
2 **UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

3 **SECTION 8.5.(a)** The Board of Trustees of the University of North Carolina at
4 Chapel Hill, in consultation with the Board of Governors of The University of North Carolina,
5 the Provost of the University of North Carolina at Chapel Hill, and faculty and administration
6 officials at the University of North Carolina at Chapel Hill, shall establish the School of Civic
7 Life and Leadership at the University of North Carolina at Chapel Hill (the School). The School
8 shall meet at least the following requirements:

- 9 (1) Provide course opportunities for students. Courses may focus on the
10 development of democratic competencies informed by American history and
11 the American political tradition, with the purpose of fostering public discourse
12 and civil engagement necessary to promote democracy and benefit society.
- 13 (2) Subject to approval of the Provost and the inaugural dean of the School, house
14 the Program on Public Discourse.
- 15 (3) Develop programming to address the topics identified in subdivision (1) of
16 this subsection and provide resources to students, faculty, and the general
17 public, as needed.
- 18 (4) Hire at least 10 and no more than 20 faculty members from outside the
19 University of North Carolina at Chapel Hill. These faculty members shall be
20 hired with permanent tenure or be eligible to receive permanent tenure in
21 accordance with policies adopted by The Board of Governors of The
22 University of North Carolina and the University of North Carolina at Chapel
23 Hill. The School shall not hire any faculty member without approval of the
24 dean of the School. Faculty members may hold joint or courtesy appointments
25 with other existing units of the University of North Carolina at Chapel Hill.

26 **SECTION 8.5.(b)** If the nonrecurring funds appropriated in this act to the Board of
27 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated
28 to the University of North Carolina at Chapel Hill for the School of Civic Life and Leadership
29 are insufficient to establish the School pursuant to subsection (a) of this section, the University
30 of North Carolina at Chapel Hill shall expend sufficient additional funds to achieve that purpose.

31 **SECTION 8.5.(c)** No later than December 31, 2023, the Provost of the University
32 of North Carolina at Chapel Hill shall name the inaugural dean of the School, subject to the
33 approval of the Board of Trustees.

34 **SECTION 8.5.(d)** No later than March 15, 2024, the Board of Trustees of the
35 University of North Carolina at Chapel Hill shall report to the Joint Legislative Education
36 Oversight Committee and the Fiscal Research Division on progress made toward establishing the
37 School of Civic Life and Leadership and factors affecting the long-term sustainability of the
38 School.

39
40 **REDUCE NUMBER OF REQUIRED UNC LABORATORY SCHOOLS FROM NINE TO**
41 **EIGHT**

42 **SECTION 8.6.(a)** G.S. 116-239.5(a) reads as rewritten:

43 "(a) The Board of Governors, upon recommendation by the President, shall designate
44 constituent institutions to submit proposals to establish at least ~~nine~~eight laboratory schools in
45 total to serve public school students in accordance with the provisions of this Article. The Board
46 of Governors shall select constituent institutions with high-quality educator preparation programs
47 as demonstrated by the annual performance measures reported by the constituent institutions in
48 accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory
49 Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~
50 eight of the proposals to establish laboratory schools. The Subcommittee may select a constituent

1 institution to operate more than one laboratory school. The Subcommittee shall oversee the
2 operations of those laboratory schools to meet the purposes set forth in this Article."

3 **SECTION 8.6.(b)** G.S. 116-239.7(a1) reads as rewritten:

4 "(a1) Approval of Laboratory Schools. – The Board of Governors, upon the
5 recommendation of the President, shall designate constituent institutions to establish and operate
6 a total of at least ~~nine~~eight laboratory schools. The chancellor of each constituent institution
7 shall adopt and submit to the Subcommittee a proposal to operate one or more laboratory schools
8 in one or more local school administrative units that meet the minimum threshold for the number
9 of low-performing schools located in a unit under G.S. 116-239.6(4). The proposal shall include
10 the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals
11 for approval or disapproval by considering the design components and the strategic focus of the
12 laboratory school and any other standards developed by the Subcommittee to be applicable to all
13 laboratory schools. The Subcommittee shall also consider the location of each laboratory school
14 so that, to the extent possible, there is a geographically diverse distribution of the laboratory
15 schools throughout the State. From the proposals submitted to the Subcommittee, the
16 Subcommittee shall approve the establishment of at least ~~nine~~eight laboratory schools."
17

18 **FUNDS FOR ATHLETIC DEPARTMENTS WITH APPROVED PLANS TO PROVIDE** 19 **ECONOMIC BENEFITS**

20 **SECTION 8.7.(a)** For each fiscal year funds are provided pursuant to subsection (b)
21 of this section, the athletic department for each of the following constituent institutions shall
22 develop and submit to the President of The University of North Carolina a plan to provide an
23 economic benefit to the constituent institution and the service region of the constituent institution
24 in that fiscal year:

- 25 (1) Elizabeth City State University.
- 26 (2) Fayetteville State University.
- 27 (3) North Carolina Agricultural and Technical State University.
- 28 (4) North Carolina Central University.
- 29 (5) The University of North Carolina at Asheville.
- 30 (6) The University of North Carolina at Greensboro.
- 31 (7) The University of North Carolina at Pembroke.
- 32 (8) The University of North Carolina at Wilmington.
- 33 (9) Western Carolina University.
- 34 (10) Winston-Salem State University.

35 **SECTION 8.7.(b)** Of the nonrecurring funds appropriated in this act to the Board of
36 Governors of The University of North Carolina for each fiscal year of the 2023-2025 fiscal
37 biennium for athletic department operating support, if the President of The University of North
38 Carolina approves a plan submitted under subsection (a) of this section, the Board of Governors
39 shall allocate one tenth of the funds provided in the fiscal year in which the plan is approved to
40 that constituent institution to support its athletic department.
41

42 **EDUCATIONAL OPPORTUNITIES PROGRAM**

43 **SECTION 8.8.(a)** Program; Purpose. – The Board of Governors of The University
44 of North Carolina shall establish a College of Educational Opportunities Program (Program) for
45 eligible students with intellectual and developmental disabilities. North Carolina State University
46 shall develop and operate the Program beginning in the 2023-2024 fiscal year. North Carolina
47 Central University shall adapt and operate the Program as developed by North Carolina State
48 University for use beginning in the 2024-2025 fiscal year. The purpose of the Program is to
49 provide postsecondary opportunities for eligible students, including the following:

- 50 (1) A person-centered planning process.

- 1 (2) The opportunity to pursue educational credentials, including degrees,
2 certificates, and other nondegree credentials.
3 (3) Inclusive academic enrichment, socialization, independent living skills, and
4 integrated work experiences to develop career skills that can lead to gainful
5 employment.
6 (4) Individual supports and services for academic and social inclusion in
7 academic courses, extracurricular activities, and other aspects of campus life.

8 **SECTION 8.8.(b)** Definition. – For purposes of this section, the term "eligible
9 student" refers to a person who meets all of the following:

- 10 (1) Is 22 years of age or older.
11 (2) Is an adult with intellectual and developmental disabilities.

12 **SECTION 8.8.(c)** Funds. – Funds appropriated to the Board of Governors of The
13 University of North Carolina in this act for the Program shall meet the following criteria:

- 14 (1) The funds may be used for any of the following purposes:
15 a. Administrative staff, including a director of the Program, and
16 programmatic staff, including instructors and peer mentors.
17 b. Training for university faculty.
18 c. Improvements to existing assistive technologies and other academic
19 support services offered by the university.
20 d. Scholarships for tuition and fees for economically disadvantaged
21 students.
22 e. Additional supports, including counseling, mentoring, and
23 transportation.
24 f. Outreach, including website design and recruitment.
25 (2) The funds shall be allocated in the below fiscal years as follows:
26 a. For the 2023-2024 fiscal year, three million dollars (\$3,000,000) in
27 recurring funds shall be allocated to North Carolina State University
28 to develop and operate the Program.
29 b. Beginning in the 2024-2025 fiscal year, the following amounts in
30 recurring funds shall be allocated:
31 1. Three million dollars (\$3,000,000) to North Carolina State
32 University to operate the Program.
33 2. Three million dollars (\$3,000,000) to North Carolina Central
34 University to adapt and operate the Program.

35 **SECTION 8.8.(d)** Report. – No later than May 15, 2024, and annually thereafter,
36 the Board of Governors shall report to the Joint Legislative Education Oversight Committee on
37 the impact of the Program, including the impact of the Program on the performance of eligible
38 students.

40 CTE GRANTS FOR AGRICULTURE

41 **SECTION 8.9.(a)** Of the funds appropriated in this act to the Board of Governors of
42 The University of North Carolina for each year of the 2023-2025 fiscal biennium to be allocated
43 to North Carolina State University, the Agriculture Extension shall use up to two million dollars
44 (\$2,000,000) in nonrecurring funds for the North Carolina Future Farmers of America (FFA) to
45 provide and administer grants for the 2023-2024 and 2024-2025 academic years to fund items
46 necessary for the agriculture education program operated as a part of the Career and Technical
47 Education (CTE) program at a given middle or high school within a public school unit. For
48 purposes of these grants, items necessary to the agriculture education program of a CTE program
49 include greenhouses, animals and livestock, and power tools. FFA shall provide a full list of
50 items that are eligible to be purchased with funds received pursuant to this program and make
51 the list publicly available on its website. FFA may consult with the Department of Agriculture

1 and Consumer Services when evaluating a grant for selection that includes the purchase of
2 animals. A public school unit or a regional partnership of more than one public school unit may
3 apply to receive funds. When awarding grants under this subsection, FFA shall prioritize public
4 school units (i) located, in whole or in part, in a county with at least one local school
5 administrative unit that received low-wealth supplemental funding in the previous fiscal year and
6 (ii) that have a high population of at-risk students or students with disabilities. Grant recipients
7 may make items purchased with grant funds available to any students within the public school
8 unit or partnership regardless of whether the student is identified as at-risk or a student with a
9 disability. Funds provided pursuant to this section shall not revert to the General Fund but shall
10 remain available for this purpose until June 30, 2025.

11 **SECTION 8.9.(b)** FFA shall create and make available an application for grants
12 under this section no later than 30 days of this act becoming law. Applicants shall submit their
13 application to receive grant funds to FFA no later than June 15, 2024. FFA shall approve or deny
14 each application within 30 days of receipt.

15 **SECTION 8.9.(c)** All recipients of grants under this section for each school year
16 shall submit a report to FFA no later than October 15, 2024, on the outcomes of any programs
17 funded by grants received under this section, including data collection methods for reporting on
18 student outcomes, impacts of the program, and use of State funds. FFA shall then submit a report
19 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the
20 overall outcomes of the grant program no later than December 15, 2024.

21 **SECTION 8.9.(d)** Of the funds allocated by this section for grants as provided by
22 subsection (a) of this section, up to fifty thousand dollars (\$50,000) in each fiscal year of the
23 2023-2025 biennium may be retained by FFA to be used for administrative costs associated with
24 the grant program.

25 26 **BOARD OF GOVERNORS STUDY NEW TEACHER SUPPORT** 27 **PROGRAM/ELIZABETH CITY STATE**

28 **SECTION 8.10.** No later than December 15, 2023, the Board of Governors shall
29 report to the Joint Legislative Education Oversight Committee on the advisability and feasibility
30 of incorporating additional constituent institutions, including Elizabeth City State University, as
31 administrators of the New Teacher Support Program.

32 33 **COLLABORATORY REPORT ON RECOVERY COURT STUDY RESULTS**

34 **SECTION 8.11.(a)** Of the funds appropriated in this act from the Opioid Abatement
35 Reserve established pursuant to Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of
36 S.L. 2022-74, to the Board of Governors of The University of North Carolina to be allocated to
37 the University of North Carolina at Chapel Hill for the North Carolina Collaboratory
38 (Collaboratory), the Collaboratory shall study existing judicially managed accountability and
39 recovery courts (JMARC)s, including those drug treatment courts and JMARC)s partially or fully
40 exempted from Article 62 of Chapter 7A of the General Statutes under G.S. 7A-802. These funds
41 shall not revert at the end of the 2023-2024 fiscal year but shall remain available until expended.

42 **SECTION 8.11.(b)** No later than October 1, 2024, the Collaboratory shall report on
43 the results of the study required by subsection (a) of this section to the following entities:

- 44 (1) The Joint Legislative Oversight Committee on Health and Human Services.
- 45 (2) The Joint Legislative Oversight Committee on Justice and Public Safety.
- 46 (3) The Joint Legislative Education Oversight Committee.
- 47 (4) The chairs of the House and Senate Appropriations Committees on Health and
48 Human Services.
- 49 (5) The chairs of the House and Senate Appropriations Committees on Justice and
50 Public Safety.
- 51 (6) The chairs of the House and Senate Appropriations Committees on Education.

1 **SECTION 8.11.(c)** The report required by subsection (b) of this section shall
2 include, at a minimum, each of the following:

- 3 (1) Executive summary of the study and its findings.
- 4 (2) Summary of each JMARC's operating model.
- 5 (3) Summary of each JMARC's funding sources.
- 6 (4) Analysis of demand and capacity for each JMARC.
- 7 (5) Summary of need and local interest for additional JMARCs.
- 8 (6) Feasibility of JMARCs operating across counties and across judicial districts.
- 9 (7) Proposed JMARC expansion plan.
- 10 (8) List of funding sources to support the expansion plan outlined in subdivision
11 (7) of this subsection.

12 **SECTION 8.11.(d)** This section is effective when it becomes law.

13
14 **REQUIRE COMPREHENSIVE TRANSITION POSTSECONDARY PROGRAMS**
15 **REPORT AND ESTABLISH CTP PROGRAM AT UNC-W**

16 **SECTION 8.12.(a)** Article 35A of Chapter 116 of the General Statutes is amended
17 by adding a new section to read:

18 **"§ 116-298. Report.**

19 The University of North Carolina System Office shall report to the Joint Legislative
20 Education Oversight Committee by March 15 of each year on the impact on participants of CTP
21 Programs at constituent institutions of The University of North Carolina. At a minimum, the
22 report shall include the following information for each CTP Program at a constituent institution:

- 23 (1) Admissions requirements.
- 24 (2) Number of participants.
- 25 (3) Participant outcomes, including credits earned toward a degree, diploma, or
26 certificate and job placements for participants and graduates."

27 **SECTION 8.12.(b)** Of the recurring funds appropriated in this act to the Board of
28 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated
29 to the University of North Carolina at Wilmington (UNC-W), UNC-W shall establish a certificate
30 accomplishment program to be approved by the United States Department of Education as a
31 Comprehensive Transition Postsecondary (CTP) Program (Program) for students with
32 intellectual disabilities in accordance with the Higher Education Opportunity Act of 2008, 20
33 U.S.C. §§ 1140f through 1140i.

34 **SECTION 8.12.(c)** No later than March 15, 2025, UNC-W shall report to the Joint
35 Legislative Education Oversight Committee and the Fiscal Research Division on its progress in
36 establishing the Program pursuant to subsection (b) of this section. The report shall include at
37 least the following information:

- 38 (1) Steps taken and steps remaining to establish the Program.
- 39 (2) Proposed or actual admissions requirements for the Program.
- 40 (3) Support services to be provided by the Program, including the eligibility of
41 participants to receive college credits.
- 42 (4) Actual or estimated number of participants in the Program.
- 43 (5) Estimated additional costs to provide scholarships to students participating in
44 the Program under the Comprehensive Transition Postsecondary Scholarship
45 Program established pursuant to Article 35A of Chapter 116 of the General
46 Statutes.
- 47 (6) Whether the Program has been approved by the United States Department of
48 Education and, if not, a time line for approval.

49
50 **AGRICULTURE ANALYTICS PLATFORM INITIATIVE**

1 **SECTION 8.13.(a)** Of the recurring funds appropriated in this act to the Board of
2 Governors of The University of North Carolina to be allocated to North Carolina State University
3 (NC State) and North Carolina Agricultural and Technical State University (NC A&T) to deploy
4 an analytics platform for agriculture initiatives, NC State and NC A&T shall each contract with
5 SAS Institute, Inc., to establish or maintain a software platform to use data collection and
6 analytics to improve agricultural systems and agricultural profitability. Funds shall be used for
7 software, equipment installation, cloud hosting, and technical support. NC State and NC A&T
8 shall collaborate in the creation and use of these platforms as much as practicable.

9 **SECTION 8.13.(b)** No later than August 15, 2025, NC State and NC A&T shall
10 jointly report to the Joint Legislative Education Oversight Committee on the impact of the
11 Initiative on the following:

- 12 (1) The sustainability and profitability of agricultural systems in the State,
13 including any improved efficiencies.
- 14 (2) Research grants secured by each constituent institution.
- 15 (3) Student and faculty recruitment and retention.
- 16 (4) Engagement and collaboration with private farmers in the State.
- 17 (5) Faculty research on agriculture.
- 18 (6) Collaboration between NC State and NC A&T.

19 20 **UNIVERSITY OF NORTH CAROLINA SYSTEM FACULTY REALIGNMENT** 21 **INCENTIVE PROGRAM**

22 **SECTION 8.14.(a)** For purposes of this section, the term "identified faculty
23 member" means a full-time, tenured faculty member employed by a constituent institution of The
24 University of North Carolina who meets all of the following criteria:

- 25 (1) Is at least 55 years of age.
- 26 (2) Meets either of the following criteria:
 - 27 a. Is eligible to commence retirement with an early or service retirement
28 allowance under the Teachers' and State Employees' Retirement
29 System (TSERS).
 - 30 b. Is vested in the Optional Retirement Program (ORP) for The
31 University of North Carolina.
- 32 (3) Does not receive disability or workers' compensation benefits.

33 **SECTION 8.14.(b)** For the 2023-2025 fiscal biennium, the Board of Governors of
34 The University of North Carolina shall establish a Faculty Realignment Incentive Pilot Program
35 (Program) for constituent institutions of The University of North Carolina to award severance
36 payments to identified faculty members to provide long-term cost-savings and improved
37 operational efficiencies for The University of North Carolina. Funds for the Program shall be
38 distributed among constituent institutions based on criteria established by the President of The
39 University of North Carolina. The Program shall meet at least the following requirements:

- 40 (1) An identified faculty member shall be selected to receive a payment under the
41 Program in the discretion of the constituent institution where the identified
42 faculty member is employed.
- 43 (2) Severance payments shall be equivalent to the identified faculty member's
44 base salary from the prior academic year.
- 45 (3) Severance payments shall be exempt from payroll deductions for retirement
46 contributions and shall not be considered compensation for purposes of the
47 supplemental plans administered by The University of North Carolina or plans
48 administered by the Supplemental Retirement Board of Trustees under
49 G.S. 135-96.
- 50 (4) If an identified faculty member does not qualify for the full employer premium
51 contribution for retiree health coverage provided under TSERS or ORP, then

1 the constituent institution where the identified faculty member is employed
2 may provide the faculty member, in addition to a severance payment, an
3 amount equivalent to 12 months of the full employer contribution to the
4 employee health insurance premium.

5 **SECTION 8.14.(c)** By December 1, 2024, and annually thereafter, while funds are
6 expended under the Program, the Board of Governors shall report at least the following
7 information on the Program to the Joint Legislative Education Oversight Committee and the
8 Fiscal Research Division, disaggregated by constituent institution:

9 (1) The number of identified faculty members that received funds under the
10 Program.

11 (2) The total amount paid out by the Program.

12 **SECTION 8.14.(d)** The nonrecurring funds appropriated to the Board of Governors
13 of The University of North Carolina in this act for the 2023-2024 fiscal year for the University
14 of North Carolina System Faculty Realignment Incentive Program, as enacted by this section,
15 shall not revert to the General Fund at the end of the 2023-2024 fiscal year but shall remain
16 available until expended.

17 **REVISE POSTSECONDARY ATTAINMENT GOAL REPORTING TIME**

18 **SECTION 8.15.** Section 1(c) of S.L. 2019-55 reads as rewritten:

19 **"SECTION 1.(c)** Beginning ~~September 1, 2020,~~ March 1, 2024, and every ~~September~~ March
20 1 thereafter, the myFutureNC Commission, which is a statewide commission focusing on
21 postsecondary educational attainment in North Carolina, shall report to the General Assembly,
22 as provided by G.S. 120-29.5, and to the Joint Legislative Education Oversight Committee on
23 the progress of the State reaching the postsecondary attainment goal set forth in G.S. 116C-10,
24 as enacted by this act, and activities by the Commission to further North Carolina towards the
25 postsecondary attainment goal."
26

27 **WATER SAFETY ACT OF 2023**

28 **SECTION 8.16.(a)** Water Research Funding. – Funds appropriated in this act to the
29 North Carolina Collaboratory (Collaboratory) for the 2023-2024 fiscal year for research and
30 other programs related to per- and poly-fluoroalkyl substances (PFAS) and the Collaboratory's
31 general research programs shall be allocated as follows:

32 (1) Twenty million dollars (\$20,000,000) in nonrecurring funds for programs
33 related to management of aqueous film-forming foams (AFFF) containing
34 PFAS used by local fire departments and for other PFAS-related research. For
35 purposes of this act, "local fire department" means a fire department operated,
36 regulated, or managed by one or more units of State or local government,
37 including those located at or serving public airports. These funds are allocated
38 to the Collaboratory for the following purposes:

39 a. To conduct a voluntary buyback program for stocks of
40 PFAS-containing AFFF owned or stored by local fire departments.
41 The program may also include the purchase and distribution of
42 replacement PFAS-free foams.

43 b. To develop, acquire, analyze, and deploy facilities and technologies to
44 safely store and destroy PFAS-containing AFFF, including
45 technologies available outside of the State.

46 c. To provide competitive research grants for (i) human exposure and
47 other studies intended to assess the long-term health risk to firefighters
48 and other emergency response personnel and their family members
49 from exposure to PFAS-containing AFFF and related
50 PFAS-containing materials and (ii) other research related to PFAS in
51

1 water and air, PFAS toxicology and human exposure, and the
2 mitigation, removal, or destruction of PFAS and PFAS-containing
3 materials.

4 d. To fund upgrades to laboratory space at the Textile Protection and
5 Comfort Center at North Carolina State University to accommodate
6 aerosol studies that simulate airborne PFAS particulate exposure.

7 (2) Four million dollars (\$4,000,000) in recurring funds for other PFAS research
8 projects. In its expenditure of the funds allocated by this subsection, the
9 Collaboratory may prioritize funding of a multiyear human exposure study
10 related to per- and poly-fluoroalkyl substances (PFAS) in North Carolina
11 counties identified with higher than average PFAS exposure risks from
12 inhalation, ingestion, and dermal exposure. Selection of study participants
13 shall prioritize counties and communities (i) with a primary drinking water
14 source from the Haw or the Cape Fear River, (ii) located near industrial
15 processes that use or create PFAS or chemical precursors to PFAS that may
16 become PFAS compounds once released, (iii) located within the Cape Fear
17 and Lumber River Basins, and (iv) that may present a particularized risk,
18 exposure, or other health factors deemed appropriate by the Collaboratory.
19 The Collaboratory may also prioritize other discretionary PFAS-related
20 research deemed important to the State by the Collaboratory. The
21 Collaboratory may engage expertise from the Departments of Environmental
22 Quality and Health and Human Services and may utilize the Office of
23 Strategic Partnerships within the Office of State Budget and Management to
24 assist in working with State and local agencies.

25 (3) Two million dollars (\$2,000,000) in recurring funds for water-related research
26 for emerging compounds, water quality improvements, or other discretionary
27 research deemed important to the State by the Collaboratory.

28 **SECTION 8.16.(b)** Report. – The Collaboratory shall include in the report required
29 by G.S. 116-256 documentation of its use of the funds allocated by this section and updates
30 regarding the research funded by this section.

31 **SECTION 8.16.(c)** HMSI Research Grants. – Section 8.9(a) of S.L. 2021-180 reads
32 as rewritten:

33 "**SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established pursuant
34 to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant program
35 for the following constituent institutions of The University of North Carolina identified as
36 Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville
37 State University, North Carolina Agricultural and Technical State University, North Carolina
38 Central University, the University of North Carolina at Pembroke, and Winston-Salem State
39 University. The Collaboratory shall establish an application process and criteria for research
40 grants that include a focus on areas within the Collaboratory's mission of ~~facilitating research~~
41 ~~related to the environmental and economic components of the management of the natural~~
42 ~~resources within the State and of new technologies for habitat, environmental, and water quality~~
43 ~~improvements and other areas of public health as set forth in G.S. 116-255.~~

44 The Collaboratory may award one or more research grants each fiscal year to each of the six
45 HMSI constituent institutions to be used to expand their research capacity while being in service
46 to the needs of the State. Of the funds appropriated by this act for the research grant program, the
47 Collaboratory shall determine the amount of the research grant for each HMSI constituent
48 institution in a fiscal year."

49 **SECTION 8.16.(d)** Public Water Supply Fluoridation Study. – The Commission for
50 Public Health shall perform a review of the National Toxicity Program's September 2022 draft
51 report titled "Monograph on the State of the Science Concerning Fluoride Exposure and

1 Neurodevelopmental and Cognitive Health Effects: A Systematic Review," as well as the studies
2 reviewed in the report, and any other studies the Commission finds relevant to an assessment of
3 the association between fluoride exposure and IQ in children. Based on this review, the
4 Commission shall determine whether sufficient evidence exists for a link between fluoride in the
5 public water supply and cognitive decline or any other neurological detriment in children.

6 **SECTION 8.16.(e)** The Commission shall make a report to the General Assembly
7 on or before February 1, 2024, of its findings and recommendations, including a recommendation
8 on whether the current standard for fluoride established in the Commission's rules (i) is protective
9 of public health and (ii) should be lowered. If the Commission makes the determination regarding
10 a link between fluoride in public water supplies and neurological impacts in children as described
11 in subsection (a) of this section, then the Commission shall direct the Department of Health and
12 Human Services to create a list of the private and public water utilities in the State, their fluoride
13 concentration, the number of children or households to which they provide water, and any other
14 information that it deems pertinent. The Department shall include with the list a ranking of the
15 risk to children of the water supplied by each utility.

16 **SECTION 8.16.(f)** Revenue Sharing and Funding Availability. – G.S. 116-255(c)
17 reads as rewritten:

18 "(c) Funding Conditions and Restrictions. – The following applies to funding received by
19 the Collaboratory:

20 ...

21 (7) The Collaboratory may negotiate or impose data use, data management, and
22 revenue sharing requirements for intellectual property developed through its
23 research awards using State funds, including, but not limited to, contractual
24 terms that provide for gross revenue distribution to the General Fund for future
25 research and development projects.

26 (8) Funds appropriated by the General Assembly to the Collaboratory (i) shall not
27 revert to the General Fund but shall remain available until expended and (ii)
28 shall not apply to the carryforward limitation imposed on constituent
29 institutions of The University of North Carolina by G.S. 116-30.3."

30 **SECTION 8.16.(g)** Effective Date. – Subsections (a) and (b) of this section become
31 effective July 1, 2023. The remainder of this section is effective when it becomes law.

32 **UNC-W RESEARCH PROGRAMS IN CRITICAL WORKFORCE AREAS FUNDS AND** 33 **REPORT**

34 **SECTION 8.17.** Of the recurring funds appropriated in this act to the Board of
35 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated
36 to the University of North Carolina at Wilmington (UNC-W) for research programs, UNC-W
37 shall expand research programs in critical research areas to maintain its classification in the
38 Carnegie Classification of Institutions of Higher Education as R2 – High Research Activity.
39 UNC-W shall use these funds only to expand relevant research programs in critical research areas
40 and shall not supplant other funds already allocated for these purposes. By March 15, 2024, and
41 every year thereafter in which these funds are provided, UNC-W shall report to the Joint
42 Legislative Education Oversight Committee and the Fiscal Research Division on the use of the
43 funds. The report shall include at least the following information:

- 44 (1) A detailed explanation of how the funds are used, including all expansions on
45 research programs supported by these funds since the previous report and the
46 nature of each expansion.
- 47 (2) All critical research areas at the university, as defined by UNC-W.
- 48 (3) The impact of the expansions identified in subdivision (1) of this section on
49 the critical research areas identified in subdivision (2) of this section,
50

1 including the extent to which the expansions support the continued
2 classification of UNC-W as a High Research Activity institution.

3 (4) Recommended actions to maintain the classification of UNC-W as a High
4 Research Activity institution or to improve that classification to R1 – Very
5 High Research Activity.

6 (5) Any other matter UNC-W deems relevant to the efficient and effective
7 expenditure of these funds.

8
9 **REVISE DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND**

10 **SECTION 8.18.(a)** Part 4A of Article 1 of Chapter 116 of the General Statutes reads
11 as rewritten:

12 "Part 4A. Distinguished Professors Endowment Trust Fund.

13 **"§ 116-41.13. ~~Distinguished Professors Endowment Trust Fund; purpose.~~Purpose.**

14 The General Assembly of North Carolina recognizes that the public university system would
15 be greatly strengthened by the addition of distinguished ~~scholars.~~scholars for degree programs
16 in STEM subject areas. It further recognizes that private as well as State support is preferred in
17 helping to obtain distinguished scholars for the State universities and that private support will
18 help strengthen the commitment of citizens and organizations in promoting excellence
19 throughout all State universities. It is the intent of the General Assembly to establish a trust fund
20 to provide the opportunity to each State university to receive and match challenge grants to create
21 endowments for selected distinguished professors for degree programs in STEM subject areas to
22 occupy chairs within the university. The associated foundations that serve the universities shall
23 solicit and receive gifts from private sources to provide for matching funds to the trust fund
24 challenge grants for the establishment of endowments for chairs for degree programs in STEM
25 subject areas within universities.

26 **"§ 116-41.13A. ~~Distinguished Professors Endowment Trust Fund; definitions.~~Definitions.**

27 The following definitions apply in this Part:

28 (1) ~~"Focused growth institution" means Focused growth institution. – Any of the~~
29 following:

30 a. Elizabeth City State ~~University,~~University.

31 b. Fayetteville State ~~University,~~University.

32 c. North Carolina Agricultural and Technical ~~University,~~University.

33 d. North Carolina Central ~~University,~~University.

34 e. The University of North Carolina at ~~Pembroke,~~Pembroke.

35 f. Western Carolina ~~University, and~~University.

36 g. Winston-Salem State University.

37 (2) ~~"Special needs institution" means the Special needs institution. – The North~~
38 ~~Carolina School of the Arts, redesignated effective August 1, 2008, as the~~
39 ~~"University of North Carolina School of the Arts," and The University of~~
40 ~~North Carolina at Asheville.~~

41 (3) STEM subject area. – Any subject area in a field of scholarship related to
42 science, technology, engineering, or mathematics. A subject area in a field of
43 scholarship related to journalism or law is not a STEM subject area.

44 **"§ 116-41.14. ~~Distinguished Professors Endowment Trust Fund; establishment;~~
45 Establishment of the Fund; maintenance.**

46 There is established a Distinguished Professors Endowment Trust Fund to be maintained by
47 the Board to provide challenge grants to the constituent institutions. All appropriated funds
48 deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing
49 to that portion of the trust fund not matched shall increase the total funds available for challenge
50 grants.

1 **"§ 116-41.15. ~~Distinguished Professors Endowment Trust Fund; allocation;~~ Allocation;**
 2 **administration.**

3 (a) For constituent institutions other than focused growth institutions and special needs
 4 institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

5 (1) According to one of the following:

6 ~~(1)a.~~ On the basis of one three hundred thirty-four thousand dollar
 7 (\$334,000) challenge grant for each six hundred sixty-six thousand
 8 dollars (\$666,000) raised from private ~~sources;~~ or sources.

9 ~~(2)b.~~ On the basis of one one hundred sixty-seven thousand dollar
 10 (\$167,000) challenge grant for each three hundred thirty-three
 11 thousand dollars (\$333,000) raised from private ~~sources;~~ or sources.

12 ~~(3)c.~~ On the basis of one challenge grant of up to six hundred sixty-seven
 13 thousand dollars (\$667,000) for funds raised from private sources in
 14 twice the amount of the challenge grant.

15 (2) If an institution chooses to pursue the use of the allocated challenge grant
 16 funds described in either ~~subdivision (1), subdivision (2), sub-subdivision a.,~~
 17 sub-subdivision b., or subdivision (3) sub-subdivision c. of subdivision (1) of
 18 this subsection, the challenge grant funds shall be matched by funds from
 19 private sources on the basis of two dollars of private funds for every one dollar
 20 of State funds.

21 (b) For focused growth institutions and special needs institutions, the amount
 22 appropriated to the trust shall be allocated by the Board as follows:

23 (1) According to one of the following:

24 ~~(1)a.~~ On the basis of one five hundred thousand dollar (\$500,000) challenge
 25 grant for each five hundred thousand dollars (\$500,000) raised from
 26 private ~~sources;~~ or sources.

27 ~~(2)b.~~ On the basis of one two hundred fifty thousand dollar (\$250,000)
 28 challenge grant for each two hundred fifty thousand dollars (\$250,000)
 29 raised from private ~~sources;~~ or sources.

30 ~~(3)c.~~ On the basis of one challenge grant of up to one million dollars
 31 (\$1,000,000) for funds raised from private sources in the same amount
 32 as the challenge grant.

33 (2) If an institution chooses to pursue the use of the allocated challenge grant
 34 funds described in either ~~subdivision (1), subdivision (2), sub-subdivision a.,~~
 35 sub-subdivision b., or subdivision (3) sub-subdivision c. of subdivision (1) of
 36 this subsection, the challenge grant funds shall be matched by funds from
 37 private sources on the basis of one dollar of private funds for every dollar of
 38 State funds.

39 (c) Matching funds shall come from contributions made after July 1, 1985, and pledged
 40 for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board
 41 of trustees shall establish its own Distinguished Professors Endowment Trust ~~Fund,~~ Fund and
 42 shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private
 43 contributions and for the State matching funds for the challenge grants. The State matching funds
 44 shall be transferred to the constituent institution's Endowment Fund upon notification that the
 45 institution has received and deposited the appropriate amount required by this section in its own
 46 Distinguished Professors Endowment Trust Fund. Only the net income from that account shall
 47 be expended in support of the distinguished professorship thereby created.

48 **"§ 116-41.16. ~~Distinguished Professors Endowment Trust Fund; contribution~~ Contribution**
 49 **commitments.**

50 (a) For constituent institutions other than focused growth institutions and special needs
 51 institutions, contributions may also be eligible for matching ~~if there is:~~ as follows:

- 1 (1) If there is one of the following:
2 ~~(1)~~a. A commitment to make a donation of at least six hundred sixty-six
3 thousand dollars (\$666,000), as prescribed by G.S. 143C-4-5, and an
4 initial payment of one hundred eleven thousand dollars (\$111,000) to
5 receive a grant described in G.S. 116-41.15(a)(1); ~~or~~
6 G.S. 116-41.15(a)(1)a.
7 ~~(2)~~b. A commitment to make a donation of at least three hundred thirty-three
8 thousand dollars (\$333,000), as prescribed by G.S. 143C-4-5, and an
9 initial payment of fifty-five thousand five hundred dollars (\$55,500)
10 to receive a grant described in G.S. 116-41.15(a)(2); ~~or~~
11 G.S. 116-41.15(a)(1)b.
12 ~~(3)~~c. All of the following:
13 1. A commitment to make a donation in excess of six hundred
14 sixty-six thousand dollars (\$666,000), as prescribed by
15 G.S. 143-31.4, and an G.S. 143C-4-5.
16 2. An initial payment of one-sixth of the committed amount to
17 receive a grant described in G.S. 116-41.15(a)(3); ~~and if the~~
18 G.S. 116-41.15(a)(1)c.
19 3. The initial payment is accompanied by a written pledge to
20 provide the balance within five years after the date of the initial
21 payment. Each payment on the balance shall be no less than
22 the amount of the initial payment and shall be made on or
23 before the anniversary date of the initial payment.
24 (2) Pledged contributions may not be matched prior to the actual collection of the
25 total funds. Once the income from the institution's Distinguished Professors
26 Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17,
27 the institution shall proceed to implement plans for establishing an endowed
28 ~~chair.~~chair in a STEM subject area.
29 (b) For focused growth institutions and special needs institutions, contributions may also
30 be eligible for matching ~~if there is:~~as follows:
31 (1) If all of the following occur:
32 a. One of the following occurs:
33 ~~(1)~~1. A commitment to make a donation of at least five hundred
34 thousand dollars (\$500,000), as prescribed by G.S. 143C-4-5,
35 and an initial payment of eighty-three thousand three hundred
36 dollars (\$83,300) to receive a grant described in
37 G.S. 116-41.5(b)(1); ~~or~~G.S. 116-41.15(b)(1)a.
38 ~~(2)~~2. A commitment to make a donation of at least two hundred fifty
39 thousand dollars (\$250,000), as prescribed by G.S. 143C-4-5,
40 and an initial payment of forty-one thousand six hundred
41 dollars (\$41,600) to receive a grant described in
42 G.S. 116-41.15(b)(2); ~~or~~G.S. 116-41.15(b)(1)b.
43 ~~(3)~~3. A commitment to make a donation in excess of five hundred
44 thousand dollars (\$500,000), as prescribed by ~~G.S. 143-31.4,~~
45 G.S. 143C-4-5, and an initial payment of one-sixth of the
46 committed amount to receive a grant described in
47 G.S. 116-41.15(b)(3); ~~and if the~~G.S. 116-41.15(b)(1)c.
48 b. The initial payment is accompanied by a written pledge to provide the
49 balance within five years after the date of the initial payment. Each
50 payment on the balance shall be no less than the amount of the initial
51 payment.

(2) Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed chair in a STEM subject area.

**"§ 116-41.17. ~~Distinguished Professors Endowment Trust Fund; establishment~~
Establishment of chairs.**

(a) ~~When~~ The board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs in a STEM subject area when the sum of the challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund ~~reaches~~ reaches one of the following:

(1) One million dollars (\$1,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or~~ G.S. 116-41.15(a)(1)a. or G.S. 116-41.15(b)(1)a.

(2) Five hundred thousand dollars (\$500,000), if the sum of funds described in ~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or~~ G.S. 116-41.15(a)(1)b. or G.S. 116-41.15(b)(1)b.

(3) An amount up to two million dollars (\$2,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(3) or~~ G.S. 116-41.15(a)(1)c. or G.S. 116-41.15(b)(1)c.

~~the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs.~~

(b) ~~The Board, in considering whether to approve the recommendation,~~ The Board, in considering whether to approve the recommendation made pursuant to subsection (a) of this section, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees.

**"§ 116-41.18. ~~Distinguished Professors Endowment Trust Fund; selection~~
Selection of Distinguished Professors.**

(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the ~~Distinguished Professorship.~~ Professorship in a STEM area. Once given, that designation shall be retained by the distinguished professor as long as ~~he~~ the distinguished professor remains in the full-time service of the institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution.

(a1) No rule shall prevent the constituent institutions of The University of North Carolina from selecting holders of Distinguished Professorships from among existing faculty members or newly hired faculty members.

(b) The Board of Governors of The University of North Carolina shall promulgate rules to implement this section.

(c) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two million dollars (\$2,000,000) for fiscal year 1985-86, and the sum of two million dollars (\$2,000,000) for fiscal year 1986-87, to implement this section.

1 "~~§ 116-41.19. Distinguished Professors Endowment Trust Fund; promulgation of~~
2 ~~rules.~~Promulgation of rules; list of STEM subject areas.

3 (a) The Board of Governors of The University of North Carolina shall promulgate rules
4 to implement this Part.

5 (b) No later than December 15, 2024, and annually thereafter, the Board of Governors
6 shall identify and provide to the Joint Legislative Education Oversight Committee a list of degree
7 programs in STEM subject areas and the number of distinguished professorships at each
8 constituent institution funded pursuant to this Part in each STEM subject area. The Board of
9 Governors shall make the list of degree programs in STEM subject areas available on its
10 website."

11 **SECTION 8.18.(b)** The nonrecurring funds appropriated in this act to the
12 Distinguished Professors Endowment Trust Fund for the 2023-2025 fiscal biennium shall be used
13 to provide matching funds only for selected distinguished professors in STEM subject areas, as
14 defined by the Board of Governors, in accordance with Part 4A of Article 1 of Chapter 116 of
15 the General Statutes, as amended by this section.

16 **SECTION 8.18.(c)** Subsection (a) of this section is effective when this act becomes
17 law and applies to distinguished professorships established on or after that date.

18 19 **COLLABORATORY STUDY NEXT-GENERATION ENERGY AND RESEARCH** 20 **DEVELOPMENT**

21 **SECTION 8.19.(a)** Of the nonrecurring funds appropriated in this act for each year
22 of the 2023-2025 fiscal biennium to the Board of Governors of The University of North Carolina
23 to be allocated to the University of North Carolina at Chapel Hill for the North Carolina
24 Collaboratory (Collaboratory) for next-generation energy and research development, the
25 Collaboratory shall develop academic research partnerships with North Carolina businesses
26 working in the field of next-generation energies and shall leverage those partnerships to perform
27 research and development on next-generation energy technologies, including, but not limited to,
28 lithium batteries; computer chip manufacturing; small modular- or micro-nuclear technologies;
29 hydrogen storage, production, and transportation; and grid modeling across numerous scenarios
30 for power generation, storage, and distribution. These funds shall not revert at the end of each
31 year of the 2023-2025 fiscal biennium but shall remain available until expended.

32 **SECTION 8.19.(b)** The Collaboratory shall report on its activities pursuant to
33 subsection (a) of this section by March 15, 2024, and annually thereafter while funds are
34 expended under this section, to the Joint Legislative Education Oversight Committee. The report
35 shall include, at a minimum, all academic research partnerships established pursuant to this
36 section, the research and development projects undertaken alone or via those partnerships, and
37 the results of those projects, if any.

38 39 **REALLOCATION OF FUNDS BETWEEN PATRIOT STAR FAMILY SCHOLARSHIP** 40 **NONPROFIT CORPORATIONS**

41 **SECTION 8.20.(a)** Of the recurring funds appropriated in S.L. 2021-180 from the
42 General Fund to the Board of Governors of The University of North Carolina to be allocated to
43 the Marine Corps Scholarship Foundation, Inc., in the 2021-2023 fiscal biennium for the Patriot
44 Star Family Scholarship Program (Program) pursuant to Section 8.3 of S.L. 2021-180, the Marine
45 Corps Scholarship Foundation shall transfer any unencumbered funds remaining at the end of the
46 2022-2023 fiscal year to the Patriot Foundation in the 2023-2024 fiscal year to be used to award
47 scholarships pursuant to the Program. The Board of Governors shall assist the Marine Corps
48 Scholarship Foundation to facilitate the transfer as needed.

49 **SECTION 8.20.(b)** Of the three million dollars (\$3,000,000) in nonrecurring funds
50 appropriated in S.L. 2021-180 from the State Fiscal Recovery Fund to the Board of Governors
51 of The University of North Carolina to be allocated to the Marine Corps Scholarship Foundation,

1 Inc., for the North Carolina Patriot Star Family Recovery Scholarship Program (Program)
 2 pursuant to Section 8.19 of S.L. 2021-180, the Board of Governors shall transfer any unexpended
 3 funds up to three million dollars (\$3,000,000) in the 2023-2024 fiscal year to the Patriot
 4 Foundation to award scholarships pursuant to the Program.

5 **SECTION 8.20.(c)** Subsection (a) of this section becomes effective June 30, 2023.

6
 7 **GREEN INDUSTRY ECONOMIC IMPACT STUDY/NCSU**

8 **SECTION 8.21.** Of the nonrecurring funds appropriated to the Board of Governors
 9 of The University of North Carolina in this act for the 2023-2024 fiscal year to be allocated to
 10 North Carolina State University for the College of Agriculture and Life Sciences (CALs), CALs
 11 shall study the statewide, regional, and county-level economic impact of the green industry in
 12 the State. CALs shall perform the study in consultation with the Department of Agriculture and
 13 Consumer Services and The North Carolina Green Industry Council and shall report the results
 14 of its study by January 15, 2025, to the Joint Legislative Oversight Committee on Agriculture
 15 and Natural and Economic Resources. For purposes of the study required pursuant to this section,
 16 the green industry refers to the production, design, installation, maintenance, and sale of plants,
 17 including trees, shrubs, flowers, sod, and related goods and services, to enhance, beautify, and
 18 protect human environments and to provide jobs and economic growth, including at least the
 19 following:

- 20 (1) Nursery and tree production.
- 21 (2) Turfgrass production.
- 22 (3) Horticulture input and equipment suppliers.
- 23 (4) Landscaping and landscape design services.
- 24 (5) Nursery, florists, garden center, and farm supply retailers.
- 25 (6) Composting.
- 26 (7) Urban forestry.
- 27 (8) Parks and airports.
- 28 (9) Christmas tree production.
- 29 (10) Botanic gardens and arboretums.

30
 31 **CLARIFY DEFINITION OF ELIGIBLE PRIVATE INSTITUTIONS FOR PATRIOT**
 32 **SCHOLARSHIP PROGRAMS**

33 **SECTION 8.22.(a)** Section 8.3(c)(4) of S.L. 2021-180 reads as rewritten:

- 34 "(4) Eligible postsecondary institution. – A school that is any of the following:
- 35 a. A constituent institution of The University of North Carolina.
- 36 b. A community college under the jurisdiction of the State Board of
- 37 Community Colleges.
- 38 c. ~~A private educational institution as defined in G.S. 143B-1224.~~A
- 39 junior college, senior college, or university that meets all of the
- 40 following requirements:
 - 41 1. Is operated and governed by private interests not under the
 - 42 control of the federal government, the State, or any local
 - 43 government.
 - 44 2. Has a main permanent campus, as defined in G.S. 116-280(4),
 - 45 located within the State of North Carolina.
 - 46 3. Does not operate for profit.
 - 47 4. The curriculum is primarily directed toward the awarding of
 - 48 associate, baccalaureate, or graduate degrees.
 - 49 5. Meets one of the following requirements:
 - 50 I. Is a private educational institution, as defined in
 - 51 G.S. 143B-1224.

1 II. Is accredited by an accrediting agency that is
2 recognized by the United States Department of
3 Education as a reliable authority concerning the quality
4 of education or training offered by institutions of higher
5 education.

6 d. A private vocational institution, including Federal Aviation
7 Administration certificated aviation training programs."

8 **SECTION 8.22.(b)** Section 8.19(c)(4) of S.L. 2021-180 reads as rewritten:

9 "(4) Eligible postsecondary institution. – A school that is any of the following:

- 10 a. A constituent institution of The University of North Carolina.
- 11 b. A community college under the jurisdiction of the State Board of
- 12 Community Colleges.

13 c. ~~A private educational institution as defined in G.S. 143B-1224.~~A
14 junior college, senior college, or university that meets all of the
15 following requirements:

16 1. Is operated and governed by private interests not under the
17 control of the federal government, the State, or any local
18 government.

19 2. Has a main permanent campus, as defined in G.S. 116-280(4),
20 located within the State of North Carolina.

21 3. Does not operate for profit.

22 4. The curriculum is primarily directed toward the awarding of
23 associate, baccalaureate, or graduate degrees.

24 5. Meets one of the following requirements:

25 I. Is a private educational institution, as defined in
26 G.S. 143B-1224.

27 II. Is accredited by an accrediting agency that is
28 recognized by the United States Department of
29 Education as a reliable authority concerning the quality
30 of education or training offered by institutions of higher
31 education.

32 d. A private vocational institution, including Federal Aviation
33 Administration certificated aviation training programs."

34 **SECTION 8.22.(c)** This section is effective when this act becomes law and applies
35 to applications for scholarship awards submitted on or after that date.

36
37 **PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

38
39 **WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

40 **SECTION 8A.1.(a)** Scholarship Program Established. – Of the funds appropriated
41 in this act for the 2023-2025 fiscal biennium to the Board of Governors of The University of
42 North Carolina for the Washington Center Internship Scholarship Program, the State Education
43 Assistance Authority (Authority) shall award scholarship grants to students who are residents of
44 North Carolina and are enrolled in their second year or higher in a constituent institution of The
45 University of North Carolina to attend a semester or summer term internship program or a
46 shortened one- to four-week public policy and career readiness seminar program at The
47 Washington Center for Internships and Academic Seminars (Washington Center) located in
48 Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines
49 and procedures established by the Authority consistent with its practices for administering
50 State-funded financial aid. The guidelines and procedures shall include an application process
51 and schedule, notification and disbursement procedures, standards for reporting, and standards

1 for return of funds when a student withdraws from the program. A student who meets the
 2 eligibility criteria of the Washington Center to attend a semester or summer term internship
 3 program or a shortened one- to four-week public policy and career readiness seminar program
 4 may apply to the Authority for a grant to cover costs related to the program. The Authority shall
 5 award grants to students in its discretion based on student demand. Grants awarded pursuant to
 6 the program shall be for the following amounts:

- 7 (1) For semester term internships, up to ten thousand dollars (\$10,000).
- 8 (2) For summer term internships, up to eight thousand dollars (\$8,000).
- 9 (3) For shortened seminar programs, up to four thousand dollars (\$4,000).

10 **SECTION 8A.1.(b) Limitations on Grant Amount.** – If a student who is eligible for
 11 a grant pursuant to this section also receives a scholarship or other grant covering the cost of
 12 attendance for the program, then the amount of the State grant shall be reduced by an appropriate
 13 amount determined by the Authority. The Authority shall reduce the amount of the grant so that
 14 the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost
 15 of attendance for the program, including program fees, housing, and incidental costs. The cost of
 16 attendance shall be established by the Authority in accordance with information provided to the
 17 Authority by the Washington Center.

18 **SECTION 8A.1.(c) Internship Activities.** – A student participating in the
 19 Washington Center's program shall (i) intern four days a week with a nonprofit corporation,
 20 private company, federal agency, or a member of the United States Congress, (ii) take an
 21 academic class taught by the Washington Center's faculty, (iii) participate in career readiness
 22 training programs, and (iv) be responsible for a final portfolio project outlining work completed
 23 during the program. Students from all academic majors can participate and benefit from the
 24 program.

25 **SECTION 8A.1.(d) Academic Credit.** – No later than December 1, 2023, the Board
 26 of Governors of The University of North Carolina shall develop and promulgate guidance to
 27 constituent institutions on a process for awarding up to three academic credit hours for
 28 participation in an internship in accordance with the scholarship program.

29 **SECTION 8A.1.(e) Funds for the Program.** – Any funds that are unencumbered for
 30 the program at the end of each fiscal year shall not revert to the General Fund but shall remain
 31 available for the purposes of this section. The Authority may use up to one percent (1%) of the
 32 funds appropriated each fiscal year for the program for administrative costs.

33 **SECTION 8A.1.(f) Reporting.** – By September 1, 2024, and each year thereafter in
 34 which grants are received under the program, the Authority, in consultation with the Washington
 35 Center, shall report to the Joint Legislative Education Oversight Committee and the Fiscal
 36 Research Division on the implementation of the scholarship program, including the number of
 37 participating students and the amount of awards for each semester or summer term or shortened
 38 seminar program by constituent institution.

39 **SECTION 8A.1.(g)** This section applies beginning with the award of scholarship
 40 grants in the 2023-2024 academic year.

41
 42 **STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S**
 43 **SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

44 **SECTION 8A.2.(a)** G.S. 116-204 reads as rewritten:

45 **"§ 116-204. Powers of Authority.**

46 The Authority is hereby authorized and empowered:

47 ...

48 (11a) To be responsible for the disbursement and accounting of funds for the State's
 49 Scholarships for Children of Wartime Veterans established by Part 2 of Article
 50 14 of Chapter 143B of the General Statutes.

51"

1 SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

2 "§ 116B-7. Distribution of fund.

3 ...

4 (b) An amount specified in the Current Operations Appropriations Act shall be
5 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~
6 Board of Governors of The University of North Carolina to be allocated to the State Education
7 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans
8 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be
9 used only for residents of this State who (i) are worthy and needy as determined by the
10 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher
11 education of this State."

12 SECTION 8A.2.(c) G.S. 143B-1211 reads as rewritten:

13 "§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.

14 It shall be the duty of the Department of Military and Veterans Affairs to do all of the
15 following:

16 ...

17 (11) Manage and maintain the State's Scholarships for Children of Wartime
18 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the
19 General Statutes and in support of the Veterans' Affairs
20 ~~Commission~~Commission; provided, however, the disbursement of
21 scholarships to the children of wartime veterans shall be performed by the
22 State Education Assistance Authority established pursuant to Article 23 of
23 Chapter 116 of the General Statutes.

24"

25 SECTION 8A.2.(d) G.S. 143B-1220 reads as rewritten:

26 "§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.

27 There is hereby created the Veterans' Affairs Commission of the Department of Military and
28 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and
29 duties, as delegated by the Secretary of Military and Veterans Affairs:

30 ...

31 (3) To promulgate rules and regulations concerning the awarding of scholarships
32 for children of North Carolina veterans as provided by this Article. The
33 Commission shall make rules and regulations consistent with the provisions
34 of this Article. All rules and regulations not inconsistent with the provisions
35 of this Chapter heretofore adopted by the State Board of Veterans' Affairs
36 shall remain in full force and effect unless and until repealed or superseded by
37 action of the Veterans' Affairs Commission. All rules and regulations adopted
38 by the Commission shall be enforced by the Department of Military and
39 Veterans ~~Affairs;~~Affairs and, in the disbursement of scholarships, the
40 Authority, as directed by the Department on behalf of the Commission; and

41"

42 SECTION 8A.2.(e) G.S. 143B-1224 reads as rewritten:

43 "§ 143B-1224. Definitions.

44 As used in this Part the terms defined in this section shall have the following meaning:

45 ...

46 (2a) "Authority" means the State Education Assistance Authority established
47 pursuant to Article 23 of Chapter 116 of the General Statutes.

48"

49 SECTION 8A.2.(f) G.S. 143B-1225 reads as rewritten:

50 "§ 143B-1225. Scholarship.

51 ...

1 (b) The Veterans' Affairs Commission shall select recipients for scholarships and notify
2 the Authority of the recipients for the disbursement of scholarships in accordance with the
3 provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans'
4 Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies
5 from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall
6 notify the recipient by May 1st of the year in which the recipient enrolls in college."

7 **SECTION 8A.2.(g)** G.S. 143B-1227 reads as rewritten:

8 **"§ 143B-1227. Administration and funding.**

9 (a) The administration of the scholarship program shall be vested in the Department of
10 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a
11 the responsibility of the Department of Military and Veterans Affairs Authority. The Veterans'
12 Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,
13 establish the effective date of scholarships, and may notify the Authority of the need to suspend
14 or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not
15 comply with the registration requirements of the Selective Service System or does not maintain
16 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the
17 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the
18 peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain
19 the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such
20 rules and regulations not inconsistent with the other provisions of this Part as it deems necessary
21 for the orderly administration of the program. It may require of State or private educational
22 institutions, as defined in this Part, such reports and other information as it may need to carry out
23 the provisions of this Part. The ~~Department of Military and Veterans Affairs Authority~~ shall
24 disburse scholarship payments for recipients certified eligible by the Department of Military and
25 Veterans Affairs upon certification of enrollment by the enrolling institution.

26 (b) Funds for the support of this program shall be appropriated to the ~~Department of~~
27 ~~Military and Veterans Affairs Board of Governors of The University of North Carolina to be~~
28 allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,
29 and other charges, and shall be placed in a separate budget code from which disbursements shall
30 be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as
31 provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of
32 this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~
33 ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~
34 ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~
35 ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated
36 for payments under the provisions of this section shall be in accordance with those standards and
37 procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

38 (c) Allowances for room and board in State educational institutions shall be at such rate
39 as established by the Secretary of the Department of Military and Veterans Affairs.

40 (d) Scholarship recipients electing to attend a private educational institution shall be
41 granted a monetary allowance for each term or other academic period attended under their
42 respective scholarship awards. All recipients under Class I-B scholarship shall receive an
43 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III
44 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course
45 or institution. The amount of ~~said the~~ allowances shall be determined by the Director of the
46 Budget and made known prior to the beginning of each fall quarter or semester; provided that the
47 Director of the Budget may change the allowances at intermediate periods when in his or her
48 judgment such changes are necessary. Disbursements by the State shall be to the private
49 institution concerned, for credit to the account of each recipient attending ~~said the~~ institution.
50 The manner of payment to any private institution shall be as prescribed by the ~~Department of~~
51 ~~Military and Veterans Affairs Authority.~~ The participation by any private institution in the

1 program shall be subject to the applicable provisions of this Part and to examination by State
2 auditors of the accounts of scholarship recipients attending or having attended private
3 institutions. The ~~Veterans' Affairs Commission Authority~~ may defer making an award or may
4 suspend an award in any private institution which does not comply with the provisions of this
5 Part relating to ~~said the~~ institutions.

6 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~
7 ~~Authority~~ may prescribe special procedures for adjusting the accounts of scholarship recipients
8 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory
9 to the ~~Veterans' Affairs Commission Authority~~ may withdraw from State or private educational
10 institutions prior to the completion of the term, semester, quarter or other academic period being
11 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,
12 paying the recipient the dollar value of his or her unused ~~entitlements~~ scholarship for the
13 academic period being attended, with a corresponding deduction of this period from his or her
14 remaining scholarship eligibility time.

15 (f) From the funds appropriated from the General Fund each fiscal year to support the
16 program, the Authority may use up to one hundred fifty thousand dollars (\$150,000) each fiscal
17 year for administrative costs for the disbursement and accounting activities for the program."

18 **SECTION 8A.2.(h)** This section applies beginning with scholarships awarded for
19 the 2024-2025 academic year.

20
21 **PERMIT NCSSM AND UNCSA TUITION SCHOLARSHIPS TO BE USED FOR**
22 **SUMMER TUITION AND ESTABLISH INSTITUTIONAL TRUST FUND**

23 **SECTION 8A.3.(a)** Part 6 of Article 23 of Chapter 116 of the General Statutes reads
24 as rewritten:

25 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and
26 Mathematics and the University of North Carolina School of the Arts.

27 **"§ 116-209.89. Definitions.**

28 The following definitions apply in this Part:

29 (1) Academic term. – Any of the following:

30 a. One fall semester.

31 b. One spring semester.

32 c. One summer term.

33 (2) Summer term. – All instruction received in one summer between academic
34 years.

35 **"§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

36 (a) Within the funds available, a high school graduate from the North Carolina School of
37 Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts
38 (UNCSA) in each school year who meets the following conditions shall be eligible for a tuition
39 grant awarded under this Part:

40 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1
41 and in accordance with the coordinated and centralized residency
42 determination process administered by the Authority.

43 (2) Enrolls as a full-time student in a constituent institution of The University of
44 North Carolina in the next academic year after graduation.

45 (b) Students who receive initial tuition grants as a cohort of a high school graduating class
46 of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic
47 ~~years-terms~~ for up to a total of ~~four-eight~~ academic years, terms, provided that tuition grants are
48 only used for undergraduate tuition.

49 (b1) A student must be continuously enrolled in an undergraduate program at a constituent
50 institution of The University of North Carolina after the award of the initial tuition grant to be
51 eligible for tuition grants in subsequent academic ~~years-terms.~~ The Authority shall have the

1 discretion to waive this requirement if the student is able to demonstrate that any of the following
2 have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service
3 obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other
4 extraordinary hardship.

5 (c) The amount of the tuition grant to each graduate shall be determined and distributed
6 as provided in G.S. 116-209.91.

7 **"§ 116-209.91. Administration of tuition grants.**

8 (a) The Authority shall administer the tuition grants provided for in this Part pursuant to
9 guidelines and procedures established by the Authority consistent with its practices for
10 administering State-funded financial aid. The guidelines and procedures shall include an
11 application process and schedule, notification and disbursement procedures, standards for
12 reporting, and standards for return of tuition grants when a student withdraws. The Authority
13 shall not approve any grant until it receives proper certification from the appropriate constituent
14 institution that the student applying for the grant is an eligible student. Upon receipt of the
15 certification, the Authority shall remit, at the times it prescribes, the tuition grant to the
16 constituent institution on behalf, and to the credit, of the student. In the event a student on whose
17 behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a
18 minimum academic load as of the tenth classroom day following the beginning of the school
19 term for which the tuition grant was paid, the constituent institution shall refund the full amount
20 of the tuition grant to the Authority.

21 (b) Except as otherwise provided in this section, the amount of the grant awarded to a
22 student shall cover the tuition cost at the constituent institution in which the student is enrolled.
23 No tuition grant awarded to a student under this section shall exceed the cost of attendance at a
24 constituent institution for which the student is enrolled.

25 (c) If a student, who is eligible for a tuition grant under this section, also receives a
26 scholarship or other grant covering the cost of attendance at the constituent institution for which
27 the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an
28 appropriate amount determined by the Authority so that the total amount of scholarships and
29 grants received by the student does not exceed the cost of attendance for the institution. The cost
30 of attendance shall be determined by the Authority for each constituent institution.

31 (c1) The Authority shall place all funds appropriated to, or otherwise received by, the
32 Authority for the award of tuition grants under this Part into an institutional trust fund established
33 in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also
34 be placed in the institutional trust fund established pursuant to this subsection. The monies in the
35 institutional trust fund may be used only for the purposes set forth in this Part.

36 (d) In the event there are not sufficient funds to provide each eligible student who has
37 applied in accordance with the application process and the schedule established by the Authority
38 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata
39 share of funds available for the academic ~~year~~term covered by the appropriation in the preceding
40 fiscal year.

41 (e) The Authority may use up to five percent (5%) of the funds appropriated each year
42 for tuition grants under this Part for administrative costs."

43 **SECTION 8A.3.(b)** G.S. 116-209.90(a), as amended by subsection (a) of this
44 section, reads as rewritten:

45 "(a) Within the funds available, an eligible graduate in each school year who meets the
46 following conditions shall qualify for a tuition grant awarded under this Part:

- 47 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1
48 and in accordance with the coordinated and centralized residency
49 determination process administered by the Authority.
- 50 (2) Enrolls as a full-time student in an eligible institution of higher education in
51 the next academic year after graduation.

(3) Submits a completed Free Application for Federal Student Aid (FAFSA) form."

SECTION 8A.3.(c) G.S. 116-209.91(c1), as enacted by subsection (a) of this section, becomes effective June 30, 2023. Subsection (b) of this section applies beginning with graduates from the 2023-2024 school year. Except as otherwise provided, this section is effective when it becomes law and applies beginning with graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts from the 2022-2023 school year.

REVISE TEACHING FELLOWS PROGRAM

SECTION 8A.4.(a) Part 3 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 3. North Carolina Teaching Fellows Program.

"§ 116-209.60. Definitions.

The following definitions apply in this Part:

- (1) Commission. – The North Carolina Teaching Fellows Commission.
- (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- (3) Forgivable loan. – A forgivable loan made under the Program.
- (4) Program. – The North Carolina Teaching Fellows Program.
- (5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
- (5a) Qualifying licensure area. – A teacher licensure area in one of the following subjects:
 - a. Either of the following, as identified pursuant to G.S. 116-209.62(h):
 1. Special education.
 2. STEM.
 - b. Elementary education (K-6).
- (5b) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:
 - a. Received a forgivable loan under the Program.
 - b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.
- (6) STEM. – Science, technology, engineering, and mathematics.
- (7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

...

"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the System Office of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective ~~STEM or special education~~ teachers in qualifying licensure areas in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in ~~STEM or special education licensure areas~~ qualifying licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the System Office of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans,

1 and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the
2 Trust Fund is to provide financial assistance to qualified students for completion of teacher
3 education and licensure programs to fill ~~STEM or special education~~ qualifying licensure areas in
4 the public schools of the State.

5 (c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only
6 for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the
7 Program, including recruitment and recovery of funds advanced under the Program, (iii)
8 mentoring and coaching support to forgivable loan recipients, and (iv) extracurricular
9 enhancement activities of the Program in accordance with the following:

- 10 (1) The Authority shall transfer the greater of six hundred thousand dollars
11 (\$600,000) or ten percent (10%) of the available funds from the Trust Fund to
12 ~~the General Administration of The University of North Carolina~~ The
13 University of North Carolina System Office at the beginning of each fiscal
14 year for the Program's administrative costs, the salary of the Director of the
15 Program and other Program staff, expenses of the Commission, and to provide
16 the Commission with funds to use for the extracurricular enhancement
17 activities of the Program.

18 ...

19 (d) Director of the Program. – The Board of Governors of The University of North
20 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the
21 Commission and shall be responsible for recruitment and coordination of the Program, including
22 proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities
23 shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher
24 recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human
25 resources, elected officials, and other community leaders throughout the State, and (iii) attracting
26 candidates in ~~STEM and special education~~ qualifying licensure areas to the Program. The
27 Director shall report to the President of The University of North Carolina. The Authority shall
28 provide office space and clerical support staff, as necessary, to the Director for the Program.

29 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt
30 stringent standards for awarding forgivable loans based on multiple measures to ensure that only
31 the strongest applicants receive them, including the following:

- 32 (1) Grade point averages.
33 (2) Performance on relevant career and college readiness assessments.
34 (3) Experience, accomplishments, and other criteria demonstrating qualities
35 positively correlated with highly effective teachers, including excellent verbal
36 and communication skills.
37 (4) Demonstrated commitment to serve in a ~~STEM or special education~~
38 qualifying licensure area in North Carolina public schools.

39 (f) Program Selection Criteria. – The Authority shall administer the Program in
40 cooperation with up to ~~eight~~ 10 institutions of higher education with approved educator
41 preparation programs selected by the Commission that represent a diverse selection of both
42 postsecondary constituent institutions of The University of North Carolina and private
43 postsecondary institutions operating in the State. The Commission shall adopt stringent standards
44 for selection of the most effective educator preparation programs, including the following:

- 45 (1) Demonstrates high rates of educator effectiveness on value-added models and
46 teacher evaluations, including using performance-based, subject-specific
47 assessment and support systems, such as edTPA or other metrics of evaluating
48 candidate effectiveness that have predictive validity.
49 (2) Demonstrates measurable impact of prior graduates on student learning,
50 including impact of graduates teaching in ~~STEM or special education~~
51 qualifying licensure areas.

- 1 (3) Demonstrates high rates of graduates passing exams required for teacher
2 licensure.
- 3 (4) Provides curricular and co-curricular enhancements in leadership, facilitates
4 learning for diverse learners, and promotes community engagement,
5 classroom management, and reflection and assessment.
- 6 (5) Requires at least a minor concentration of study in the subject area that the
7 candidate may teach.
- 8 (6) Provides early and frequent internship or practical experiences, including the
9 opportunity for participants to perform practicums in diverse school
10 environments.
- 11 (7) Is approved by the State Board of Education as an educator preparation
12 program.
- 13 (8) For an educator preparation program enrolling loan recipients in a program of
14 study leading to licensure in elementary education (K-6), provides training
15 that is aligned with the Science of Reading in accordance with
16 G.S. 115C-269.20. The Commission shall contract with a third-party entity to
17 biennially evaluate whether a program identified in this subdivision is
18 providing training that is aligned with the Science of Reading.
- 19 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected
20 students to be used at up to ~~eight~~ 10 selected institutions for completion of a program leading to
21 initial teacher licensure as follows:
- 22 (1) North Carolina high school seniors. – Forgivable loans of up to ~~four thousand~~
23 ~~one hundred twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per
24 semester for up to eight semesters.
- 25 (2) Students applying for transfer to a selected educator preparation program at
26 an institution of higher education. – Forgivable loans of up to ~~four thousand~~
27 ~~one hundred twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per
28 semester for up to six semesters.
- 29 (3) Individuals currently holding a bachelor's degree seeking preparation for
30 teacher licensure. – Forgivable loans of up to ~~four thousand one hundred~~
31 ~~twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per semester for
32 up to four semesters.
- 33 (4) Students matriculating at institutions of higher education who are changing to
34 an approved program of study at a selected educator preparation program. –
35 Forgivable loans of up to ~~four thousand one hundred twenty five dollars~~
36 ~~(\$4,125)~~ five thousand dollars (\$5,000) per semester for up to four semesters.
- 37 Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to
38 obtaining licensure.
- 39 (h) Identification of STEM and Special Education Licensure Areas. – The Superintendent
40 of Public Instruction shall identify and provide to the Commission and the Authority a list of
41 STEM and special education licensure areas and shall annually provide to the Commission the
42 number of available positions in each qualifying licensure area relative to the number of current
43 and anticipated teachers in that area of licensure. The Commission shall make the list of STEM
44 and special education licensure areas readily available to applicants.
- 45 ...
- 46 (j) Annual Report. – The Commission, in coordination with the Authority, the
47 Department of Public Instruction, and the selected educator education programs participating in
48 the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint
49 Legislative Education Oversight Committee regarding the following:
- 50 (1) Forgivable loans awarded from the Trust Fund, including the following:
- 51 a. Demographic information regarding recipients.

- b. Number of recipients by institution of higher education and program.
- c. Information on number of recipients by anticipated ~~STEM and special education-qualifying~~ licensure area.
- (2) Placement and repayment rates, including the following:
 - a. Number of graduates who have been employed in a ~~STEM or special education-qualifying~~ licensure area within two years of program completion.
 - b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
 - c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
 - d. Number of graduates employed in a ~~STEM or special education-qualifying~~ licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.
 - e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a ~~STEM or special education-qualifying~~ licensure area.

...

"§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after graduation, whichever is later. If a forgivable loan is terminated, the note shall be made payable to the Authority 90 days after termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the Program or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – ~~The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year the teacher was awarded the forgivable loan, in any combination of the following: For every year a qualifying teacher remains a qualifying teacher, the Authority shall forgive the loan amount received over one year of enrollment in an educator preparation program and any interest accrued on that amount.~~

- (1) ~~One year at a North Carolina public school identified as low performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low performing.~~
- (2) ~~Two years at a North Carolina public school not identified as low performing under G.S. 115C-105.37.~~

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

1 **SECTION 8A.4.(b)** Educator preparation programs enrolling loan recipients in a
2 program of study leading to licensure in elementary education (K-6) shall be determined to
3 provide training that is aligned with the Science of Reading according to the following time line:

4 (1) Notwithstanding G.S. 116-209.62(f)(8), as enacted by this section, for
5 programs selected prior to August 1, 2024, the program shall be deemed to
6 provide training that is aligned with the Science of Reading for the 2024-2025
7 academic year if the program meets either of the following requirements:

8 a. Is rated "strong" or "good" on the February 15, 2023, report of the
9 Board of Governors of The University of North Carolina on the
10 Science of Reading Educator Preparation Programs Coursework
11 Implementation required by Section 8.4 of S.L. 2021-180.

12 b. Received a grade of "A" or higher in reading foundations on the June
13 2023 report on Strengthening Elementary Reading Instruction of the
14 National Council on Teacher Quality.

15 (2) In accordance with G.S. 116-206.62(f)(8), the third-party entity selected by
16 the Commission shall determine whether a program is providing training that
17 is aligned with the Science of Reading for the 2025-2027 academic years and
18 each subsequent two academic years thereafter.

19 **SECTION 8A.4.(c)** This section applies to applications for the award of funds
20 beginning in the 2024-2025 academic year.

21
22 **EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS, REQUIRE A**
23 **SEQUENCE OF COURSES FOR EARLY HIGH SCHOOL GRADUATION, AND**
24 **ESTABLISH THE EARLY GRADUATE SCHOLARSHIP PROGRAM**

25 **SECTION 8A.6.(a)** G.S. 115C-562.1(3), (3c), and (5c) are repealed.

26 **SECTION 8A.6.(b)** G.S. 115C-562.1 is amended by adding a new subdivision to
27 read:

28 "(3a) Eligible student. – A student residing in North Carolina who has not yet
29 received a high school diploma and who meets all of the following
30 requirements:

31 a. Is eligible to attend a North Carolina public school pursuant to Article
32 25 of this Chapter. A child who is the age of 4 on or before April 16 is
33 eligible to attend the following school year if the principal, or
34 equivalent, of the school in which the child seeks to enroll finds that
35 the student meets the requirements established by the Authority
36 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the
37 Authority.

38 b. Has not been enrolled in a postsecondary institution as a full-time
39 student taking at least 12 hours of academic credit.

40 c. Has not been placed in a nonpublic school or facility by a public
41 agency at public expense."

42 **SECTION 8A.6.(c)** G.S. 115C-562.2 reads as rewritten:

43 **"§ 115C-562.2. Scholarship grants.**

44 (a) The Authority shall make available no later than February 1 annually applications to
45 eligible students for the award of scholarship grants to attend any nonpublic ~~school~~ school on a
46 full- or part-time basis. Information about scholarship grants and the application process shall be
47 made available on the Authority's Web site. Beginning March 15, the Authority shall begin
48 awarding scholarship grants ~~according to the following criteria:~~ to students who have applied by
49 March 1 in the following order:

- 1 (1) ~~First priority shall be given to eligible~~ Eligible students who received a
2 scholarship grant for the school year prior to the school year for which the
3 students are ~~applying if those students have applied by March 1.~~ applying.
- 4 (2) ~~After scholarship grants have been awarded to prior recipients as provided in~~
5 ~~subdivision (1) of this subsection, scholarships shall be awarded with~~
6 ~~remaining funds as follows:~~ Eligible students qualifying for a scholarship grant
7 in the amount provided under subdivision (1) of subsection (b2) of this
8 section.
- 9 a. ~~At least fifty percent (50%) of the remaining funds shall be used to~~
10 ~~award scholarship grants to eligible students residing in households~~
11 ~~with an income level not in excess of the amount required for the~~
12 ~~student to qualify for the federal free or reduced-price lunch program.~~
- 13 b. ~~Repealed by Session Laws 2020-97, s. 3.3(a), effective September 4,~~
14 ~~2020.~~
- 15 e. ~~Any remaining funds shall be used to award scholarship grants to all~~
16 ~~other eligible students.~~
- 17 (3) Eligible students qualifying for a scholarship grant in the amount provided
18 under subdivision (2) of subsection (b2) of this section.
- 19 (4) Eligible students qualifying for a scholarship grant in the amount provided
20 under subdivision (3) of subsection (b2) of this section.
- 21 (5) All other students.
- 22 (b) ~~Scholarship grants awarded to eligible students residing in households with an income~~
23 ~~level not in excess of the amount required for the student to qualify for the federal free or~~
24 ~~reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety~~
25 ~~percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of~~
26 ~~the average State per pupil allocation for average daily membership in the prior fiscal year.~~
27 ~~Scholarship grants awarded to eligible students residing in households with an income level in~~
28 ~~excess of the amount required for the student to qualify for the federal free or reduced-price lunch~~
29 ~~program shall be for amounts of not more than ninety percent (90%) of the required tuition and~~
30 ~~fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a~~
31 ~~part-time student for the nonpublic school the eligible child will attend. Tuition and fees for a~~
32 ~~nonpublic school may include tuition and fees for books, transportation, equipment, or other~~
33 ~~items required by the nonpublic school. No scholarship grant shall exceed, per year per eligible~~
34 ~~student, an amount equal to ninety percent (90%) for a full-time student or forty-five percent~~
35 ~~(45%) for a part-time student of the average State per pupil allocation for average daily~~
36 ~~membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition~~
37 ~~and fees for the nonpublic school the eligible student will attend.~~
- 38 (b1) ~~Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.~~
- 39 (b2) Scholarship grants shall be awarded to eligible students as follows:
- 40 (1) For students residing in households with an income level not in excess of the
41 amount required for the student to qualify for the federal free or reduced-price
42 lunch program, per year per eligible student, an amount of up to one hundred
43 percent (100%) of the average State per pupil allocation for average daily
44 membership in the prior fiscal year.
- 45 (2) For students residing in households with an income level between the amount
46 required for the student to qualify for the federal free or reduced-price lunch
47 program and not in excess of two hundred percent (200%) of that amount, per
48 year per eligible student, an amount of up to ninety percent (90%) of the
49 average State per pupil allocation for average daily membership in the prior
50 fiscal year.

1 (3) For students residing in households with an income level of between two
 2 hundred percent (200%) of the amount required for the student to qualify for
 3 the federal free or reduced-price lunch program and not in excess of four
 4 hundred fifty percent (450%) of that amount, per year per eligible student, an
 5 amount of up to sixty percent (60%) of the average State per pupil allocation
 6 for average daily membership in the prior fiscal year.

7 (4) For all students, per year per eligible student, an amount of up to forty-five
 8 percent (45%) of the average State per pupil allocation for average daily
 9 membership in the prior fiscal year, unless the student qualifies for a higher
 10 amount under this subsection.

11 (b3) Tuition and fees for a nonpublic school may include tuition and fees for books,
 12 transportation, equipment, or other items required by the nonpublic school.

13 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to
 14 one hundred percent (100%) of the average State per pupil allocation for average daily
 15 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition
 16 and fees for the nonpublic school the eligible student will attend.

17 (b5) In addition to the amount of the scholarship grant, for any student receiving a
 18 scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school
 19 an amount equal to the cost of the nationally standardized test required to be administered as
 20 provided in G.S. 115C-562.5.

21 "

22 **SECTION 8A.6.(d)** G.S. 115C-562.3 reads as rewritten:

23 **"§ 115C-562.3. Verification of eligibility; information from other State agencies.**

24 (a) To verify that the domicile requirements of G.S. 115C-366 are met for State
 25 residency, the Authority shall establish a domicile determination system and shall establish rules
 26 for determination of domicile within the State in accordance with this subsection. The Division
 27 of Motor Vehicles of the Department of Transportation, the Department of Public Instruction,
 28 the Department of Commerce, the Department of Health and Human Services, the Department
 29 of Revenue, the State Board of Elections, and the State Chief Information Officer each shall
 30 expeditiously cooperate with the Authority in verifying electronically, or by other similarly
 31 effective and efficient means, evidence submitted to the Authority for the purposes of
 32 establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall
 33 accept any of the following as evidence of domicile within the State:

34 (1) Verified State drivers license or State identification card.

35 (2) Verified State voter registration.

36 (3) Verified receipt of public benefits from a State agency.

37 (4) Verified filing of State income taxes for the year prior to application.

38 (5) Verified enrollment in a North Carolina public school at the time of
 39 application.

40 (6) An electronically submitted copy of one of the following current documents
 41 that show the name of the parent and an address within the State:

42 a. A utility bill.

43 b. A bank statement.

44 c. A government check.

45 d. A paycheck.

46 e. Any other government document.

47 (a1) The In addition to the requirements of subsection (a) of this section, the Authority
 48 may seek verification of information on any application for scholarship grants from eligible
 49 students. The Authority shall select and verify ~~six percent (6%)~~ four percent (4%) of applications
 50 for scholarship grant funds awarded under G.S. 115C-562.2(b2)(1) through (b2)(3) annually,
 51 including those with apparent errors on the face of the application. The Authority shall establish

1 rules for the verification process and may use the federal verification requirements process for
 2 free and reduced-price lunch applications as guidance for those rules. If a household fails to
 3 cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant
 4 to the eligible student.

5 (b) Household members of applicants for scholarship grants shall authorize the Authority
 6 to access information needed for verification efforts conducted under this section held by other
 7 State agencies, including the Department of Revenue, the Department of Health and Human
 8 Services, and the Department of Public Instruction. ~~The Department of Public Instruction shall~~
 9 ~~provide the Authority with public school enrollment information to establish eligibility pursuant~~
 10 ~~to G.S. 115C-562.1(3)a., as needed.~~

11 (c) By December 1 of each year, the Department of Public Instruction shall provide the
 12 Authority the average State per pupil allocation for that fiscal year to determine the maximum
 13 scholarship amount for eligible students to be awarded in the following fiscal year in accordance
 14 with ~~G.S. 115C-562.2(b).~~ G.S. 115C-562.2(b2)."

15 **SECTION 8A.6.(e)** G.S. 115C-562.5 reads as rewritten:

16 "**§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
 17 **scholarship grants.**

18 (a) A nonpublic school that accepts eligible students receiving scholarship grants shall
 19 comply with the following:

20 ...

21 (4) Administer, at least once in each school year, tests as provided in this
 22 subdivision. Test performance data shall be submitted to the Authority by July
 23 15 of each year. Test performance data reported to the Authority under this
 24 subdivision is not a public record under Chapter 132 of the General Statutes.
 25 Tests shall be administered to all eligible students enrolled in grades three and
 26 higher whose tuition and fees are paid in whole or in part with a scholarship
 27 grant as follows:

28 a. The nationally standardized test designated by the Authority in grades
 29 three and eight.

30 b. The ACT in grade 11.

31 c. ~~a—A~~ nationally standardized test or other nationally standardized
 32 equivalent measurement selected by the chief administrative officer of
 33 the nonpublic school to all eligible students whose tuition and fees are
 34 paid in whole or in part with a scholarship grant enrolled in grades
 35 three and higher. in all other grades four and higher. For grades three
 36 four through eight, seven, the nationally standardized test or other
 37 equivalent measurement selected must measure achievement in the
 38 areas of English grammar, reading, spelling, and mathematics. For
 39 grades nine through 12, nine, 10, and 12, the nationally standardized
 40 test or other equivalent measurement selected must measure either (i)
 41 achievement in the areas of English grammar, reading, spelling, and
 42 mathematics or (ii) competencies in the verbal and quantitative areas.
 43 Test performance data shall be submitted to the Authority by July 15
 44 of each year. Test performance data reported to the Authority under
 45 this subdivision is not a public record under Chapter 132 of the
 46 General Statutes.

47 ...

48 (b) A nonpublic school that accepts students receiving scholarship grants shall not require
 49 any additional fees based on the status of the student as a scholarship grant recipient.

1 (c) A nonpublic school enrolling more than 25 students in any grade whose tuition and
 2 fees are paid in whole or in part with a scholarship grant ~~shall report~~ shall provide and retain
 3 information on student test performance in each grade with more than 25 students, as follows:

4 (1) Report to the Authority on the aggregate standardized test performance of
 5 eligible ~~students~~ students in grades three, eight, and 11. Aggregate test
 6 performance data reported to the Authority which does not contain personally
 7 identifiable student data shall be a public record under Chapter 132 of the
 8 General Statutes. Test performance data may be shared with public or private
 9 institutions of higher education located in North Carolina and shall be
 10 provided to an independent research organization selected by the Authority
 11 for research purposes as permitted by the Federal Education Rights and
 12 Privacy Act, 20 U.S.C. § 1232g.

13 (2) Retain standardized test performance data for eligible students in all other
 14 grades and annually certify to the Authority compliance with the requirements
 15 of subdivision (4) of subsection (a) of this section.

16"

17 **SECTION 8A.6.(f)** G.S. 115C-562.7 reads as rewritten:

18 "**§ 115C-562.7. Authority reporting requirements.**

19 ...

20 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative
 21 Education Oversight Committee on the following information from the prior school year:

22 (1) Total number, grade level, race, ethnicity, and sex of eligible students
 23 receiving scholarship grants.

24 (2) Total amount of scholarship grant funding awarded.

25 (3) ~~Number of students previously enrolled in local school administrative units or~~
 26 ~~charter schools in the prior semester by the previously attended local school~~
 27 ~~administrative unit or charter school.~~

28 (4) Nonpublic schools in which scholarship grant recipients are enrolled,
 29 including numbers of scholarship grant students at each nonpublic school.

30 (5) Nonpublic schools deemed ineligible to receive scholarships.

31 (c) The Authority shall report annually, no later than December 1, to the Department of
 32 Public Instruction and the Joint Legislative Education Oversight Committee on the following:

33 (1) Learning gains or losses of students receiving scholarship grants. The report
 34 shall include learning gains or losses of participating students on a statewide
 35 basis and shall compare, to the extent possible, the learning gains or losses of
 36 eligible students by nonpublic school to the statewide learning gains or losses
 37 of public school students with similar socioeconomic backgrounds, using
 38 aggregate standardized test performance data provided to the Authority by
 39 nonpublic schools and by the Department of Public Instruction. The report
 40 shall, at a minimum, analyze the aggregate performance of students receiving
 41 scholarship grants in grades three, eight, and 11 on the designated nationally
 42 standardized test in comparison to national outcomes for that test.

43 (2) Competitive effects on public school performance ~~on standardized tests~~ as a
 44 result of the scholarship grant program. The report shall analyze the impact of
 45 the availability of scholarship grants on public school performance ~~on~~
 46 ~~standardized tests~~ by local school administrative units to the extent possible,
 47 and shall provide comparisons of the impact by geographic region and
 48 between rural and urban local school administrative units.

49 This report shall be conducted by an independent research organization to be selected by the
 50 Authority, which may be a public or private entity or university. The independent research
 51 organization shall report to the Authority on the results of its research. The Joint Legislative

1 Education Oversight Committee shall review reports from the Authority and shall make ongoing
 2 recommendations to the General Assembly as needed regarding improving administration and
 3 accountability for nonpublic schools accepting students receiving scholarship grants.

4 (d) For any fiscal year in which the Authority uses funds from the Reserve as provided
 5 under G.S. 115C-562.8(e), the Authority shall report to the Joint Legislative Education Oversight
 6 Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal
 7 year on at least the following:

- 8 (1) The methodology used by the Authority for determining the awards for the
 9 school year, including the number of eligible students and the amount of
 10 scholarship grants that were awarded under G.S. 115C-562.2.
- 11 (2) The actual number of eligible students and the amount of scholarship grants
 12 received by eligible students for that school year.
- 13 (3) The amount of funds used from the Reserve, as permitted under
 14 G.S. 115C-562.8(e), to fully fund the awards.
- 15 (4) Any legislative recommendations, including funding amounts, for the
 16 scholarship grant program for the next fiscal year."

17 **SECTION 8A.6.(g)** G.S. 115C-562.8 reads as rewritten:

18 **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

19 (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be
 20 administered by the Board of Governors of The University of North Carolina for the purpose of
 21 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.
 22 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the
 23 General Assembly and any interest accrued to it thereon. These funds shall be used to award
 24 scholarship grants to eligible students for the school year that begins in the fiscal year following
 25 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall
 26 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds
 27 appropriated in a particular fiscal year to be used for the award of scholarships in the following
 28 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds
 29 were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d)
 30 of this section, if applicable. After funds are used for this purpose, any unexpended funds from
 31 the funds appropriated in a particular fiscal year to be used for the award of scholarships in the
 32 following fiscal year shall be carried forward for one fiscal year and may be used for the purposes
 33 set forth in this section. Funds carried forward pursuant to this section that have not been spent
 34 within one fiscal year shall revert to the General Fund.

35 (b) The General Assembly finds that, due to the critical need in this State to provide
 36 opportunity for school choice for North Carolina students, it is imperative that the State provide
 37 an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,
 38 there is appropriated from the General Fund to the Reserve the following amounts for each fiscal
 39 year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
40 2017-2018	\$44,840,000
41 2018-2019	\$54,840,000
42 2019-2020	\$64,840,000
43 2020-2021	\$74,840,000
44 2021-2022	\$84,840,000
45 2022-2023	\$94,840,000
46 2023-2024	\$176,540,000
47 2024-2025	\$191,540,000
48 2025-2026	\$206,540,000 \$415,540,000
49 2026-2027	\$221,540,000 \$430,540,000
50 2027-2028	\$236,540,000 \$445,540,000

1	2028-2029	\$251,540,000	\$460,540,000
2	2029-2030	\$266,540,000	\$475,540,000
3	2030-2031	\$281,540,000	\$490,540,000
4	2031-2032	\$296,540,000	\$505,540,000

5 For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the
 6 General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand~~
 7 ~~dollars (\$311,540,000)~~ five hundred twenty million five hundred forty thousand dollars
 8 (\$520,540,000) to be used for the purposes set forth in this section. When developing the base
 9 budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director
 10 of the Budget shall include the appropriated amount specified in this subsection for that fiscal
 11 year.

12 (c) Of the funds allocated to the Authority to award scholarship grants under this Part,
 13 the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each
 14 fiscal year for administrative costs associated with the scholarship grant program.

15 (d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a
 16 particular fiscal year to be used for the award of scholarships in the following fiscal year shall be
 17 used as follows:

18 (1) ~~Up to five hundred thousand dollars (\$500,000)~~ one million dollars
 19 (\$1,000,000) may be used by the Authority to contract with ~~a nonprofit~~
 20 ~~corporation~~ one or more nonprofit corporations representing parents and
 21 families for outreach and scholarship education and application assistance for
 22 parents and students pursuant to Part 4A of this Article.

23 (2) Any remaining funds shall be carried forward for one fiscal year pursuant to
 24 subsection (a) of this section.

25 (e) The Authority shall make reasonable efforts to ensure the amount of scholarship
 26 grants awarded for a school year do not exceed the funds that are available for the awards to
 27 eligible students in each fiscal year. However, notwithstanding subsection (a) of this section, to
 28 ensure that as many eligible students receive scholarship grants in a timely manner as possible,
 29 the Authority may use up to thirty percent (30%) of the unencumbered cash balance in the
 30 Reserve in a fiscal year if the funds required to award scholarship grants to eligible students for
 31 a school year exceed the funds available for the distribution of those awards. If the Authority
 32 expends funds in excess of those available in the Reserve for a particular school year, the
 33 Authority shall submit the report required by G.S. 115C-562.7(b1)."

34 **SECTION 8A.6.(h)** Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as
 35 part of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter
 36 115C of the General Statutes for the 2024-2025 school year, a parent shall certify to the State
 37 Education Assistance Authority that the domicile requirements of G.S. 115C-562.1(3a), as
 38 enacted by this act, are met for eligibility purposes in lieu of submitting evidence electronically
 39 to the State Education Assistance Authority through a domicile determination system. The State
 40 Education Assistance Authority shall select six percent (6%) of the applications for the
 41 2024-2025 school year to verify the domicile requirements are met for the award of a scholarship
 42 grant to an eligible student. As evidence of domicile, the State Education Assistance Authority
 43 may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a
 44 parent fails to cooperate with verification efforts under this section, the State Education
 45 Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In
 46 addition, if the State Education Assistance Authority determines that the certification of the
 47 parent contains falsified information, the parent may be subject to administrative, civil, or
 48 criminal penalties. The State Education Assistance Authority shall include a notice of the
 49 potential for the imposition of penalties when requesting certification as part of the application
 50 process.

1 **SECTION 8A.6.(i)** The Superintendent of Public Instruction shall study and report
2 the following to the Joint Legislative Education Oversight Committee by March 1, 2024:

- 3 (1) For the purpose of comparing student performance, recommendations for a
4 nationally standardized test for use in third grade and a nationally standardized
5 test for use in eighth grade that would be appropriate for administering to (i)
6 students in nonpublic schools who are receiving Opportunity Scholarships
7 beginning with the 2024-2025 school year and (ii) students attending schools
8 in public school units.
- 9 (2) Alignment between the nationally standardized test selected pursuant to
10 subdivision (1) of this subsection and the standard course of study for third
11 grade and eighth grade, respectively, including a crosswalk between the
12 standards assessed by the nationally standardized test and the standard course
13 of study.
- 14 (3) Feasibility of developing a through-grade assessment for third and eighth
15 grade that would meet the following criteria:
- 16 a. Assess mastery of the standard course of study.
- 17 b. Consist of multiple testing events throughout the year that are
18 aggregated into a summative score.
- 19 c. Replace the current end-of-grade assessments for third and eighth
20 grade.
- 21 d. Yield data that can be used with the Education Value-Added
22 Assessment System (EVAAS).
- 23 e. Comply with federal law.

24 **SECTION 8A.6.(j)** The State Education Assistance Authority shall designate as the
25 nationally standardized assessment to be administered by nonpublic schools, in accordance with
26 G.S. 115C-562.5(a)(4), the tests recommended by the Superintendent of Public Instruction for
27 use in third grade and eighth grade in accordance with subsection (i) of this section.

28 **SECTION 8A.6.(k)** G.S. 115C-12(9d)a. reads as rewritten:

- 29 "a. The Board may develop exit standards that shall be required for high
30 school graduation. The Board shall develop a sequence of courses that
31 shall be available in all local school administrative units to allow a
32 student to complete the credits required for graduation in a three-year
33 period. The Board shall indicate on a student's transcript if the student
34 graduates from a public high school within three years of entering the
35 ninth grade. A local board of education shall not require any additional
36 credits beyond those mandated by the Board for high school
37 graduation. The Board shall require the following for high school
38 graduation:
- 39 1. Successful completion of instruction in cardiopulmonary
40 resuscitation as provided in G.S. 115C-81.25(c)(10).
- 41 2. A passing grade in the semester course on the Founding
42 Principles of the United States of America and the State of
43 North Carolina described in G.S. 115C-81.45(d)(1)."

44 **SECTION 8A.6.(l)** G.S. 115C-12(9d)b.2. reads as rewritten:

- 45 "2. The Board shall not require any student to prepare a high
46 school graduation project as a condition of graduation from
47 high school; ~~local boards of education may, however, require~~
48 ~~their students to complete a high school graduation as provided~~
49 ~~in G.S. 115C-47(54a).school."~~

50 **SECTION 8A.6.(m)** G.S. 115C-47(54a) is repealed.

51 **SECTION 8A.6.(n)** G.S. 115C-12(32) reads as rewritten:

"(32) Duty to Encourage Early Entry of Motivated Students into Four-Year College Programs. –

- a. The State Board of Education, in cooperation with the Education Cabinet, shall work with local school administrative units, the constituent institutions of The University of North Carolina, local community colleges, and private colleges and universities to (i) encourage early entry of motivated students into two-year or four-year college-postsecondary programs and to (ii) ensure that there are opportunities at two-year and four-year institutions for academically talented high school students to get an early start on college coursework, either at nearby institutions or through distance learning.
- b. The State Board of Education shall also adopt policies directing school guidance counselors in all public school units to make ninth grade students aware of the potential to complete the high school courses required for college entry in a three-year ~~period~~ period and for the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes for those students."

SECTION 8A.6.(o) G.S. 115C-47 is amended by adding a new subdivision to read:

"(53a) To Encourage Early High School Graduation. – Local boards of education shall offer a sequence of courses in accordance with G.S. 115C-12(9d) and to advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(p) G.S. 115C-218.85(a) is amended by adding a new subdivision

to read:

"(6) A charter school may offer a sequence of courses in accordance with G.S. 115C-12(9d) and shall advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(q) G.S. 115C-238.66(1) is amended by adding a new sub-subdivision to read:

- "f. The board of directors may offer a sequence of courses in accordance with G.S. 115C-12(9d) and shall advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(r) Governing bodies of other public school units that offer a sequence of courses in accordance with G.S. 115C-12(9d) and all local boards of education shall report to the Department of Public Instruction on the number of rising eleventh graders utilizing the sequence of courses to complete the credits required for graduation in a three-year period by May 15, 2025, and May 15, 2026. The Department of Public Instruction shall report the total number of rising eleventh graders utilizing the sequence of courses to complete the credits required for graduation in a three-year period by public school unit to the Fiscal Research Division by June 1, 2025, and June 1, 2026.

SECTION 8A.6.(s) The State Board of Education shall adopt an emergency rule no later than November 1, 2023, to establish the graduation requirements and sequence of courses required by this section. Governing bodies of public school units shall advise students beginning with the 2023-2024 school year of this sequence, the option to graduate within three years of entering the ninth grade, and the availability of early graduate scholarships. Students enrolled in

1 the tenth grade during the 2023-2024 school year who complete the sequence of courses required
2 for graduation in a three-year period shall be eligible to graduate in the 2024-2025 school year.

3 **SECTION 8A.6.(t)** Article 23 of Chapter 116 of the General Statutes is amended by
4 adding a new Part to read:

5 "Part 7. The Early Graduate Scholarship Program.

6 **"§ 116-209.100. Definitions.**

7 The following definitions apply to this Part:

- 8 (1) Eligible postsecondary institution. – A school that is:
9 a. A constituent institution of The University of North Carolina as
10 defined in G.S. 116-2(4).
11 b. A community college as defined in G.S. 115D-2(2).
12 c. A nonprofit postsecondary institution as defined in G.S. 116-280(3).
13 (2) Matriculated status. – Being recognized as a student in a defined program of
14 study leading to a degree, diploma, or certificate at an eligible postsecondary
15 institution.
16 (3) Program. – The Early Graduate Scholarship Program.
17 (4) Reserve Fund. – Reserve Fund for Early Graduate Scholarships.
18 (5) Scholarship. – An Early Graduate Scholarship for education awarded under
19 this Part.

20 **"§ 116-209.101. Eligibility requirements for a scholarship and duration of scholarship.**

21 (a) In order to be eligible to receive a scholarship under this Part, a student seeking a
22 degree, diploma, or certificate at an eligible postsecondary institution must meet all of the
23 following requirements:

- 24 (1) Graduate from a State public high school within three years of entering the
25 ninth grade. The Department of Public Instruction shall indicate on a student's
26 transcript provided to the Authority that the student is an early graduate
27 pursuant to this section.
28 (2) Qualify as a resident for tuition purposes under the criteria set forth in
29 G.S. 116-143.1 and in accordance with the coordinated and centralized
30 residency determination process administered by the Authority.
31 (3) Meet enrollment standards by being admitted, enrolled, and classified as a
32 student in a matriculated status at an eligible postsecondary institution.
33 (4) Submit a Free Application for Federal Student Aid (FAFSA).

34 (b) A student is eligible to receive the scholarship for no more than two semesters in the
35 two academic years immediately following the student's graduation from high school.

36 **"§ 116-209.102. Scholarship amounts; amounts dependent on availability of funds.**

37 (a) The amount of a scholarship awarded under this Part to a student at an eligible
38 postsecondary institution shall be determined annually by the Authority using a payment
39 schedule that is based upon a corresponding value of student financial need as defined by federal
40 methodology to the income eligibility for a scholarship grant awarded under G.S. 115C-562.2.
41 The Authority shall publish the payment schedule for the Program in an easily accessible and
42 understandable format. No scholarship awarded to a student under this Part shall exceed the cost
43 of attendance at the eligible postsecondary institution in which the student is enrolled.

44 (b) If a student who is eligible for a scholarship under this Part also receives a scholarship
45 or other grant covering the cost of attendance at the eligible postsecondary institution for which
46 the scholarship is awarded, then the amount of the scholarship shall be reduced by an appropriate
47 amount determined by the Authority so that the total amount of scholarships and grants received
48 by the student does not exceed the cost of attendance for the institution. The cost of attendance
49 shall be determined by the Authority for each eligible postsecondary institution.

50 (c) In the event there are not sufficient funds to provide each eligible student who has
51 applied in accordance with the application process and the schedule established by the Authority

1 with a full scholarship as provided by this Part, the Authority shall first award scholarships to
2 those students whose student financial need as defined by federal methodology corresponds to
3 those eligible to be awarded scholarship grants in accordance with G.S. 115C-562.2(b2)(1) and
4 (b2)(2).

5 **"§ 116-209.103. Scholarship administration; reporting requirements.**

6 (a) The scholarships provided for in this Part shall be administered by the Authority under
7 rules adopted by the Authority in accordance with the provisions of this Part. The rules shall
8 include an application process and schedule, notification and disbursement procedures, and
9 standards for reporting.

10 (b) The Authority shall report no later than December 1, 2026, and annually thereafter to
11 the Joint Legislative Education Oversight Committee. The report shall contain, for the previous
12 academic year, the dollar amount of awards disbursed, the number of eligible students receiving
13 funds, and a breakdown of the eligible postsecondary institutions that received the funds.

14 (c) Scholarship funds unexpended shall remain available for future scholarships to be
15 awarded under this Part.

16 **"§ 116-209.104. Reserve Fund for Early Graduate Scholarships.**

17 (a) There is established the Reserve Fund for Early Graduate Scholarships as a reserve
18 consisting of the following monies:

19 (1) Funds appropriated by the General Assembly for the Program from the
20 General Fund in the Current Operations Appropriations Act for a fiscal year.

21 (2) All interest earned on these funds.

22 (b) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall
23 remain available until expended for the purposes of this Part.

24 (c) The Authority may use up to one and one-half percent (1.5%) of the funds available
25 in the Reserve Fund each fiscal year for administrative costs related to the Program."

26 **SECTION 8A.6.(u)** Subsections (a) through (j) of this section are effective July 1,
27 2023, and apply to application and award of scholarship grants beginning with the 2024-2025
28 school year. Subsection (t) of this section is effective when this act becomes law and applies to
29 application and award of scholarships beginning with the 2025-2026 academic year. The
30 remainder of this section is effective when this act becomes law.

31
32 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT**

33 **SECTION 8A.7.(a)** Program Established. – Of the funds appropriated in this act to
34 the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal
35 biennium to be allocated to the State Education Assistance Authority for the Longleaf
36 Commitment Grant Program (Program) from the Escheat Fund and the General Fund, the
37 Authority shall administer the Program for the 2023-2025 fiscal biennium to award grants to
38 eligible students graduating from high school at the end of the 2022-2023 school year to cover
39 tuition and fees at a community college for up to two years.

40 **SECTION 8A.7.(b)** Eligible Students. – A student shall be considered an eligible
41 student to receive a grant under the Program if the student meets all of the following
42 requirements:

43 (1) Graduates from high school during the 2022-2023 school year or receives a
44 high school equivalency diploma during the 2022-2023 school year.

45 (2) Qualifies as a resident for tuition purposes under the criteria set forth in
46 G.S. 116-143.1 and in accordance with the coordinated and centralized
47 residency determination process administered by the Authority.

48 (3) Completes the Free Application for Federal Student Aid (FAFSA) for the
49 2023-2024 academic year and, if applicable, renews the FAFSA for the
50 2024-2025 academic year.

- 1 (4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars
 2 (\$15,000).
 3 (5) Enrolls in the Fall 2023 semester and maintains enrollment in at least six credit
 4 hours per semester in curriculum courses at a community college.

5 **SECTION 8A.7.(c) Award Amounts.** – Grants awarded under the Program shall be
 6 for a minimum amount of seven hundred dollars (\$700.00) per eligible student with a maximum
 7 grant of up to two thousand eight hundred dollars (\$2,800) per eligible student per year for up to
 8 two years, which includes cost of tuition and a fee allowance.

9 **SECTION 8A.7.(d) Administration.** – The Authority may adopt rules for the
 10 administration of the Program. Of the funds appropriated in this act to the Board of Governors
 11 of The University of North Carolina for each year of the 2023-2025 fiscal biennium to be
 12 allocated to the State Education Assistance Authority for the Program from the General Fund,
 13 the Authority may use up to one percent (1%) of the total appropriations for the Program from
 14 all funding sources in each fiscal year for administrative costs related to the Program.

15 **SECTION 8A.7.(e) Reports.** – The Authority shall submit the following reports to
 16 the Joint Legislative Education Oversight Committee regarding the Program:

- 17 (1) By March 15, 2024, recommendations for a permanent community college
 18 grant program that incorporates the goals of the Longleaf Commitment Grant
 19 Program established in this section and the Need-Based Scholarship Program
 20 for Public Colleges and Universities established in Part 5 of Article 23 of
 21 Chapter 116 of the General Statutes.
 22 (2) An initial report by September 1, 2024, and a final report by September 1,
 23 2025, on the implementation of the Program. These reports shall contain, for
 24 each academic year, the amount of grant funds disbursed and the number of
 25 eligible students receiving funds.
 26

27 **CONFORM SEAA REQUIREMENTS WITH FEDERAL CHANGES TO FAFSA** 28 **SIMPLIFICATION ACT**

29 **SECTION 8A.9.(a)** G.S. 116-143.3(c) reads as rewritten:

30 "(c) Any dependent relative of a member of the Armed Forces who is abiding in this State
 31 incident to active military duty, as defined by the Board of Governors of The University of North
 32 Carolina and by the State Board of Community Colleges while sharing the abode of that member
 33 shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for
 34 admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). ~~The dependent~~
 35 ~~relatives shall comply with the requirements of the Selective Service System, if applicable, in~~
 36 ~~order to be accorded this benefit.~~ In the event the member of the Armed Forces is reassigned
 37 outside of North Carolina or retires, the dependent relative shall continue to be eligible for the
 38 in-State tuition rate and applicable mandatory fees so long as the dependent relative is
 39 continuously enrolled in the degree or other program in which the dependent relative was enrolled
 40 at the time the member is reassigned or retires. In the event the member of the Armed Forces
 41 receives an Honorable Discharge from military service, the dependent relative shall continue to
 42 be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent
 43 relative establishes residency within North Carolina within 30 days after the discharge and is
 44 continuously enrolled in the degree or other program in which the dependent relative was enrolled
 45 at the time the member is discharged."

46 **SECTION 8A.9.(b)** G.S. 143B-421.1 reads as rewritten:

47 **"§ 143B-421.1. Selective Service ~~registration~~, registration, State employment.**

48 (a) ~~A~~ Any person who is required under subject to 50 United States Code Appx. § 453
 49 (Military Selective Service Act) ~~to present himself for and submit to registration and fails shall~~
 50 register as required by that act. Any person who fails to do so in accordance with any
 51 proclamation or any rule or regulation issued under this section, shall be ineligible for:

- (1) ~~Employment for employment~~ by or service for the State, or a political subdivision of the State, including all boards and commissions, departments, agencies, institutions, and instrumentalities.
- (2) ~~State supported scholarships, programs for financial assistance for postsecondary education, or loans insured by any State agency, including educational assistance authorized under Article 23 of Chapter 116 of the General Statutes.~~

(b) It shall be the duty of all persons or officials having charge of and authority over either the hiring of ~~employees or granting of educational assistance,~~ employees, as described in this section, to adopt rules and regulations which shall require applicants to indicate on a form whether they are in compliance with the registration requirements described in subsection (a). Rules and regulations issued under the authority of this section shall provide that an applicant be given not less than 30 days after notification of a proposed finding of ineligibility for employment ~~or benefits~~ to provide the issuing official with information that he is in compliance with the registration requirements described in subsection (a). The issuing official may afford such person an opportunity for a hearing to establish his compliance or for any other purpose.

(c) A person may not be denied a right, privilege, or benefit under State law by reason of failure to present himself for and submit to registration under 50 U.S.C.S. Appx. § 453 ~~if~~ if all of the following apply:

- (1) The requirement for the person to so register has terminated or become inapplicable to the ~~person;~~ person.
- (2) The person shows by a preponderance of the evidence that the failure of the person to register was not a knowing and willful failure to register."

SECTION 8A.9(c) This section is effective when it becomes law and applies beginning with the 2023-2024 academic year.

CONFORM IN-STATE TUITION FOR MILITARY-RELATED INDIVIDUALS TO FEDERAL LAW

SECTION 8A.10.(a) G.S. 115D-39(a) reads as rewritten:

"(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this ~~Chapter;~~ provided, however, that when Chapter, except as follows:

- (1) When an employer other than the Armed Forces, employer of a qualifying federal services member, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition ~~rate;~~ provided further, however, a rate.
- (2) A community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families ~~transferred by the Armed Forces, of~~ qualifying federal services member transferred to a permanent duty station, consistent with the provisions of G.S. 116-143.3, into the State.
- (3) ~~Notwithstanding these requirements,~~ A refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a

domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2).

- (4) ~~Also, a~~ A nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes."

SECTION 8A.10.(b) G.S. 116-143.3 reads as rewritten:

"§ 116-143.3. Tuition of ~~Armed Forces personnel~~ qualifying federal services members and their spouses and dependents.

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

(1) ~~The term "abode" shall mean the~~ Abode. – The place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.

(2) ~~The term "Armed Forces" shall mean the~~ Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any reserve component of the foregoing.

(2a) Dependent. – A spouse or dependent child.

(3) Repealed by Session Laws 2007-484, s. 15, effective August 30, 2007.

(4) Qualifying federal services member. – Any of the following:

a. A member of the Armed Forces who is on active duty for a period of more than 30 days, as defined in 10 U.S.C. § 101.

b. A member of the Foreign Service, as defined in 22 U.S.C. § 3903, who is on active duty for a period of more than 30 days.

(b) ~~Any active duty member of the Armed Forces qualifying for admission~~ qualifying federal services member admitted to an institution of higher education ~~education~~, as defined in ~~G.S. 116-143.1(a)(3)~~ G.S. 116-143.1(a)(3), but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the ~~member of the Armed Forces is abiding in this State incident to active military duty~~ qualifying federal services member's permanent duty station is in this State. In the event the ~~active duty member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member establishes residency in North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is discharged.

(b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) ~~Any dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member~~ dependent of a qualifying federal services member with a permanent duty station in this State shall be eligible to be charged the in-State tuition rate, if the dependent ~~relative~~ relative qualifies for admission to an institution of higher ~~education~~ education, as defined in G.S. 116-143.1(a)(3). The dependent ~~relatives~~ relative shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit. In the event the ~~member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the dependent ~~relative~~ relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent ~~relative~~ relative is continuously enrolled in the degree or other

1 program in which the dependent ~~relative~~ was enrolled at the time the member is reassigned or
2 retires. In the event the qualifying federal services member is an active duty member of the
3 Armed Forces and receives an Honorable Discharge from military service, the dependent ~~relative~~
4 shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as
5 the dependent ~~relative~~ establishes residency within North Carolina within 30 days after the
6 discharge and is continuously enrolled in the degree or other program in which the dependent
7 ~~relative~~ was enrolled at the time the member is discharged.

8 (c1) A dependent ~~relative~~ child who resides with a member of the Armed Forces who is
9 reassigned outside of the State incident to active military duty shall remain eligible to be charged
10 the in-State tuition rate if all of the following are met:

11 (1) At the time the dependent ~~relative~~ child applies for admission to the institution
12 of higher education, as defined in G.S. 116-143.1(a)(3), the dependent ~~relative~~
13 child both:

14 a. Is enrolled in a North Carolina high school.

15 b. Meets the requirements of subsection (c) of this section.

16 (2) Upon admission, the dependent ~~relative~~ child enrolls in the institution of
17 higher education no later than the fall academic semester immediately
18 following notice of admission and remains continuously enrolled.

19 (d) The person applying for the benefit of this section has the burden of proving
20 entitlement to the benefit.

21 (e) A person charged less than the out-of-state tuition rate solely by reason of this section
22 shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the
23 benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l)."

24 **SECTION 8A.10.(c)** G.S. 116-235(b)(1) reads as rewritten:

25 "(1) Admission of Students. – The School shall admit students in accordance with
26 criteria, standards, and procedures established by the Board of Trustees. To be
27 eligible to be considered for admission, an applicant must be either a legal
28 resident of the State, as defined by G.S. 116-143.1(a)(1), or a ~~student whose~~
29 ~~parent is an active duty member of the Armed Forces, as defined by~~
30 ~~G.S. 116-143.3(2), who is abiding in this State incident to active military duty~~
31 ~~at the time the application is submitted,~~ dependent of a qualifying federal
32 services member eligible under G.S. 116-143.3, provided the student shares
33 the abode of that parent; eligibility to remain enrolled in the School shall
34 terminate at the end of any school year during which a student becomes a
35 nonresident of the State. The Board of Trustees shall ensure, insofar as
36 possible without jeopardizing admission standards, that an equal number of
37 qualified applicants is admitted to the program and to the residential summer
38 institutes in science and mathematics from each of North Carolina's
39 congressional districts. In no event shall the differences in the number of
40 qualified applicants offered admission to the program from each of North
41 Carolina's congressional districts be more than two and one-half percentage
42 points from the average number per district who are offered admission."

43 **SECTION 8A.10.(d)** This section is effective when it becomes law. Qualifying
44 federal services members and their spouses and dependent children shall be eligible to be charged
45 the in-State tuition rate beginning with the 2024-2025 academic year.

46
47 **ALLOW PREAPPROVAL OF PESA EXPENSES IN LIEU OF EXPENSE REPORTS, AS**
48 **RECOMMENDED BY THE INTERNAL AUDITOR**

49 **SECTION 8A.11.(a)** G.S. 115C-592(b2) reads as rewritten:

50 "(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for
51 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive

1 the scholarship funds in two equal amounts, one-half in each semester of the school year. The
 2 first deposit of funds to a PESA shall be subject to the execution of the parental agreement
 3 required by G.S. 115C-595. The parent shall then receive an electronic account with the prepaid
 4 funds loaded in the electronic account at the beginning of the school year. ~~After the initial~~
 5 ~~disbursement of funds, each subsequent, semester disbursement of funds shall be subject to the~~
 6 ~~submission by the parent of an expense report. The expense report shall be submitted~~
 7 ~~electronically and shall include documentation that the student received an education, as~~
 8 ~~described in G.S. 115C-595(a)(1), for no less than 70 days of the applicable semester. Requests~~
 9 for qualifying educational expenses are subject to a preapproval process established by the
 10 Authority prior to the disbursement of funds from the electronic account. An expense report shall
 11 not be required for any expenses that have been preapproved by the Authority. The electronic
 12 account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for
 13 recipients awarded scholarship funds in subsequent school years."

14 **SECTION 8A.11.(b)** G.S. 115C-595(a)(1) reads as rewritten:

15 "(1) Use at least a portion of the scholarship funds to provide an ~~education~~
 16 education, for no less than 70 days of each semester, to the eligible student in,
 17 at a minimum, the subjects of English language arts, mathematics, social
 18 studies, and science."

19 **SECTION 8A.11.(c)** This section is effective when it becomes law.

20
 21 **ALLOW CASH BASIS ACCOUNTING FOR SCHOOLS PARTICIPATING IN THE**
 22 **OPPORTUNITY SCHOLARSHIP PROGRAM**

23 **SECTION 8A.12.(a)** G.S. 115C-562.5(a)(6) reads as rewritten:

24 "(6) Contract with a certified public accountant to perform a financial review,
 25 consistent with generally accepted methods of accounting principles, or any
 26 other comprehensive basis of accounting recognized by the American Institute
 27 of Certified Public Accountants (AICPA) for each school year in which the
 28 school enrolls 70 or more students receiving scholarship grants or scholarship
 29 funds awarded by the Authority."

30 **SECTION 8A.12.(b)** This section is effective when it becomes law.

31
 32 **PERSONAL EDUCATION STUDENT ACCOUNT UNEXPENDED FUNDS TO**
 33 **ESTABLISH AN INSTITUTIONAL TRUST FUND**

34 **SECTION 8A.13.(a)** G.S. 115C-600 reads as rewritten:

35 **"§ 115C-600. Funds for Personal Education Student Accounts.**

36 (a) The General Assembly finds that due to the continued growth and ongoing need in
 37 this State to provide opportunity for school choice for children with disabilities, it is imperative
 38 that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal
 39 year for 10 years for the Personal Education Student Accounts for Children with Disabilities
 40 Program. To that end, there is appropriated from the General Fund to the Board of Governors of
 41 The University of North Carolina the following amounts each fiscal year to be allocated to the
 42 Authority for the Program in accordance with this Article:

Fiscal Year	Appropriation
2023-2024	\$48,943,166
2024-2025	\$49,943,166
2025-2026	\$50,943,166
2026-2027	\$51,943,166
2027-2028	\$52,943,166
2028-2029	\$53,943,166
2029-2030	\$54,943,166
2030-2031	\$55,943,166

1	2031-2032	\$56,943,166
2	2032-2033 and each subsequent fiscal year thereafter	\$57,943,166

3 When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified
4 in this section, the Director of the Budget shall include the appropriated amount specified in this
5 section for that fiscal year.

6 (b) The Authority shall make reasonable efforts to ensure the amount of scholarship funds
7 awarded for a school year do not exceed the funds that are available for awards to eligible students
8 in each fiscal year. However, to ensure that as many eligible students receive scholarship funds
9 in a timely manner as possible, at the end of each fiscal year, the Authority shall place any
10 unexpended funds appropriated for the Program into an institutional trust fund established in
11 accordance with the provisions of G.S. 116-36.1 to accrue a cash balance in the institutional trust
12 fund of up to ten million dollars (\$10,000,000). The Authority shall use these funds to award
13 scholarship funds in any fiscal year that the funds required to award scholarships to eligible
14 students for a school year exceed the funds available for the distribution of those awards. All
15 interest earned on these funds shall also be placed in the institutional trust fund established
16 pursuant to this subsection. For any fiscal year in which funds are expended from the institutional
17 trust fund, the Authority shall submit a report as required by G.S. 115C-598(b). In any fiscal year
18 in which the cash balance of the institutional trust fund is greater than ten million dollars
19 (\$10,000,000), any funds above ten million dollars (\$10,000,000) remaining at the end of the
20 fiscal year from the funds appropriated for the Program shall revert to the General Fund."

21 **SECTION 8A.13.(b)** G.S. 115C-598 reads as rewritten:

22 "**§ 115C-598. Reporting requirements.**

23 (a) The Authority shall report annually, no later than October 15, to the Joint Legislative
24 Education Oversight Committee on the following information from the prior school year:

- 25 (1) Total number, grade level, race, ethnicity, and sex of eligible students
26 receiving scholarship funds.
- 27 (2) Total amount of scholarship funding awarded.
- 28 (3) Number of students previously enrolled in public schools in the prior semester
29 by the previously attended local education agency.
- 30 (4) Nonpublic schools in which scholarship recipients are enrolled, including
31 numbers of scholarship recipients at each nonpublic school.
- 32 (5) The number of substantiated cases of fraud by recipients and the number of
33 parents or students removed from the program for noncompliance with the
34 provisions of this Article.

35 (b) For any fiscal year in which the Authority uses funds as provided under
36 G.S. 115C-600(b), the Authority shall report to the Joint Legislative Education Oversight
37 Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal
38 year on at least the following:

- 39 (1) The methodology used by the Authority for determining the awards for the
40 school year, including the number of eligible students and the amount of
41 scholarship funds that were awarded under G.S. 115C-592.
- 42 (2) The actual number of eligible students and the amount of scholarship funds
43 received by eligible students for that school year.
- 44 (3) The amount of funds used pursuant to G.S. 115C-600(b) to fully fund the
45 awards.
- 46 (4) Any legislative recommendations, including funding amounts, for the
47 Program for the next fiscal year."

48 **SECTION 8A.13.(c)** G.S. 115C-597(a)(4) reads as rewritten:

49 "(4) Monitoring and control of spending scholarship funds deposited in a ~~personal~~
50 ~~education savings account.~~ PESA."

1 **SECTION 8A.13.(d)** This section is effective June 30, 2023, and applies beginning
2 with the award of scholarship funds for the 2023-2024 school year.

3
4 **PRIMARY CARE MEDICINE AND PSYCHIATRY TARGETED ASSISTANCE**
5 **PROGRAM**

6 **SECTION 8A.14.(a)** G.S. 116-209.45 reads as rewritten:

7 **"§ 116-209.45. Forgivable Education Loans for Service Program and Fund.**

8 (a) Policy. – The General Assembly finds that it is in the public interest to provide
9 financial assistance in the form of forgivable loans for service to qualified students who are
10 committed to working in the State in order to respond to critical employment shortages.

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

12 (1) Eligible Institution. – Notwithstanding G.S. 116-201(b)(5) and
13 G.S. 116-201(b)(6) and for purposes of this section only, an institution of
14 higher education that is any of the following:

15 a. A postsecondary constituent institution of The University of North
16 Carolina as defined in G.S. 116-2(4).

17 b. A community college as defined in G.S. 115D-2(2).

18 c. through e. Repealed by Session Laws 2012-142, s. 9.2(a), effective
19 July 1, 2012.

20 f. Another public or nonprofit postsecondary institution offering a
21 program of study not otherwise available in North Carolina that is
22 deemed to be eligible under rules promulgated by the Authority.

23 g. An eligible private postsecondary institution as defined in
24 G.S. 116-280(3).

25 (1a) Eligible county. – A county designated as a development tier one or
26 development tier two area in the annual ranking performed by the Department
27 of Commerce pursuant to G.S. 143B-437.08.

28 (2) Fund. – The Forgivable Education Loans for Service Fund.

29 (2a) Healthcare facility. – Any hospital, clinic, or other medical practice of any
30 size that provides in-person healthcare services to patients in an eligible
31 county. It is the intent of the General Assembly that a majority of the services
32 provided by a healthcare facility are in-person services to residents of eligible
33 counties.

34 (3) Loan. – A forgivable loan made under the Program.

35 (3a) Primary Care Medicine and Psychiatry Targeted Assistance Program. – A
36 targeted assistance program administered through the Forgivable Education
37 Loans for Service Program to provide forgivable loans to certain students who
38 agree to practice primary care medicine or psychiatry on a full-time basis at
39 healthcare facilities located in eligible counties, as set forth in subsection (c1)
40 of this section.

41 (4) Program. – The Forgivable Education Loans for Service Program.

42 (c) Establish Forgivable Education Loans for Service Program. – There is established the
43 Forgivable Education Loans for Service Program to be administered by the Authority. The
44 purpose of the Program is to facilitate and promote the making, insuring, and collection of loans
45 from the Forgivable Education Loans for Service Fund. The Program shall ~~initially~~ target future
46 teachers, nurses, and allied health ~~professionals~~ professionals, including the professionals
47 described in subsection (c1) of this section, to further the purposes of the Program in responding
48 to high-need employment shortages in the State.

49 (c1) Loans for Students in the Primary Care Medicine and Psychiatry Targeted Assistance
50 Program. – The Primary Care Medicine and Psychiatry Targeted Assistance Program is
51 established for the purpose of addressing the critical demand for physicians practicing primary

1 care medicine and psychiatry in the rural and highest-need areas of the State through a forgivable
2 loan for service program. Unless otherwise provided under this subsection, the Authority shall
3 administer the Primary Care Medicine and Psychiatry Targeted Assistance Program in the same
4 manner as the Forgivable Education Loans for Service Program as set forth in this section and in
5 accordance with the following criteria:

6 (1) Loan amount. – To the extent funds are made available for the Primary Care
7 Medicine and Psychiatry Targeted Assistance Program, the Authority shall
8 award loans to students as follows:

9 a. Students enrolled in a medical school at an institution of higher
10 education that is an eligible institution pursuant to sub-subdivision a.
11 or g. of subdivision (1) of subsection (b) of this section for the purpose
12 of obtaining licensure as a physician under Article 1 of Chapter 90 of
13 the General Statutes to practice either primary care medicine or
14 psychiatry may qualify for an award of loans in an amount of up to
15 twenty-five thousand dollars (\$25,000) per academic year, per student,
16 for a total amount of loans of up to one hundred thousand dollars
17 (\$100,000) per student.

18 b. The Authority shall give priority for the award of loans under this
19 subsection to qualified applicants residing in eligible counties.

20 c. To the extent funds provided for the Primary Care Medicine and
21 Psychiatry Targeted Assistance Program are insufficient to award
22 forgivable loans to qualified applicants, the Authority may establish a
23 lottery process for selection of loan recipients in accordance with the
24 requirements established by this subsection.

25 (2) Repayment through service. – The Authority shall forgive a loan awarded
26 under this subsection through service repayment according to the following:

27 a. The total amount of any loan awarded in one academic year, and any
28 interest accrued on the loan, shall be forgiven if the loan recipient
29 serves in one year of full-time employment as a licensed physician
30 practicing primary care medicine or psychiatry in a healthcare facility
31 located in an eligible county. The Authority may verify compliance
32 with all or a portion of the requirements of this sub-subdivision by
33 requiring the loan recipient, his or her employer, or both to complete
34 an attestation of qualifying employment.

35 b. If the loan recipient is practicing primary care medicine or psychiatry
36 in a healthcare facility located in a county that loses its status as an
37 eligible county before the recipient completes his or her service
38 obligation for the total amount of loans awarded under this subsection,
39 the loan recipient's employment as a physician practicing primary care
40 medicine or psychiatry shall continue to be deemed qualifying for the
41 purposes of loan forgiveness in accordance with this section as long as
42 the recipient is employed in a healthcare facility located in that county
43 without a break in service.

44 c. The Authority may provide for accelerated repayment and less than
45 full-time employment options.

46 (d) Establish Forgivable Loans for Service Fund. – There is established the Forgivable
47 Education Loans for Service Fund to be administered by the Authority. The purpose of the Fund
48 is to provide financial assistance to qualified students to enable them to obtain the requisite
49 education beyond the high school level to work in North Carolina in certain high-need
50 professions as identified by the General Assembly and to respond to current as well as future
51 employment shortages in North Carolina. The Authority shall reserve any funds made available

1 for the Primary Care Medicine and Psychiatry Targeted Assistance Program for the purpose of
2 administering the award of loans pursuant to subsection (c1) of this section.

3 (e) Eligibility for Loans. – The Authority shall establish the criteria for initial and
4 continuing eligibility to participate in the Program. All loan recipients shall be residents of North
5 Carolina and shall attend an eligible institution.

6 The Authority shall adopt standards deemed appropriate by the Authority to ensure that only
7 qualified, potential recipients receive a loan under the Program. The standards may include
8 minimum grade point average and satisfactory academic progress.

9 (f) Loan Terms and Conditions. – ~~The~~ Except as otherwise provided in subsection (c1)
10 of this section, following terms and conditions shall apply to each loan made pursuant to this
11 section:

12 (1) Promissory note. – All loans shall be evidenced by promissory notes made
13 payable to the Authority.

14 (2) Interest. – All promissory notes shall bear an interest rate established by the
15 Authority that does not exceed ten percent (10%) and is in relation to the
16 current interest rate for nonneed-based federal loans made pursuant to Title
17 IV of the Higher Education Act of 1965, as amended. Interest shall accrue
18 from the date of disbursement of the loan funds.

19 (3) Loan amount. – The Authority shall establish the amount of the loan based on
20 funds available and factors such as the recipient's educational program,
21 enrollment status, and field of study.

22 (4) Repayment. – The Authority shall establish the criteria for loan forgiveness
23 for employment in a designated field in North Carolina. These criteria may
24 provide for accelerated repayment and less than full-time employment
25 options. The Authority shall collect cash repayments when service repayment
26 is not completed. The Authority shall establish the terms for cash repayment,
27 including a minimum monthly repayment amount and maximum period of
28 time to complete repayment.

29 (5) Death and disability. – The Authority may forgive all or part of a loan if it
30 determines that it is impossible for the recipient to repay the loan in cash or
31 service because of the death or disability of the recipient.

32 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in
33 hardship circumstances when a good faith effort has been made to repay the
34 loan in a timely manner.

35 (7) Other. – The Authority may establish other terms and conditions that are
36 necessary or convenient to effectuate the Program.

37 (g) Advisory Group. – The Authority shall appoint an advisory group composed of, at
38 minimum, appropriate representatives from higher education institutions and health and labor
39 departments, agencies, or commissions to make recommendations to the Authority regarding the
40 Authority's future apportionment and distribution of Program loans based on projected labor
41 market shortages, higher education enrollment projections, and other relevant information.

42 (h) Use of Fund Monies. – All funds appropriated to or otherwise received by the
43 Authority to provide loans through the Program, all funds received as repayment of loans, and
44 all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for
45 loans made pursuant to this section and for administrative costs of the Authority, including costs
46 of administering the former Teaching Fellows Program transferred to the Authority under
47 G.S. 116-209.27.

48 (i) ~~Rule-making~~ Rulemaking Authority. – The Authority may adopt rules necessary to
49 implement, administer, and enforce the provisions of this section.

1 (j) Report to the General Assembly. – The Authority shall report no later than December
2 1, 2013, and annually thereafter to the Joint Legislative Education Oversight Committee
3 regarding the Fund and loans awarded from the Fund."

4 **SECTION 8A.14.(b)** The State Education Assistance Authority (Authority), in
5 consultation with the Department of Health and Human Services, Office of Rural Health, shall
6 report no later than January 15, 2025, to the Joint Legislative Education Oversight Committee
7 and the Joint Legislative Oversight Committee on Health and Human Services on strategies to
8 increase the pipeline of physicians practicing primary care medicine and psychiatry in the State.
9 The report shall include recommendations for at least the following:

- 10 (1) Statewide and local options for programs and initiatives to do the following:
11 a. Complement the Primary Care Medicine and Psychiatry Targeted
12 Assistance Program, as enacted by subsection (a) of this section.
13 b. Increase the number of physicians practicing primary care medicine
14 and psychiatry in high-need areas of the State, including eligible
15 counties, as defined in G.S. 116-209.45(b)(1a), as enacted by
16 subsection (a) of this section.
17 (2) Any other matter the Authority deems relevant to the report.

18 **SECTION 8A.14.(c)** Of the nonrecurring funds appropriated from the ARPA
19 Temporary Savings Fund to the Board of Governors of The University of North Carolina for the
20 2023-2025 fiscal biennium to be allocated to the State Education Assistance Authority
21 (Authority) for the Primary Care Medicine and Psychiatry Targeted Assistance Program
22 (Program) to be administered through the Forgivable Education Loans for Service Program in
23 accordance with G.S. 116-209.45, as amended by this section, the Authority shall use those funds
24 to provide forgivable loans under the Program to qualifying students enrolled in a medical school
25 at a qualifying institution of higher education beginning in the 2024-2025 academic year.
26

27 COMMON DIGITAL TRANSCRIPT

28 **SECTION 8A.15.(a)** For purposes of this section, the following definitions apply:

- 29 (1) Authority. – State Education Assistance Authority.
30 (2) Eligible public education entity. – Any of the following:
31 a. A public school unit.
32 b. A community college.
33 c. A constituent institution of The University of North Carolina.

34 **SECTION 8A.15.(b)** Of the nonrecurring funds appropriated in this act for the
35 2023-2024 fiscal year to the Board of Governors of The University of North Carolina to be
36 allocated to the Authority for the creation of a common digital transcript, the Authority, in
37 consultation with the Department of Public Instruction, the Community Colleges System Office,
38 and The University of North Carolina System Office, shall contract with the College Foundation,
39 Inc., to design, develop, and maintain a common digital transcript for students enrolled in eligible
40 public education entities. The transcript shall meet at least the following criteria:

- 41 (1) Be available to all students.
42 (2) Be secure and confidential.
43 (3) Be compatible with data systems used by eligible public education entities.
44 (4) Be free of cost to students who are enrolled in or have been enrolled in an
45 eligible public education entity.

46 **SECTION 8A.15.(c)** No later than March 15, 2024, the Authority shall report to the
47 Joint Legislative Education Oversight Committee on the progress made by the College
48 Foundation, Inc., in designing and developing the digital transcript, including at least the
49 following:

- 50 (1) Any additional steps to be taken for this purpose and a time line for completing
51 those steps and publishing the transcript to students.

- 1 (2) Estimates of additional costs needed to design, develop, and maintain the
2 digital transcript, including operational costs.
3

4 **REVISE REPORTING REQUIREMENTS FOR SEAA AND DNPE**

5 **SECTION 8A.16.(a)** G.S. 115C-562.4 reads as rewritten:

6 "**§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant**
7 **information.**

8 (a) The Division shall provide annually by ~~February 1~~December 31 to the Authority a
9 list of all nonpublic schools operating in the State that meet both of the requirements of Part 1 or
10 Part 2 of this Article. Article and the requirements of G.S. 115C-652.5(a)(7). The Division shall
11 notify the Authority of any schools included in the list that the Division has determined to be
12 ineligible within five business days of the determination of ineligibility. The Division shall
13 create, in collaboration with the Authority, a unique identifier for each nonpublic school and
14 provide the unique identifiers to the Authority for all nonpublic schools that are registered with
15 the Division.

16 (b) The Authority shall provide information about the scholarship grant program to the
17 Division, including applications and the obligations of nonpublic schools accepting eligible
18 students receiving scholarship grants. The Division shall ensure that information about the
19 scholarship grant program is provided to all qualified nonpublic schools on an annual basis."

20 **SECTION 8A.16.(b)** G.S. 115C-562.5 reads as rewritten:

21 "**§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**
22 **scholarship grants.**

23 (a) A nonpublic school that accepts eligible students receiving scholarship grants shall
24 comply with the following:

25 ...

26 (8) Provide the following information annually to the Division:

- 27 a. Name and address of the school, including physical location address.
28 A school with more than one physical location shall establish a
29 separate notice of intent for each physical location and shall provide
30 all information required by this subdivision for each physical location.
31 b. The name of the owners and chief administrator.
32 c. Number of students in attendance at the school as of October 1.

33 ...

34 (e) If a nonpublic school terminates operation during the school's regular schedule and
35 fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed
36 to the Authority in a timely manner for students who received scholarship grants, any other
37 nonpublic school opened during that school year or subsequent school years by an owner or chief
38 administrator listed in the report submitted to the Division under subdivision (7) of subsection
39 (a) of this section for that closed school shall be ineligible to receive scholarship grants until such
40 time the Authority determines the obligation to return those funds has been satisfied."

41 **SECTION 8A.16.(c)** G.S. 115C-596 reads as rewritten:

42 "**§ 115C-596. Identification of nonpublic schools and distribution of personal education**
43 **student account information.**

44 (a) List of Nonpublic Schools. – The Division shall provide annually by ~~February 1~~
45 December 31 to the Authority a list of all nonpublic schools operating in the State that meet the
46 requirements of Part 1, 2, or 3 of Article 39 of this Chapter. The list shall include whether a Part
47 1 or 2 nonpublic school has met the requirements of G.S. 115C-562.5(a)(7).

48 (b) Information on PESAs to the Division. – The Authority shall provide information
49 about personal education student accounts to the Division. The Division shall provide
50 information about PESAs to all qualified nonpublic schools on an annual basis.

1 (c) Unique Identifier. – The Division shall create, in collaboration with the Authority, a
2 unique identifier for each nonpublic school and provide the unique identifiers to the Authority
3 for all nonpublic schools that are registered with the Division."
4

5 **ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM**
6 **OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT**
7 **ACCOUNTS**

8 **SECTION 8A.17.** Notwithstanding G.S. 115C-562.8(c) and G.S. 115C-597(d), for
9 the 2023-2024 fiscal year only, if the actual costs of administering the Personal Education
10 Student Accounts for Children with Disabilities Program exceed the funds authorized for
11 administration of that program pursuant to G.S. 115C-597(d), the Authority may allocate unused
12 funds set aside for administration costs from the Opportunity Scholarship Grant Fund Reserve
13 pursuant to G.S. 115C-562.8(c) for the additional administrative costs of the Personal Education
14 Student Accounts for Children with Disabilities Program.
15

16 **PART IX. HEALTH AND HUMAN SERVICES**

17
18 **PART IX-A. AGING AND ADULT SERVICES**

19
20 **CONFORMING PARITY CHANGES PERTAINING TO THE STATE-COUNTY**
21 **SPECIAL ASSISTANCE IN-HOME PROGRAM**

22 **SECTION 9A.1.** G.S. 108A-47.1(b) reads as rewritten:

23 "(b) All county departments of social services shall participate in the State-County Special
24 Assistance in-home program by making Special Assistance in-home slots available to individuals
25 who meet the eligibility requirements established by the Department pursuant to subsection (a)
26 of this section. ~~By February 15, 2013, the Department shall establish a formula to determine the~~
27 ~~need for additional State-County Special Assistance in-home slots for each county. Beginning~~
28 ~~July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as~~
29 ~~necessary."~~
30

31 **PART IX-B. CENTRAL MANAGEMENT AND SUPPORT**

32
33 **REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

34 **SECTION 9B.1.** The Department of Health and Human Services shall submit to the
35 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
36 Division all reports received under 9 NCAC 03M .0205 from non-State entities, as defined in
37 G.S. 143C-1-1, that are recipients of nonrecurring funds allocated in this Part as a directed grant
38 according to the following schedule:

- 39 (1) By November 1, 2024, all reports on the use of directed grant funds received
40 under this Part for the 2023-2024 fiscal year.
41 (2) By November 1, 2025, all reports on the use of directed grant funds received
42 under this Part for the 2024-2025 fiscal year.
43

44 **COMMUNITY HEALTH GRANT PROGRAM**

45 **SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and
46 Human Services, Division of Central Management, Office of Rural Health, for each year of the
47 2023-2025 fiscal biennium for the Community Health Grant Program shall be used to continue
48 to administer the Community Health Grant Program as modified by Section 11A.8 of S.L.
49 2017-57.

50 **SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about
51 awarding grants under this Program, but no single grant award shall exceed one hundred fifty

1 thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health
2 shall consider the availability of other funds for the applicant; the incidence of poverty in the area
3 served by the applicant or the number of indigent clients served by the applicant; the availability
4 of, or arrangements for, after-hours care; and collaboration between the applicant and a
5 community hospital or other safety net organizations.

6 **SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the
7 following:

8 (1) Enhance or increase compensation or other benefits of personnel,
9 administrators, directors, consultants, or any other persons receiving funds for
10 program administration; provided, however, funds may be used to hire or
11 retain health care providers. The use of grant funds for this purpose does not
12 obligate the Department of Health and Human Services to continue to fund
13 compensation beyond the grant period.

14 (2) Supplant existing funds, including federal funds traditionally received by
15 federally qualified community health centers. However, grant funds may be
16 used to supplement existing programs that serve the purposes described in
17 subsection (a) of this section.

18 (3) Finance or satisfy any existing debt.

19 **SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand
20 dollars (\$200,000) in recurring funds for each fiscal year of the 2023-2025 fiscal biennium for
21 administrative purposes.

22 **SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall
23 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
24 community health grants that includes at least all of the following information:

25 (1) The identity and a brief description of each grantee and each program or
26 service offered by the grantee.

27 (2) The amount of funding awarded to each grantee.

28 (3) The number of individuals served by each grantee and, for the individuals
29 served, the types of services provided to each.

30 (4) Any other information requested by the Office of Rural Health as necessary
31 for evaluating the success of the Community Health Grant Program.

32 33 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY** 34 **DENTAL CLINICS**

35 **SECTION 9B.3.** Funds appropriated in this act to the Department of Health and
36 Human Services, Division of Central Management and Support, Office of Rural Health, and
37 allocated as a directed grant to the NC Dental Society Foundation for its Missions of Mercy
38 dental clinics shall not be spent for any purpose other than to provide direct services to patients
39 and to purchase necessary dental supplies. None of these directed grant funds may be spent for
40 administrative purposes.

41 42 **EXPANSION OF THE NC LOAN REPAYMENT PROGRAM/INCENTIVES FOR THE** 43 **RECRUITMENT AND RETENTION OF HEALTH PROVIDERS IN OUTPATIENT** 44 **PRIMARY CARE SETTINGS IN RURAL, UNDERSERVED AREAS**

45 **SECTION 9B.4.(a)** Of the funds appropriated in this act from the ARPA Temporary
46 Savings Fund to the Department of Health and Human Services, Division of Central Management
47 and Support, Office of Rural Health (ORH), the sum of twenty-five million dollars (\$25,000,000)
48 in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty-five million dollars
49 (\$25,000,000) for the 2024-2025 fiscal year shall be allocated to the North Carolina Loan
50 Repayment Program (NC LRP) to be used as follows:

- 1 (1) Expansion of current program. – The sum of nine million dollars (\$9,000,000)
2 in nonrecurring funds for the 2023-2024 fiscal year and the sum of nine
3 million dollars (\$9,000,000) in nonrecurring funds for the 2024-2025 fiscal
4 year shall be allocated to support expansion of the current NC LRP.
- 5 (2) Primary care physicians initiative. – The sum of five million dollars
6 (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum
7 of five million dollars (\$5,000,000) in nonrecurring funds for the 2024-2025
8 fiscal year shall be allocated to establish within the NC LRP a new primary
9 care physicians initiative. The purpose of this initiative is to target the
10 recruitment and retention of additional licensed allopathic or osteopathic
11 primary care physicians in rural, underserved areas of the State who specialize
12 in Family Medicine, General Internal Medicine, General Surgery (within
13 critical access hospitals only), General Pediatrics, Obstetrics/Gynecology, or
14 Psychiatry. For each year of the 2023-2025 fiscal biennium, at least two
15 million dollars (\$2,000,000) of these allocated funds shall be used to target
16 the recruitment and retention of at least an additional 15 licensed allopathic or
17 osteopathic primary care physicians specializing in Family Medicine, General
18 Pediatrics, or Psychiatry.
- 19 (3) Behavioral health providers initiative. – The sum of ten million dollars
20 (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum
21 of ten million dollars (\$10,000,000) in nonrecurring funds for the 2024-2025
22 fiscal year shall be allocated to establish within the NC LRP a new behavioral
23 health providers initiative targeting the recruitment and retention of additional
24 licensed behavioral health providers in rural, medically underserved areas of
25 the State to provide outpatient primary care services. For the purpose of this
26 initiative, "licensed behavioral health providers" means any of the following
27 providers specializing in mental or behavioral health, or both:
- 28 a. Licensed Clinical Addiction Specialists
 - 29 b. Licensed Clinical Mental Health Counselors (formerly known as
30 Licensed Professional Counselors)
 - 31 c. Licensed Clinical Social Workers
 - 32 d. Licensed Marriage and Family Therapists
 - 33 e. Licensed Psychologists
 - 34 f. Licensed Psychological Associates
- 35 (4) Nurse initiative. – The sum of one million dollars (\$1,000,000) in
36 nonrecurring funds for the 2023-2024 fiscal year and the sum of one million
37 dollars (\$1,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall
38 be allocated for expansion of the NC LRP to include registered nurses and
39 clinical nurse specialists providing outpatient primary care services in rural,
40 medically underserved areas of the State.

41 **SECTION 9B.4.(b)** With respect to the new initiatives authorized by subdivisions
42 (a)(2) through (a)(4) of this section:

- 43 (1) For eligible providers with educational loan debt, the total amount of loan
44 repayment incentives awarded shall not exceed the maximum amounts
45 otherwise allowed under the current NC LRP.
- 46 (2) Eligible providers without educational loan debt may not participate in any of
47 these initiatives but may continue to apply for and participate in the current
48 NC LRP.
- 49 (3) Independent private practices located in rural, medically underserved areas of
50 the State are deemed automatically eligible practice sites; provided, however,
51 that such independent private practices meet all of the following criteria:

- 1 a. Are wholly owned and operated by physicians rather than by a
2 hospital, health system, or other entity.
3 b. Have at least one provider enrolled in the North Carolina Medicaid
4 program and accept patients who are Medicaid recipients.

5 **SECTION 9B.4.(c)** For each year of the 2023-2025 fiscal biennium, the ORH may
6 use up to five percent (5%) of the total amount of funds allocated by this section for the following
7 purposes:

- 8 (1) For administrative costs related to the NC LRP, including costs related to
9 establishing and administering the new initiatives authorized by subdivisions
10 (a)(2) through (a)(4) of this section.
11 (2) To enter into a contract with the North Carolina Area Health Education Center
12 (AHEC) Program for the development and implementation of a plan to (i)
13 target, recruit, and enroll additional NC LRP participants, as authorized by
14 subsection (a) this section, and (ii) retain these providers in rural or medically
15 underserved areas of the State following completion of their service
16 commitments.

17 **SECTION 9B.4.(d)** The ORH shall collect and maintain data on the length of time
18 each NC LRP participant remains employed within the same county as the practice site selected
19 for his or her service commitment or in a county adjacent to the practice site selected for his or
20 her service commitment.

21 **SECTION 9B.4.(e)** By January 15, 2025, and January 15, 2026, the ORH shall report
22 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
23 Research Division on the use of funds allocated by subsection (a) of this section. The report shall
24 include at least all of the following:

- 25 (1) A list of expenditures funded by State appropriations.
26 (2) The total number of additional licensed providers enrolled in the current NC
27 LRP that received incentives funded by subdivision (a)(1) of this section,
28 broken down by provider category, practice site, development tier designation
29 of the county where the practice site is located, and the type and amount of
30 incentive provided to each provider category.
31 (3) The total number of additional licensed providers enrolled in the NC LRP that
32 received incentives funded by subdivision (a)(2) through (a)(4) of this section,
33 broken down by provider category, practice site, development tier designation
34 of the county where the practice site is located, and the type and amount of
35 incentive provided to each provider category.
36 (4) The length of time each NC LRP participant remains employed at a practice
37 site in a rural or medically underserved area.
38 (5) Recommendations for improving recruitment and retention efforts under the
39 NC LRP.
40

41 **EXPANSION OF THE MEDICAL ASSISTANT APPRENTICESHIP INITIATIVE** 42 **PILOT PROGRAM**

43 **SECTION 9B.5.(a)** Of the funds appropriated in this act to the Department of Health
44 and Human Services, Division of Central Management and Support, Office of Rural Health, the
45 sum of one million seven hundred three thousand two hundred fifty dollars (\$1,703,250) in
46 nonrecurring funds for the 2023-2024 fiscal year and the sum of one million seven hundred three
47 thousand two hundred fifty dollars (\$1,703,250) in nonrecurring funds for the 2024-2025 fiscal
48 year is allocated as a directed grant to the North Carolina Community Health Center Association
49 (NCCHCA), a nonprofit organization, to fund expansion of its Medical Assistant Apprenticeship
50 Initiative (MAAI) pilot program through the addition of a combined total of at least 50 new
51 apprentice placements at the following sites:

- 1 (1) Rural Health Group, Inc., a community health center and nonprofit
- 2 organization with existing MAAI pilot program sites located in Edgecombe,
- 3 Granville, Halifax, Northampton, Vance, and Warren Counties.
- 4 (2) OIC Family Medical Center, a federally qualified health center that is a
- 5 division of the nonprofit organization known as Opportunities
- 6 Industrialization Center (OIC), Inc., which has existing MAAI pilot program
- 7 sites located in Edgecombe and Nash Counties.
- 8 (3) New MAAI pilot program sites at additional community health centers,
- 9 including each of the following community health centers:
- 10 a. Cabarrus Rowan Community Health Centers, Inc., located in Cabarrus
- 11 County and Rowan County.
- 12 b. Kintegra Health located in Davidson County.
- 13 c. United Health Centers located in Forsyth County.

14 **SECTION 9B.5.(b)** The NCCHCA shall include the following information in the
 15 two reports required under Section 9B.1 of this act:

- 16 (1) An itemized list of program expenditures funded by the grant, including the
- 17 number and location of all apprentice placements and the number and location
- 18 of all new pilot program sites.
- 19 (2) The number of medical assistant apprentices who successfully complete the
- 20 program and attain certification.
- 21 (3) A description of any benefits derived by community health centers as a result
- 22 of their participation in the MAAI pilot program.
- 23 (4) Any other information the NCCHCA deems relevant to evaluating the success
- 24 of the MAAI pilot program.

25
 26 **TRANSFER OF POSITIONS TO THE DEPARTMENT OF PUBLIC INSTRUCTION**
 27 **FOR THE CARE AND MAINTENANCE OF GOVERNOR MOREHEAD SCHOOL**
 28 **FOR THE BLIND**

29 **SECTION 9B.6.** As part of the certification of the budget for the 2024-2025 fiscal
 30 year, the Department of Health and Human Services shall transfer to the Department of Public
 31 Instruction for the care and maintenance of the Governor Morehead School for the Blind the
 32 following full-time equivalent positions, and associated salaries and benefits, from Budget Code
 33 14410 – Fund Code 1126 – Org. Unit Central Regional Maintenance, or their equivalent:

- 34 (1) 60038385 Grounds Supervisor I
- 35 (2) 60038381 General Utility Worker
- 36 (3) 60038441 Maintenance Mechanic V
- 37 (4) 60038395 Maintenance Mechanic IV
- 38 (5) 60038388 Maintenance Construction Technician III
- 39 (6) 60038389 Painter
- 40 (7) 60038396 Painter
- 41 (8) 60038442 Maintenance Mechanic V
- 42 (9) 60038486 Facility Maintenance Manager
- 43 (10) 60038458 Maintenance Mechanic I
- 44 (11) 60038386 Maintenance Mechanic II
- 45 (12) 60038437 Maintenance Mechanic IV
- 46 (13) 60038374 Maintenance Mechanic III
- 47 (14) 60038434 Maintenance Mechanic III
- 48 (15) 60038383 Boiler Operator
- 49 (16) 60038459 Maintenance Mechanic I

50
 51 **FUNDS FOR TELEHEALTH INFRASTRUCTURE GRANT PROGRAM**

1 **SECTION 9B.7A.(a)** Of the funds appropriated in this act from the ARPA
2 Temporary Savings Fund to the Department of Health and Human Services, Division of Central
3 Management and Support, Office of Rural Health (ORH), the sum of five million dollars
4 (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of fifteen million
5 dollars (\$15,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated for
6 the telehealth infrastructure grant program authorized by subsection (b) of this section.

7 **SECTION 9B.7A.(b)** The ORH shall establish a telehealth infrastructure grant
8 program to award grants on a competitive basis to rural healthcare providers to be used to
9 purchase equipment, high-speed internet access, and any other infrastructure necessary to
10 establish telehealth services, defined as the use of two-way, real-time interactive audio and video
11 where the healthcare provider and the patient can hear and see each other. In awarding grants
12 under this program, the ORH is subject to the following requirements and limitations:

- 13 (1) Priority shall be given to independent primary care practices and independent
14 obstetrics and gynecology practices.
- 15 (2) The maximum amount of a grant award is two hundred fifty thousand dollars
16 (\$250,000) per grantee.

17 **SECTION 9B.7A.(c)** By April 1, 2024, and by April 1, 2025, the ORH shall report
18 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
19 Research Division on the grants awarded under this section. The report shall include at least all
20 of the following information:

- 21 (1) A list of grant recipients.
- 22 (2) The total amount of grant funds awarded to each recipient.

23
24 **MANAGEMENT FLEXIBILITY FOR THE DEPARTMENT OF HEALTH AND**
25 **HUMAN SERVICES TO EXPEND CERTAIN ARPA TEMPORARY SAVINGS**
26 **FUND APPROPRIATIONS FOR PURPOSES RELATED TO CHILD AND FAMILY**
27 **WELL-BEING**

28 **SECTION 9B.9.(a)** Of the funds appropriated in this act from the ARPA Temporary
29 Savings Fund to the Department of Health and Human Services, the sum of twenty million dollars
30 (\$20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of sixty million
31 dollars (\$60,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated and
32 used to accomplish the following:

- 33 (1) To support families and other caregivers of children with high behavioral
34 health or other special needs by expanding intensive supports in the
35 community and increasing structured options for meeting the needs of these
36 children.
- 37 (2) To strengthen specialized treatment options for children with complex
38 behavioral health or other special needs.

39 **SECTION 9B.9.(b)** In allocating these funds, the Department of Health and Human
40 Services may allocate these funds to the Division of Child Welfare and Family Well-Being; the
41 Division of Mental Health, Developmental Disabilities, and Substance Use Services; and the
42 Division of Social Services in the amounts and for the programs and initiatives the Department
43 deems necessary, as long as such programs and initiatives are consistent with the purposes
44 described in subdivisions (a)(1) and (a)(2) of this section.

45
46 **PART IX-C. CHILD AND FAMILY WELL-BEING**

47
48 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**

49
50 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED**
51 **FACILITIES**

1 **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,
2 Division of Child Development and Early Education, shall continue implementing the
3 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4
4 years of age on or before August 31 of the program year. In determining eligibility, the Division
5 shall establish income eligibility requirements for the program not to exceed seventy-five percent
6 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have
7 family incomes in excess of seventy-five percent (75%) of median income if those children have
8 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the
9 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the
10 United States, including the North Carolina National Guard, State military forces, or a reserve
11 component of the Armed Forces who was ordered to active duty by the proper authority within
12 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the
13 Armed Forces of the United States, including the North Carolina National Guard, State military
14 forces, or a reserve component of the Armed Forces who was injured or killed while serving on
15 active duty. Eligibility determinations for NC Pre-K participants may continue through local
16 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

17 Other than developmental disabilities or other chronic health issues, the Division shall
18 not consider the health of a child as a factor in determining eligibility for participation in the NC
19 Pre-K program.

20 **SECTION 9D.1.(a1)** Staff-To-Child Ratio and Class Size. – The classroom shall not
21 exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children,
22 with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or
23 less shall have at least one teacher. The Child Care Commission shall adopt any rules and the
24 Division of Child Development and Early Education shall revise any rules or policies necessary
25 to implement the provisions of this subsection.

26 **SECTION 9D.1.(b)** Multiyear Contracts. – The Division of Child Development and
27 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed
28 private child care centers providing NC Pre-K classrooms.

29 **SECTION 9D.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private
30 child care facilities and public schools operating NC Pre-K classrooms shall meet the building
31 standards for preschool students as provided in G.S. 115C-521.1.

32 **SECTION 9D.1.(d)** Programmatic Standards. – Except as provided in subsection (c)
33 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies
34 prescribed by the Division of Child Development and Early Education regarding programmatic
35 standards and classroom requirements.

36 **SECTION 9D.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use
37 the standard decision-making process developed by the Division of Child Development and Early
38 Education in awarding NC Pre-K classroom slots and student selection.

39 **SECTION 9D.1.(f)** Reporting. – The Division of Child Development and Early
40 Education shall submit an annual report no later than March 15 of each year to the Joint
41 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and
42 Management, and the Fiscal Research Division. The report shall include the following:

- 43 (1) The number of children participating in the NC Pre-K program by county.
- 44 (2) The number of children participating in the NC Pre-K program who have
45 never been served in other early education programs such as child care, public
46 or private preschool, Head Start, Early Head Start, or early intervention
47 programs.
- 48 (3) The expected NC Pre-K expenditures for the programs and the source of the
49 local contributions.
- 50 (4) The results of an annual evaluation of the NC Pre-K program.

1 **SECTION 9D.1.(g)** Audits. – The administration of the NC Pre-K program by local
 2 partnerships shall be subject to the financial and compliance audits authorized under
 3 G.S. 143B-168.14(b).
 4

5 **CHILD CARE SUBSIDY RATES**

6 **SECTION 9D.3.(a)** The maximum gross annual income for initial eligibility,
 7 adjusted annually, for subsidized child care services shall be determined based on a percentage
 8 of the federal poverty level as follows:

9 AGE	INCOME PERCENTAGE LEVEL
10 0 – 5	200%
11 6 – 12	133%

12 The eligibility for any child with special needs, including a child who is 13 years of
 13 age or older, shall be two hundred percent (200%) of the federal poverty level.

14 **SECTION 9D.3.(b)** Fees for families who are required to share in the cost of care
 15 are established based on ten percent (10%) of gross family income. When care is received at the
 16 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.
 17 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

18 **SECTION 9D.3.(c)** Payments for the purchase of child care services for low-income
 19 children shall be in accordance with the following requirements:

- 20 (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106
 21 and licensed child care centers and homes that meet the minimum licensing
 22 standards that are participating in the subsidized child care program shall be
 23 paid the one-star county market rate or the rate they charge privately paying
 24 parents unless prohibited by subsection (f) of this section.
- 25 (2) Licensed child care centers and homes with two or more stars shall receive the
 26 market rate for that rated license level for that age group unless prohibited by
 27 subsection (g) of this section.
- 28 (3) No payments shall be made for transportation services charged by child care
 29 facilities.
- 30 (4) Payments for subsidized child care services for postsecondary education shall
 31 be limited to a maximum of 20 months of enrollment. This shall not be
 32 determined before a family's annual recertification period.
- 33 (5) The Department of Health and Human Services shall implement necessary
 34 rule changes to restructure services, including, but not limited to, targeting
 35 benefits to employment.

36 **SECTION 9D.3.(d)** Provisions of payment rates for child care providers in counties
 37 that do not have at least 50 children in each age group for center-based and home-based care are
 38 as follows:

- 39 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall
 40 be set at the statewide or regional market rate for licensed child care centers
 41 and homes.
- 42 (2) If it can be demonstrated that the application of the statewide or regional
 43 market rate to a county with fewer than 50 children in each age group is lower
 44 than the county market rate and would inhibit the ability of the county to
 45 purchase child care for low-income children, then the county market rate may
 46 be applied.

47 **SECTION 9D.3.(e)** A market rate shall be calculated for child care centers and
 48 homes at each rated license level for each county and for each age group or age category of
 49 enrollees and shall be representative of fees charged to parents for each age group of enrollees
 50 within the county. The Division of Child Development and Early Education shall also calculate
 51 a statewide rate and regional market rate for each rated license level for each age category.

1 **SECTION 9D.3.(f)** The Division of Child Development and Early Education shall
2 continue implementing policies that improve the quality of child care for subsidized children,
3 including a policy in which child care subsidies are paid, to the extent possible, for child care in
4 the higher quality centers and homes only. The Division shall define higher quality, and subsidy
5 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate
6 number of four- and five-star-rated facilities, the Division shall continue a transition period that
7 allows the facilities to continue to receive subsidy funds while the facilities work on the increased
8 star ratings. The Division may allow exemptions in counties where there is an inadequate number
9 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

10 **SECTION 9D.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the
11 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program
12 that provides for the purchase of care in child care facilities for minor children of needy families.
13 Except as authorized by subsection (f) of this section, no separate licensing requirements shall
14 be used to select facilities to participate. In addition, child care facilities shall be required to meet
15 any additional applicable requirements of federal law or regulations. Child care arrangements
16 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall
17 meet the requirements established by other State law and by the Social Services Commission.

18 County departments of social services or other local contracting agencies shall not
19 use a provider's failure to comply with requirements in addition to those specified in this
20 subsection as a condition for reducing the provider's subsidized child care rate.

21 **SECTION 9D.3.(h)** Payment for subsidized child care services provided with
22 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations
23 and policies issued by the Division of Child Development and Early Education for the subsidized
24 child care program.

25 **SECTION 9D.3.(i)** Noncitizen families who reside in this State legally shall be
26 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions
27 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for
28 child care subsidies only if at least one of the following conditions is met:

- 29 (1) The child for whom a child care subsidy is sought is receiving child protective
30 services or foster care services.
- 31 (2) The child for whom a child care subsidy is sought is developmentally delayed
32 or at risk of being developmentally delayed.
- 33 (3) The child for whom a child care subsidy is sought is a citizen of the United
34 States.

35 **SECTION 9D.3.(j)** The Department of Health and Human Services, Division of
36 Child Development and Early Education, shall require all county departments of social services
37 to include on any forms used to determine eligibility for child care subsidy whether the family
38 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

39 **SECTION 9D.3.(k)** Department of Defense-certified child care facilities licensed
40 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that
41 provides for the purchase of care in child care facilities for minor children in needy families,
42 provided that funds allocated from the State-subsidized child care program to Department of
43 Defense-certified child care facilities shall supplement and not supplant funds allocated in
44 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose
45 Department of Defense-certified child care facilities and who are eligible to receive subsidized
46 child care shall be as set forth in this section.

47 **CHILD CARE ALLOCATION FORMULA**

48 **SECTION 9D.4.(a)** The Department of Health and Human Services, Division of
49 Child Development and Early Education (Division), shall allocate child care subsidy voucher
50 funds to pay the costs of necessary child care for minor children of needy families. The
51

1 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation
2 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy
3 allocation. The Department of Health and Human Services shall use the following method when
4 allocating federal and State child care funds, not including the aggregate mandatory thirty percent
5 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- 6 (1) Funds shall be allocated to a county based upon the projected cost of serving
7 children under age 11 in families with all parents working who earn less than
8 the applicable federal poverty level percentage set forth in Section 9D.3(a) of
9 this act.
- 10 (2) The Division may withhold up to two percent (2%) of available funds from
11 the allocation formula for (i) preventing termination of services throughout
12 the fiscal year and (ii) repayment of any federal funds identified by counties
13 as overpayments, including overpayments due to fraud. The Division shall
14 allocate to counties any funds withheld before the end of the fiscal year when
15 the Division determines the funds are not needed for the purposes described
16 in this subdivision. The Division shall submit a report to the Joint Legislative
17 Oversight Committee on Health and Human Services and the Fiscal Research
18 Division, which report shall include each of the following:
 - 19 a. The amount of funds used for preventing termination of services and
20 the repayment of any federal funds.
 - 21 b. The date the remaining funds were distributed to counties.
 - 22 c. As a result of funds withheld under this subdivision and after funds
23 have been distributed, any counties that did not receive at least the
24 amount the counties received the previous year and the amount by
25 which funds were decreased.

26 The Division shall submit a report in each year of the 2023-2025 fiscal
27 biennium 30 days after the funds withheld pursuant to this subdivision are
28 distributed but no later than April 1 of each respective year.

- 29 (3) The Division shall set aside four percent (4%) of child care subsidy allocations
30 for vulnerable populations, which include a child identified as having special
31 needs and a child whose application for assistance indicates that the child and
32 the child's family is experiencing homelessness or is in a temporary living
33 situation. A child identified by this subdivision shall be given priority for
34 receiving services until such time as set-aside allocations for vulnerable
35 populations are exhausted.

36 **SECTION 9D.4.(b)** The Division may reallocate unused child care subsidy voucher
37 funds in order to meet the child care needs of low-income families. Any reallocation of funds
38 shall be based upon the expenditures of all child care subsidy voucher funding, including North
39 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service
40 levels within the funds allocated to the counties. A county with a spending coefficient over one
41 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation
42 before receiving any reallocated funds.

43 **SECTION 9D.4.(c)** When implementing the formula under subsection (a) of this
44 section, the Division shall include the market rate increase in the formula process rather than
45 calculate the increases outside of the formula process. Additionally, the Department shall do the
46 following:

- 47 (1) Deem a county's initial allocation as the county's expenditure in the previous
48 fiscal year or a prorated share of the county's previous fiscal year expenditures
49 if sufficient funds are not available.
- 50 (2) Effective immediately following the next new decennial census data release,
51 implement (i) one-third of the change in a county's allocation in the year

1 following the data release, (ii) an additional one-third of the change in a
2 county's allocation beginning two years after the initial change under this
3 subdivision, and (iii) the final one-third change in a county's allocation
4 beginning the following two years thereafter.
5

6 SMART START INITIATIVES

7 **SECTION 9D.5.(a)** Policies. – The North Carolina Partnership for Children, Inc.,
8 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s
9 mission of improving child care quality in North Carolina for children from birth to 5 years of
10 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child
11 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated
12 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State
13 funding for local partnerships shall also be used for evidence-based or evidence-informed
14 programs for children from birth to 5 years of age that do the following:

- 15 (1) Increase children's literacy.
- 16 (2) Increase the parents' ability to raise healthy, successful children.
- 17 (3) Improve children's health.
- 18 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

19 **SECTION 9D.5.(b)** Administration. – Administrative costs shall be equivalent to,
20 on an average statewide basis for all local partnerships, not more than ten percent (10%) of the
21 total statewide allocation to all local partnerships. For purposes of this subsection, administrative
22 costs shall include costs associated with partnership oversight, business and financial
23 management, general accounting, human resources, budgeting, purchasing, contracting, and
24 information systems management. The North Carolina Partnership for Children, Inc., shall
25 continue using a single statewide contract management system that incorporates features of the
26 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local
27 partnerships are required to participate in the contract management system and, directed by the
28 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with
29 other local partnerships to increase efficiency and effectiveness.

30 **SECTION 9D.5.(c)** Salaries. – The salary schedule developed and implemented by
31 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds
32 that may be used for the salary of the Executive Director of the North Carolina Partnership for
33 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for
34 Children, Inc., shall base the schedule on the following criteria:

- 35 (1) The population of the area serviced by a local partnership.
- 36 (2) The amount of State funds administered.
- 37 (3) The amount of total funds administered.
- 38 (4) The professional experience of the individual to be compensated.
- 39 (5) Any other relevant factors pertaining to salary, as determined by the North
40 Carolina Partnership for Children, Inc.

41 The salary schedule shall be used only to determine the maximum amount of State
42 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit
43 a local partnership from using non-State funds to supplement an individual's salary in excess of
44 the amount set by the salary schedule established under this subsection.

45 **SECTION 9D.5.(d)** Match Requirements. – The North Carolina Partnership for
46 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred
47 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2023-2025
48 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local
49 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent
50 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total
51 match requirement of nineteen percent (19%) for each year of the 2023-2025 fiscal biennium.

1 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of
2 the required match for a fiscal year in order to meet the match requirement of the succeeding
3 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match
4 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the
5 match requirement of this subsection. Volunteer services that qualify as professional services
6 shall be valued at the fair market value of those services. All other volunteer service hours shall
7 be valued at the statewide average wage rate as calculated from data compiled by the Division of
8 Employment Security of the Department of Commerce in the Employment and Wages in North
9 Carolina Annual Report for the most recent period for which data are available. Expenses,
10 including both those paid by cash and in-kind contributions, incurred by other participating
11 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local
12 partnerships also may be considered resources available to meet the required private match. In
13 order to qualify to meet the required private match, the expenses shall:

- 14 (1) Be verifiable from the contractor's records.
- 15 (2) If in-kind, other than volunteer services, be quantifiable in accordance with
16 generally accepted accounting principles for nonprofit organizations.
- 17 (3) Not include expenses funded by State funds.
- 18 (4) Be supplemental to and not supplant preexisting resources for related program
19 activities.
- 20 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and
21 be necessary and reasonable for the proper and efficient accomplishment of
22 the Program's objectives.
- 23 (6) Be otherwise allowable under federal or State law.
- 24 (7) Be required and described in the contractual agreements approved by the
25 North Carolina Partnership for Children, Inc., or the local partnership.
- 26 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local
27 partnership by the contractor in the same manner as reimbursable expenses.

28 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the
29 2023-2025 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the
30 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be
31 responsible for compiling information on the private cash and in-kind contributions into a report,
32 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows
33 verification by the Department of Revenue. The same match requirements shall apply to any
34 expansion funds appropriated by the General Assembly.

35 **SECTION 9D.5.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,
36 and all local partnerships shall use competitive bidding practices in contracting for goods and
37 services on contract amounts as follows:

- 38 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified
39 by a written policy as developed by the Board of Directors of the North
40 Carolina Partnership for Children, Inc.
- 41 (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen
42 thousand dollars (\$15,000), three written quotes.
- 43 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty
44 thousand dollars (\$40,000), a request for proposal process.
- 45 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for
46 proposal process and advertising in a major newspaper.

47 **SECTION 9D.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,
48 shall not reduce the allocation for counties with less than 35,000 in population below the
49 2012-2013 funding level.

50 **SECTION 9D.5.(g)** Performance-Based Evaluation. – The Department of Health
51 and Human Services shall continue to implement the performance-based evaluation system.

1 **SECTION 9D.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)
2 of this section, the Department of Health and Human Services and the North Carolina Partnership
3 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and
4 Development Initiatives for the 2023-2025 fiscal biennium shall be administered and distributed
5 in the following manner:

6 (1) Capital expenditures are prohibited for the 2023-2025 fiscal biennium. For the
7 purposes of this section, "capital expenditures" means expenditures for capital
8 improvements as defined in G.S. 143C-1-1(d)(5).

9 (2) Expenditures of State funds for advertising and promotional activities are
10 prohibited for the 2023-2025 fiscal biennium.

11 For the 2023-2025 fiscal biennium, local partnerships shall not spend any State funds
12 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend
13 any private funds the local partnerships receive on those activities.

14 **SECTION 9D.5.(i)** Notwithstanding subsection (h) of this section, the North
15 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of
16 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall
17 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds
18 for fundraising. The report shall include the following:

19 (1) The amount of funds expended on fundraising.

20 (2) Any return on fundraising investments.

21 (3) Any other information deemed relevant.

22 23 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 24 **LIBRARY**

25 **SECTION 9D.6.(a)** A portion of the funds allocated in this act to the North Carolina
26 Partnership for Children, Inc., from the Department of Health and Human Services, shall
27 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy
28 program that mails age-appropriate books on a monthly basis to children registered for the
29 program.

30 **SECTION 9D.6.(b)** The North Carolina Partnership for Children, Inc., may use up
31 to one percent (1%) of the funds for statewide program management and up to one percent (1%)
32 of the funds for program evaluation. Funds allocated under this section shall not be subject to
33 administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be
34 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care
35 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under
36 Section 9D.5(d) of this act.

37 38 **INCREASE PROVISION OF IN-HOME CHILD CARE/PILOT PROGRAM**

39 **SECTION 9D.8.** Of the funds appropriated in this act from the General Fund to the
40 Department of Health and Human Services, Division of Child Development and Early Education
41 (Division), the sum of five hundred twenty-five thousand dollars (\$525,000) in nonrecurring
42 funds for each year of the 2023-2025 fiscal biennium shall be used to establish a pilot program
43 that provides business and financial assistance in creating new in-home child care programs and
44 sustaining existing in-home child care programs in this State. By January 15, 2024, the Division
45 shall issue a request for application (RFA) for an organization to contract with the Division to
46 administer the pilot program. The Division shall submit a report to the Joint Legislative Oversight
47 Committee on Health and Human Services and the Fiscal Research Division of the General
48 Assembly by January 31, 2025, on the number of child care programs created through the pilot
49 program, by county, and any other information the Division deems relevant.

50 51 **TRI-SHARE CHILD CARE PILOT PROGRAM**

1 **SECTION 9D.9.(a)** Of the funds appropriated in this act to the Department of Health
2 and Human Services, Division of Child Development and Early Education, to be allocated to the
3 North Carolina Partnership for Children, Inc., the sum of nine hundred thousand dollars
4 (\$900,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used
5 to provide the State portion of funding for the Tri-Share Child Care pilot program established by
6 this section. Funds provided under this section shall be divided evenly in each fiscal year among
7 the regional facilitator hubs, as described in subsection (c) of this section, selected to participate
8 in the pilot program. Upon completion of the pilot program, any unexpended funds shall revert
9 to the General Fund.

10 **SECTION 9D.9.(b)** The Division of Child Development and Early Education
11 (Division), in collaboration with the North Carolina Partnership for Children, Inc. (NCPC), shall
12 establish a two-year pilot program to implement the Tri-Share Child Care program, a program
13 that creates a public/private partnership to share the cost of child care equally between employers,
14 eligible employees, and the State to:

- 15 (1) Make high-quality child care affordable and accessible for working families.
- 16 (2) Help employers retain and attract employees.
- 17 (3) Help stabilize child care businesses across the State.

18 **SECTION 9D.9.(c)** The Division and NCPC shall select up to three local
19 partnerships to serve as regional facilitator hubs to implement and administer the pilot program
20 and act as regional intermediaries between employers, families, child care providers, and the
21 State. The Division and NCPC shall select local partnerships to participate in the pilot program
22 from geographically diverse areas across the State, with one selected from a tier one county. For
23 purposes of this section, a tier one county shall have the same designation as that established by
24 the North Carolina Department of Commerce's 2023 County Tier Designations.

25 **SECTION 9D.9.(d)** The local partnerships selected to serve as regional facilitator
26 hubs shall establish and determine program eligibility. For purposes of this pilot program, an
27 employee is eligible to participate in the program if the employee (i) is employed by a
28 participating employer, (ii) has a household income between one hundred eighty-five percent
29 (185%) and three hundred percent (300%) of the federal poverty level, and (iii) is not otherwise
30 eligible for subsidized child care in this State. An eligible employee may reside outside of the
31 designated region for the respective facilitator hub. Additionally, the regional facilitator hubs
32 shall develop and implement other criteria for the child care program, including, but not limited
33 to, each of the following:

- 34 (1) Ensuring payment for the cost of child care is divided equally between an
35 employer, an eligible employee, and the State.
- 36 (2) Soliciting participating employers.
- 37 (3) Ensuring participating employers agree to (i) identify and recruit eligible
38 employees, (ii) provide the employer portion of each participating employee's
39 child care costs, and (iii) maintain communication with the regional facilitator
40 hub regarding each eligible employee's continued employment and eligibility.
- 41 (4) Verifying that child care providers seeking to participate in the program are
42 licensed in this State.
- 43 (5) Upon determining an employee's eligibility, ensuring payment by the
44 employee of the employee's portion of the cost of child care.
- 45 (6) Coordinating payments between employers and licensed child care providers.

46 **SECTION 9D.9.(e)** For purposes of this section, child care includes part-time and
47 full-time care, before and after school care, and summer day camps.

48 **SECTION 9D.9.(f)** A regional facilitator hub may use up to nine percent (9%) of its
49 allocation for administrative costs.

50 **SECTION 9D.9.(g)** Within six months after completion of the pilot program, the
51 Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human

1 Services and the Fiscal Research Division. The report shall include, at a minimum, each of the
2 following:

- 3 (1) The number of children served, by age and county.
- 4 (2) Total pilot program costs, including any administrative costs.
- 5 (3) The amount of funds needed to expand the program statewide.
- 6 (4) The list of employers participating in the pilot program.
- 7 (5) Any other relevant information deemed appropriate.

9 INCREASE CAPACITY/FAMILY CHILD CARE HOMES

10 **SECTION 9D.10.(a)** G.S. 110-86(3) reads as rewritten:

11 "(3) Child care facility. – Includes child care centers, family child care homes, and
12 any other child care arrangement not excluded by G.S. 110-86(2), that
13 provides child care, regardless of the time of day, wherever operated, and
14 whether or not operated for profit.

15 a. A child care center is an arrangement where, at any one time, there are
16 three or more preschool-age children or nine or more school-age
17 children receiving child care.

18 b. A family child care home is a child care arrangement located in a
19 residence where, at any one time, more than two children, but less than
20 ~~nine~~ 10 children, receive child ~~care~~ care, provided the arrangement is
21 in accordance with G.S. 110-91(7)b."

22 **SECTION 9D.10.(b)** G.S. 110-91(7)b. reads as rewritten:

23 "b. Family Child Care Home Capacity. – ~~Of the children present at any~~
24 ~~one time in a family child care home, no more than five children shall~~
25 ~~be preschool aged, including the operator's own preschool age~~
26 ~~children.~~ A family child care home is allowed to provide care for one
27 of the following groups of children, including the operator's own
28 preschool-age children and excluding the operator's own school-age
29 children up to 13 years of age:

- 30 1. A maximum of eight children, with no more than five children
31 who are from birth to 5 years of age, plus three school-age
32 children.
- 33 2. A maximum of three children from birth to 24 months of age,
34 plus three children from 2 to 5 years of age and three
35 school-age children up to 13 years of age, for a total of nine
36 children.
- 37 3. A maximum of 10 children if all children are older than 24
38 months of age."

40 EXTEND COMPENSATION GRANTS FOR CHILD CARE PROGRAMS

41 **SECTION 9D.11.** Section 9L.2(b) of S.L. 2021-180, as amended by Section 9L.2(a)
42 of S.L. 2022-74, reads as rewritten:

43 "**SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care and
44 Development Block Grant funds received pursuant to ARPA to the Department of Health and
45 Human Services, Division of Child Development and Early Education, the sum of five hundred
46 two million seven hundred seventy-seven thousand seven hundred eighty-nine dollars
47 (\$502,777,789) in nonrecurring funds shall be allocated for the following in response to the
48 COVID-19 pandemic:

- 49 (1) Up to two hundred seventy-four million dollars (\$274,000,000) of the funds
50 shall be used as follows:

1 a. A minimum of two hundred six million dollars (\$206,000,000) but no
 2 more than two hundred fifteen million dollars (\$215,000,000) to (i)
 3 reduce the waitlist for children eligible for subsidized child care who
 4 are in foster care and (ii) after addressing the waitlist under item (i) of
 5 this sub-subdivision, work toward reducing the waitlist for children
 6 eligible for subsidized child care. Additionally, the Division shall use
 7 a portion of these funds to temporarily increase the child care subsidy
 8 reimbursement rates to those recommended in the 2018 Child Care
 9 Market Rate Study until the funds expire on September 30,
 10 2024. extend the compensation grants portion of the child care
 11 stabilization grants, as authorized under Section 3.2(a) of S.L.
 12 2021-25, until these funds are exhausted.

13 ...
 14 (3) Up to two hundred seven million seven hundred seventy-seven thousand
 15 seven hundred eighty-nine dollars (\$207,777,789) of the funds ~~shall~~ may be
 16 used to build the supply of qualified child care teachers with staff bonuses and
 17 other teacher pipeline programs, including apprenticeships, stackable courses,
 18 and fast-track programs. ~~The Division of Child Development and Early~~
 19 ~~Education shall provide staff bonuses under this subdivision based on the~~
 20 ~~number of months the teacher or staff person has worked at the child care~~
 21 ~~facility with the maximum bonus being provided to a teacher or staff person~~
 22 ~~who has worked at least 12 months at the teacher or staff person's current child~~
 23 ~~care facility."~~

24
 25 **PART IX-E. HEALTH BENEFITS**

26
 27 **CONTINUE MEDICAID ANNUAL REPORT**

28 **SECTION 9E.1.** The Department of Health and Human Services, Division of Health
 29 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and
 30 accompanying tables. DHB shall publish the report and tables on its website no later than
 31 December 31 following each State fiscal year.

32
 33 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

34 **SECTION 9E.2.** The Department of Health and Human Services, Division of Health
 35 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for
 36 services, medical equipment, supplies, and appliances by implementation of volume purchase
 37 plans, single source procurement, or other contracting processes in order to improve cost
 38 containment.

39
 40 **DURATION OF MEDICAID PROGRAM MODIFICATIONS**

41 **SECTION 9E.3.** Except for statutory changes or where otherwise specified, the
 42 Department of Health and Human Services shall not be required to maintain, after June 30, 2025,
 43 any modifications to the Medicaid program required by this Subpart.

44
 45 **ADMINISTRATIVE HEARINGS FUNDING**

46 **SECTION 9E.4.** Of the funds appropriated in this act to the Department of Health
 47 and Human Services, Division of Health Benefits, for administrative contracts and interagency
 48 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one
 49 million dollars (\$1,000,000) for the 2023-2024 fiscal year and the sum of one million dollars
 50 (\$1,000,000) for the 2024-2025 fiscal year to the Office of Administrative Hearings (OAH).
 51 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant

1 and recipient appeals and to contract for other services necessary to conduct the appeals process.
 2 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services
 3 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals
 4 process. Upon receipt of invoices from OAH for covered services rendered in accordance with
 5 the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.
 6

7 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

8 **SECTION 9E.5.(a)** The Department of Health and Human Services, Division of
 9 Health Benefits (DHB), receivables reserved at the end of the 2023-2024 and 2024-2025 fiscal
 10 years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The
 11 treatment under this section of any revenue derived from federal programs shall be in accordance
 12 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

13 **SECTION 9E.5.(b)** For the 2023-2024 fiscal year, the Department of Health and
 14 Human Services shall deposit from its revenues one hundred sixty-four million five hundred
 15 thousand dollars (\$164,500,000) with the Department of State Treasurer to be accounted for as
 16 nontax revenue. For the 2024-2025 fiscal year, the Department of Health and Human Services
 17 shall deposit from its revenues eighty-eight million four hundred thousand dollars (\$88,400,000)
 18 with the Department of State Treasurer to be accounted for as nontax revenue. These deposits
 19 shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund
 20 balances, or other resources from State-owned and State-operated hospitals that are used to
 21 provide indigent and nonindigent care services. The return from State-owned and State-operated
 22 hospitals to the Department of Health and Human Services shall be made from nonfederal
 23 resources in the following manner:

- 24 (1) The University of North Carolina Hospitals at Chapel Hill shall make the
 25 following deposits:
 - 26 a. For the 2023-2024 fiscal year, the amount of thirty-one million three
 27 hundred sixty-five thousand three hundred five dollars (\$31,365,305).
 - 28 b. For the 2024-2025 fiscal year, the amount of thirty-one million three
 29 hundred sixty-five thousand three hundred five dollars (\$31,365,305).
- 30 (2) All State-owned and State-operated hospitals, other than the University of
 31 North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care
 32 shall annually deposit an amount equal to the amount of the payments from
 33 DHB for uncompensated care.
 34

35 **LME/MCO INTERGOVERNMENTAL TRANSFERS**

36 **SECTION 9E.6.(a)** The local management entities/managed care organizations
 37 (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human
 38 Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million
 39 twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2023-2024 fiscal year
 40 and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen
 41 dollars (\$18,028,217) for the 2024-2025 fiscal year. The due date and frequency of the
 42 intergovernmental transfer required by this section shall be determined by DHB. The amount of
 43 the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal
 44 year shall be as follows:

	2023-2024	2024-2025
45 Alliance Behavioral Healthcare	\$4,907,800	\$4,907,800
46 Eastpointe	\$1,631,348	\$1,631,348
47 Partners Health Management	\$3,362,071	\$3,362,071
48 Sandhills Center	\$2,673,494	\$2,673,494
49 Trillium Health Resources	\$2,594,140	\$2,594,140
50 Vaya Health	\$2,859,364	\$2,859,364

1 **SECTION 9E.6.(b)** In the event that a county disengages from an LME/MCO and
2 realigns with another LME/MCO during the 2023-2025 fiscal biennium, DHB shall have the
3 authority to reallocate the amount of the intergovernmental transfer that each affected
4 LME/MCO is required to make under subsection (a) of this section, taking into consideration the
5 change in catchment area and covered population, provided that the aggregate amount of the
6 transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

7 8 **ENSURING CERTAIN MEDICAID RECEIPTS**

9 **SECTION 9E.7.(a)** For purposes of calculating the public hospital modernized
10 assessments and the private hospital modernized assessments under Part 2 of Article 7B of
11 Chapter 108A of the General Statutes, for the assessment quarter in which this subsection
12 becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be
13 to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b).
14 The amount of the total modernized nonfederal receipts shall be calculated by adding all of the
15 following:

- 16 (1) One-fourth of the State's annual Medicaid payment as defined in
17 G.S. 108A-145.3.
- 18 (2) The managed care component under G.S. 108A-146.7.
- 19 (3) The fee-for-service component under G.S. 108A-146.9.
- 20 (4) The modernized HASP component under G.S. 108A-146.10.
- 21 (5) The GME component under G.S. 108A-146.11.
- 22 (6) The postpartum coverage component under G.S. 108A-146.12.
- 23 (7) Forty-three million dollars (\$43,000,000).

24 **SECTION 9E.7.(b)** Notwithstanding the limitation on the use of funds under
25 G.S. 108A-146.15, as amended by Section 1.7(j) of S.L. 2023-7, the Department of Health and
26 Human Services may use up to forty-three million dollars (\$43,000,000) of the receipts collected
27 under Part 2 of Article 7B of Chapter 108A of the General Statutes during the 2023-2024 fiscal
28 year for the Medicaid program.

29 **SECTION 9E.7.(c)** Subsections (a) and (b) of this section are effective on the later
30 of the following dates: (i) the first day of the next assessment quarter after this act becomes law
31 or (ii) the first day of the next assessment quarter after the Centers for Medicare and Medicaid
32 Services (CMS) approve a 42 C.F.R. § 438.6(c) preprint submitted in accordance with
33 G.S. 108A-148.1 authorizing healthcare access and stabilization program (HASP) hospital
34 reimbursements for the 2022-2023 fiscal year that are greater than four hundred million dollars
35 (\$400,000,000).

36 **SECTION 9E.7.(d)** If subsections (a) and (b) of this section do not become effective
37 by April 1, 2024, then subsections (a), (b), and (c) of this section expire on that date.

38 **SECTION 9E.7.(e)** If subsections (a) and (b) of this section do not become effective
39 by April 1, 2024, then, of any federal disproportionate share adjustment receipts received in the
40 2023-2024 fiscal year arising from certified public expenditures for the 2022-2023 fiscal year,
41 the first forty-three million dollars (\$43,000,000) shall not be deposited into the Hospital
42 Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department
43 of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.

44 45 **MEDICAID REBASE TRACKING, TRANSPARENCY, AND PREDICTABILITY**

46 **SECTION 9E.8.(a)** Due to the uncertainty of the timing and rate of disenrollments
47 for individuals who will lose their Medicaid coverage as a result of the unwinding of the public
48 health emergency related to the COVID-19 pandemic, among other factors, the General
49 Assembly intends to closely monitor the expenditures for the Medicaid program throughout the
50 2023-2025 fiscal biennium using the reports required by this section. In the event that the
51 Medicaid program experiences, during either year of the 2023-2025 fiscal biennium, a shortfall

1 of funding needed to maintain the existing scope of the Medicaid program, as modified by this
2 act and any other act of the 2023 General Assembly, it is the intent of the General Assembly to
3 appropriate funds from the Medicaid Contingency Reserve to the Division of Health Benefits, in
4 accordance with the conditions described in G.S. 143C-4-11.

5 **SECTION 9E.8.(b)** The Department of Health and Human Services, Division of
6 Health Benefits (DHB), shall, on the schedule outlined in subsection (c) of this section, report to
7 the Office of State Budget Management, the Joint Legislative Oversight Committee on Medicaid,
8 and the Fiscal Research Division on the following information:

- 9 (1) For the initial report, Medicaid enrollment projections for the 2023-2025 fiscal
10 biennium. For each subsequent report, the actual enrollment relative to those
11 projections.
- 12 (2) The year-to-date General Fund expenditures for Medicaid through the most
13 recent month for which there is complete data.
- 14 (3) Projections on Medicaid General Fund expenditures needed for the remaining
15 months in the 2023-2025 fiscal biennium.
- 16 (4) Any Medicaid-related budget challenges identified by DHB for the 2023-2025
17 fiscal biennium and the 2025-2027 fiscal biennium, and the estimated cost
18 related to those challenges. Challenges that have been identified in a
19 previously submitted report for which there are no updates need not be
20 identified in subsequent reports.
- 21 (5) Changes to the Medicaid program that are planned to be implemented at any
22 time in the future under the authority granted under G.S. 108A-54(e)(1), the
23 predicted impact of those changes to the Medicaid budget for the 2023-2025
24 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated
25 implementation time line for those changes. Planned changes that have been
26 identified in a previously submitted report for which there are no updates need
27 not be identified in subsequent reports.
- 28 (6) Changes to the Medicaid program required under federal or State law that will
29 be implemented, the predicted impact of those changes to the Medicaid budget
30 for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the
31 anticipated implementation time line for those changes. Changes that have
32 been identified in a previously submitted report for which there are no updates
33 need not be identified in subsequent reports.
- 34 (7) Any unanticipated costs to the Medicaid program that were not accounted for
35 in either the model used to create Governor Cooper's Recommended Budget
36 for the 2023-2025 fiscal biennium, or the projection contained in any prior
37 report submitted under this section. Any unanticipated costs that have been
38 identified in a previously submitted report for which there are no updates need
39 not be identified in subsequent reports.
- 40 (8) The amount, if any, of funds DHB is requesting to be transferred out of the
41 Medicaid Contingency Reserve, as established under G.S. 143C-4-11, and as
42 much information as possible that meets the requirements under
43 G.S. 143C-4-11(b)(3).

44 **SECTION 9E.8.(c)** The reports required under subsection (b) of this section shall be
45 due on the following schedule:

- 46 (1) November 1, 2023.
- 47 (2) February 1, 2024.
- 48 (3) April 1, 2024.
- 49 (4) November 1, 2024.
- 50 (5) February 1, 2025.
- 51 (6) April 1, 2025.

1 **SECTION 9E.8.(d)** The annual reporting requirement under G.S. 108A-54(e)(8)
2 shall be temporarily waived for the 2023-2025 fiscal biennium. No report shall be due from the
3 Department of Health and Human Services on January 1, 2024, or January 1, 2025. The annual
4 reporting requirement under G.S. 108A-54(e)(8) shall resume with the report due January 1,
5 2026, and applies to subsequent years thereafter.

6
7 **USE OF THE MEDICAID TRANSFORMATION FUND FOR MEDICAID**
8 **TRANSFORMATION NEEDS**

9 **SECTION 9E.9.(a)** Claims Run Out. – Funds from the Medicaid Transformation
10 Fund may be transferred to the Department of Health and Human Services, Division of Health
11 Benefits (DHB), for the 2023-2025 fiscal biennium, as needed, for the purpose of paying claims
12 related to services billed under the fee-for-service payment model for recipients who are being,
13 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be
14 transferred to DHB as the need to pay claims run out arises and need not be transferred in one
15 lump sum. To the extent that any funds are transferred under this subsection, the funds are
16 appropriated for the purpose set forth in this subsection.

17 **SECTION 9E.9.(b)** Non-Claims Run Out Medicaid Transformation Needs. –
18 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one
19 hundred twenty million dollars (\$120,000,000) in nonrecurring funds for the 2023-2024 fiscal
20 year and the sum of one hundred twenty million dollars (\$120,000,000) in nonrecurring funds
21 for the 2024-2025 fiscal year from the Medicaid Transformation Fund may be transferred to DHB
22 for the sole purpose of providing the State share for qualifying needs directly related to Medicaid
23 transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as
24 qualifying needs arise during the 2023-2025 fiscal biennium and need not be transferred in one
25 lump sum. Any amount of funds from the one hundred twenty million dollars (\$120,000,000)
26 made available under this subsection for transfer to DHB in the 2023-2024 fiscal year that has
27 not been transferred to DHB for qualifying needs as of June 30, 2024, shall continue to be
28 available for transfer to DHB as qualifying needs arise during the 2024-2025 fiscal year.

29 For the purposes of this section, the term "qualifying need" shall be limited to the
30 following Medicaid transformation needs and may include contracts and temporary staffing:

- 31 (1) Program design.
- 32 (2) Beneficiary and provider experience.
- 33 (3) Information technology upgrades, operations, and maintenance.
- 34 (4) Data management tools.
- 35 (5) Program integrity.
- 36 (6) Quality review.
- 37 (7) Actuarial rate setting functions.
- 38 (8) Technical and operational integration.
- 39 (9) BH IDD tailored plan health homes.
- 40 (10) Legal fees.
- 41 (11) Expenses related to the Enhanced Case Management and Other Services Pilot
42 Program, commonly referred to as the "Healthy Opportunities Pilots."

43 **SECTION 9E.9.(c)** Requests for Transfer of Funds for Qualifying Need. – A request
44 by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM
45 and shall include the amount requested and the specific qualifying need for which the funds are
46 to be used. None of the funds identified in subsection (b) of this section shall be transferred to
47 DHB until OSBM verifies the following information:

- 48 (1) The amount requested is to be used for a qualifying need in the 2023-2025
49 fiscal biennium.

- 1 (2) The amount requested provides a State share that will not result in total
2 requirements that exceed one billion dollars (\$1,000,000,000) in nonrecurring
3 funds for the 2023-2025 fiscal biennium.

4 **SECTION 9E.9.(d)** Federal Fund Receipts. – Any federal funds received in any
5 fiscal year by DHB that represent a return of State share already expended on a qualifying need
6 related to the funds received by DHB under this section shall be deposited into the Medicaid
7 Transformation Fund.

8 **SECTION 9E.9.(e)** Reporting. – No later than January 15, 2024, and every six
9 months thereafter until the final report due July 15, 2025, DHB shall report to the Joint
10 Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each
11 expenditure that has been funded from the Medicaid Transformation fund in the preceding six
12 months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.
13

14 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

15 **SECTION 9E.10.(a)** The Department of Health and Human Services, Division of
16 Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of
17 slots available under the waiver by 350 slots. These additional slots shall be made available upon
18 approval by the Centers for Medicare and Medicaid Services.

19 **SECTION 9E.10.(b)** Effective when this act becomes law, Section 9F.14 of S.L.
20 2021-180 is repealed. Provided that DHB is in compliance with G.S. 108A-54(e), nothing in this
21 subsection shall be construed to prohibit DHB from implementing or continuing any services
22 developed pursuant to Section 9F.14 of S.L. 2021-180 prior to the effective date of this
23 subsection.
24

25 **MEDICAID SKILLED NURSING FACILITY RATES**

26 **SECTION 9E.11.** The Department of Health and Human Services, Division of
27 Health Benefits, shall, at a minimum, continue the Medicaid rates for skilled nursing facilities
28 that were in place as of March 15, 2023.
29

30 **MEDICAID PERSONAL CARE SERVICES RATES**

31 **SECTION 9E.12.** The Department of Health and Human Services, Division of
32 Health Benefits, shall provide a rate of five dollars and ninety-six cents (\$5.96) per 15-minute
33 increment for personal care services provided to Medicaid beneficiaries through Medicaid Direct,
34 Community Alternatives Program for Children (CAP/C), Community Alternatives Program for
35 Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO).
36

37 **INCREASE PRIVATE DUTY NURSING RATES**

38 **SECTION 9E.12A.** Beginning July 1, 2023, the Department of Health and Human
39 Services, Division of Health Benefits, shall increase to thirteen dollars (\$13.00) per 15 minutes
40 the rate paid for private duty nursing services pursuant to Medicaid Clinical Coverage Policies
41 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and 3G-2: Private Duty Nursing
42 for Beneficiaries Under 21 Years of Age.
43

44 **RATES FOR DURABLE MEDICAL EQUIPMENT**

45 **SECTION 9E.13B.** The Department of Health and Human Services, Division of
46 Health Benefits, shall increase the Medicaid rate paid for durable medical equipment, provided
47 that the total State share of the costs associated with the rate increase shall not exceed a total of
48 one million dollars (\$1,000,000) over a period of 12 months. This rate increase shall be
49 implemented effective upon the date approved by the Centers for Medicare and Medicaid
50 Services.
51

1 INCREASE WAGES OF DIRECT CARE WORKERS/INNOVATIONS WAIVER

2 **SECTION 9E.15.(a)** It is the intent of the General Assembly to assist in increasing
3 the hourly wages of direct care workers who provide services to Medicaid beneficiaries receiving
4 services through the North Carolina Innovations waiver program, to be termed "Innovations
5 direct care workers" for the purpose of this act, by an industry average rate of six dollars and fifty
6 cents (\$6.50) per hour above the North Carolina industry average hourly wage rate, cited in the
7 most recent report, if any, submitted to the Joint Legislative Oversight Committee on Medicaid
8 in accordance with Section 9D.15C of S.L. 2021-180.

9 To that end, the Department of Health and Human Services, Division of Health
10 Benefits (DHB), shall provide a rate increase to providers who provide services to Medicaid
11 beneficiaries receiving services through the North Carolina Innovations waiver program who are
12 either (i) enrolled in the Medicaid program or (ii) approved financial managers or financial
13 support agencies billing for waiver service hours provided by direct care workers that are hired
14 by employers of record or managing employers under a self-directed option in accordance with
15 Medicaid Clinical Coverage Policy 8-P: North Carolina Innovations.

16 **SECTION 9E.15.(b)** Upon implementation of the rate increase required by this
17 section, DHB shall adjust the per member per month (PMPM) capitation amount paid to local
18 management entities/managed care organizations. All LME/MCOs shall be required to
19 implement the increase. This increase shall continue to apply when the BH IDD tailored plans
20 become fully operational and are implemented. DHB shall determine the amount of rate increase
21 under this section. The definition of an Innovations direct care worker under this section includes
22 all workers required for compliance with, or delivery of, the relevant Innovations waiver service
23 definitions and the delivery of a unit of Innovations services to individuals in the definition of
24 direct care worker to be applied and shall include only caregivers who are contracted for the
25 provision of services in a legally appropriate manner. The rate increase under this section shall
26 be effective on the effective date approved by the Centers for Medicare and Medicaid Services.

27 **SECTION 9E.15.(c)** Prior to receiving the rate increase required under this section,
28 providers who employ Innovations direct care workers shall attest and provide verification to the
29 relevant LME/MCO that this increased funding is being used to the benefit of its Innovations
30 direct care workers, including in the form of an increase in hourly wage, benefits, or associated
31 payroll costs. DHB shall set the standards for documentation that shall be required for verification
32 that the provider used the rate increase in the manner required by this section, and LME/MCOs
33 shall use these same standards. DHB and LME/MCOs shall require verifiable methods of
34 accounting, such as payroll-based journals. Providers receiving a rate increase under this section
35 shall keep documentation of the use of that rate increase and make the documentation available
36 upon request by DHB or by the relevant LME/MCO.

37 **SECTION 9E.15.(d)** In addition to other allowable reasons for recoupment of funds,
38 DHB shall recoup part or all of the funds related to the rate increase received by a provider
39 pursuant to this section if DHB determines that the provider did not use the increased funding to
40 the benefit of its Innovations direct care worker employees.

41 BH IDD TAILORED PLAN UPDATES

42 **SECTION 9E.16.(a1)** Section 9D.7(a) of S.L. 2022-74 is repealed.

43 **SECTION 9E.16.(a2)** The Division of Health Benefits, Department of Health and
44 Human Services (DHHS), shall implement BH IDD tailored plans, as defined under
45 G.S. 108D-1, no later than July 1, 2024. The initial term of the BH IDD tailored plan contracts
46 shall last not less than four years.

47 **SECTION 9E.16.(b1)** It is the intent of the General Assembly that, when BH IDD
48 tailored plans, as defined under G.S. 108D-1, begin, local management entities/managed care
49 organizations (LME/MCOs) accept, as network providers, all providers that meet objective
50 quality standards and accept network rates. DHHS and the LME/MCOs shall develop a proposal
51

1 for potentially opening the LME/MCO closed provider networks described in G.S. 108D-23 for
2 services and supports that are excluded from prepaid health plan coverage except under BH IDD
3 tailored plan contracts. The proposal shall be submitted to the Joint Legislative Oversight
4 Committee on Health and Human Services and the Joint Legislative Oversight Committee on
5 Medicaid no later than February 1, 2024. The proposal shall include any necessary legislative
6 changes, including revisions to the statutory changes in subsections (b2) through (b4) of this
7 section, and shall consider all of the following:

- 8 (1) The need to ensure access to care for enrollees while also ensuring the delivery
9 of high-quality services and supports to those enrollees.
- 10 (2) The continued exclusion of providers previously terminated by an LME/MCO
11 for cause, including new entities created by the same owners or managing
12 employees of those providers.
- 13 (3) The development by DHHS and the LME/MCOs of objective quality
14 standards for the providers that deliver services and supports that are excluded
15 from prepaid health plan coverage except under BH IDD tailored plan
16 contracts.
- 17 (4) The need to ensure financial viability and operating stability for existing
18 LME/MCO network providers.
- 19 (5) The Medicaid risk category assigned to provider types under G.S. 108C-3(g).

20 **SECTION 9E.16.(b2)** G.S. 108D-21 reads as rewritten:

21 "**§ 108D-21. LME/MCO provider networks.**

22 ~~Each~~ Until the date that BH IDD tailored plans begin operating, each LME/MCO operating
23 the combined 1915(b) and (c) waivers or providing coverage of any services approved under the
24 1915(i) option shall develop and maintain a closed network of providers to furnish provide mental
25 health, intellectual or developmental disabilities, and substance abuse use disorder, and traumatic
26 brain injury services to its enrollees. A closed network is the network of providers that have
27 contracted with the local management entity/managed care organization operating the combined
28 1915(b) and (c) waivers."

29 **SECTION 9E.16.(b3)** G.S. 108D-23 reads as rewritten:

30 "**§ 108D-23. BH IDD tailored plan provider networks.**

31 ~~Each entity operating a BH IDD tailored plan shall develop and maintain a closed network~~
32 ~~of providers only for the provision of behavioral health, intellectual and developmental disability,~~
33 ~~and traumatic brain injury services. A closed network is the network of providers that have~~
34 ~~contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees.~~
35 ~~A closed network must include all essential providers, as designated in accordance with~~
36 ~~G.S. 108D-22(b), that (i) are located within the region for which the entity holds a BH IDD~~
37 ~~tailored plan contract and (ii) provide any covered behavioral health, intellectual and~~
38 ~~developmental disability, or traumatic brain injury service in that region.~~

39 (a) Each LME/MCO shall operate provider networks with respect to its BH IDD tailored
40 plan contract in accordance with this section.

41 (b) With regard to services and supports that are covered benefits under both standard
42 benefit plans and BH IDD tailored plans, each LME/MCO shall be subject to the same provider
43 network requirements applicable to PHPs under G.S. 108D-22.

44 (c) With regard to services and supports that are excluded from PHP coverage except
45 under BH IDD tailored plans, each LME/MCO shall operate a closed network, which is the
46 network of providers that have contracted with the LME/MCO to provide those services to
47 enrollees, in accordance with all of the following:

- 48 (1) A closed network must include all essential providers designated in
49 accordance with G.S. 108D-22(b) that (i) are located or provide services
50 within the region for which the LME/MCO holds a BH IDD tailored plan

1 contract and (ii) provide any covered behavioral health, intellectual and
2 developmental disability, or traumatic brain injury service in that region.

3 (2) With regard to services identified by the Department as necessary to improve
4 access for behavioral health, intellectual and developmental disability, and
5 traumatic brain injury services, an LME/MCO shall accept all providers of
6 those services that (i) meet objective quality standards and (ii) accept network
7 rates, notwithstanding the requirement to operate a closed network."

8 **SECTION 9E.16.(b4)** Article 3 of Chapter 108D of the General Statutes is amended
9 by adding a new section to read:

10 **"§ 108D-26. Other provider networks.**

11 (a) Beginning on the date that BH IDD tailored plans begin operating, each LME/MCO
12 under contract with the Department (i) to provide coverage of services as a PIHP or (ii) to provide
13 coverage of any services approved under the 1915(i) option shall operate a closed network in
14 accordance with this section.

15 (b) A closed network is the network of providers that have contracted with the
16 LME/MCO to provide to enrollees the services and supports covered by the LME/MCO either
17 as a PIHP or under the 1915(i) option.

18 (c) With regard to services identified by the Department as necessary to improve access
19 for behavioral health, intellectual and developmental disability, and traumatic brain injury
20 services, an LME/MCO shall accept all providers of those services that (i) meet objective quality
21 standards and (ii) accept network rates, notwithstanding the requirement in this section to operate
22 a closed network."

23 **SECTION 9E.16.(b5)** G.S. 108D-1 is amended by adding a new subdivision to read:

24 "(30a) Prepaid inpatient health plan or PIHP. – A prepaid inpatient health plan, as
25 defined in 42 C.F.R. § 438.2."

26 **SECTION 9E.16.(b6)** Subsections (b2) through (b5) of this section become effective
27 July 1, 2024.

28 **SECTION 9E.16.(c)** No later than June 1, 2024, DHHS shall develop and submit a
29 proposal to the Joint Legislative Oversight Committee on Medicaid to transition the
30 administration of the Community Alternatives Program for Disabled Adults (CAP/DA) to the
31 BH IDD tailored plans by January 1, 2025, notwithstanding G.S. 108D-40(a)(11).

32 **SECTION 9E.16.(d)** It is the intent of the General Assembly that the Medicaid
33 Traumatic Brain Injury waiver be expanded throughout the State. Within 60 days after the
34 effective date of this act, DHHS shall submit an amended waiver application to expand the
35 Traumatic Brain Injury waiver statewide by January 1, 2025, or any later date approved by the
36 Centers for Medicare and Medicaid Services. DHHS shall not implement the waiver expansion
37 if that implementation exceeds the authority of the Division of Health Benefits under
38 G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated
39 to exceed a future authorized budget for the Medicaid program.

40 **SECTION 9E.16.(e)** No later than January 1, 2024, DHHS shall develop and submit
41 a proposal to the Joint Legislative Oversight Committee on Medicaid for a Medicaid Reentry
42 Section 1115 Demonstration Opportunity waiver to provide services to the adult incarcerated
43 population, to be managed under BH IDD tailored plan contracts, notwithstanding
44 G.S. 108D-40(a)(9), and to begin no later than January 1, 2025. The proposal shall provide that,
45 upon release from incarceration, Medicaid-eligible individuals shall be transitioned to a managed
46 care plan for which the individual is eligible under G.S. 108D-40 or, if the individual is excluded
47 from managed care, to the Medicaid Direct fee-for-service program. DHHS shall not implement
48 the waiver if that implementation exceeds the authority of the Division of Health Benefits under
49 G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated
50 to exceed a future authorized budget for the Medicaid program.

1 **SECTION 9E.16.(f)** Except as otherwise provided, this section is effective when it
2 becomes law.

3
4 **EXPEDITED MEDICAID PREFERRED DRUG LIST REVIEW FOR DRUGS**
5 **TREATING SERIOUS MENTAL ILLNESS**

6 **SECTION 9E.17.(a)** Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as
7 G.S. 108A-68.1A of Part 6 of Article 2 of Chapter 108A of the General Statutes in the following
8 manner:

- 9 (1) The new G.S. 108A-68.1A is entitled "Medicaid preferred drug program."
- 10 (2) Each paragraph under Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as
11 separate subsections (a) through (k) with subunits designated accordingly,
12 except that the last paragraph is repealed.
- 13 (3) The phrase "Preferred Drug List. –" is deleted from the new subsection (a).
- 14 (4) All references to the Division of Medical Assistance are replaced with the
15 Division of Health Benefits.

16 **SECTION 9E.17.(b)** Part 6 of Article 2 of Chapter 108A of the General Statutes is
17 amended by adding a new section to read:

18 **"§ 108A-68.1B. Coverage of medication to treat severe mental illness.**

19 (a) The Department shall provide immediate coverage under the Medicaid program of a
20 new prescription medication approved by the Food and Drug Administration that becomes
21 available to the public if (i) the manufacturer of that medication is enrolled in the federal
22 Medicaid Drug Rebate Program and (ii) the medication is approved for the treatment of any of
23 the following conditions, as defined by the most recent edition of the Diagnostic and Statistical
24 Manual of Mental Disorders:

- 25 (1) Bipolar disorders, hypomanic, manic, depressive, and mixed.
- 26 (2) Childhood and adolescent depression.
- 27 (3) Major depressive disorders, single episode or recurrent.
- 28 (4) Obsessive-compulsive disorders.
- 29 (5) Paranoid personality disorder and other psychotic disorders.
- 30 (6) Schizo-affective disorders, bipolar or depressive.
- 31 (7) Schizophrenia.

32 (b) If the new prescription medication required to be covered under the Medicaid
33 program under subsection (a) of this section is within a class of medications eligible for inclusion
34 on the Department's Preferred Drug List, then, no later than the end of the next calendar quarter
35 following the date the new prescription medication became available to the public, the
36 Department shall, in consultation with the Physician's Advisory Group, review and submit a
37 proposed policy to the Preferred Drug List Policy Review Panel regarding the inclusion of the
38 new prescription medication as either a preferred or nonpreferred drug on the Department's
39 Preferred Drug List.

40 (c) Within 30 days of the receipt of a proposed policy under subsection (b) of this section,
41 the Preferred Drug List Policy Review Panel shall, in accordance with G.S. 108A-68.1A, hold
42 an open meeting to review the recommended policy and submit policy recommendations about
43 the proposed policy to the Department upon the conclusion of that meeting."

44 **SECTION 9E.17.(c)** G.S. 108A-68.1A, as enacted by subsection (a) of this section,
45 reads as rewritten:

46 **"§ 108A-68.1A. Medicaid preferred drug program.**

47 ...

48 (h) The Secretary of the Department of Health and Human Services shall establish a
49 Preferred Drug List (PDL) Policy Review Panel within 60 days after the effective date of this
50 section. Panel. The purpose of the PDL Preferred Drug List Policy Review Panel is to review the
51 Medicaid PDL Preferred Drug List recommendations from the Department of Health and Human

1 Services, Division of Health Benefits, and the Physician Advisory Group Pharmacy and
2 Therapeutics (~~PAG P&T~~)-Committee.

3 ...

4 (k) After the Department, in consultation with the ~~PAG P&T Committee~~, Physician
5 Advisory Group Pharmacy and Therapeutics Committee, publishes a proposed policy or
6 procedure related to the Medicaid ~~PDL~~, Preferred Drug List, the Preferred Drug List Policy
7 Review Panel shall hold an open meeting to review the recommended policy or procedure along
8 with any written public comments received as a result of the posting. The Review Panel shall
9 provide an opportunity for public comment at the meeting. After the conclusion of the meeting,
10 the Review Panel shall submit policy recommendations about the proposed Medicaid ~~PDL~~
11 Preferred Drug List policy or procedure to the Secretary. The Preferred Drug List Policy Review
12 Panel shall meet no less than once a quarter."

13 **SECTION 9E.17.(d)** This section is effective when it becomes law.

14 **RELATIVES PROVIDING CARE TO MINORS ON THE INNOVATIONS WAIVER**

15 **SECTION 9E.18.(a)** The Department of Health and Human Services, Division of
16 Health Benefits (DHB), shall seek approval from the Centers for Medicare and Medicaid Services
17 (CMS) to amend NC Medicaid Clinical Coverage Policy 8-P "North Carolina Innovations" to
18 allow Community Living and Support services to be provided by a relative of a Medicaid
19 beneficiary residing in the same home as the beneficiary when that beneficiary is under the age
20 of 18 and when no other provider is available to provide these services, similar to what is
21 currently allowed for beneficiaries age 18 and older.

22 **SECTION 9E.18.(b)** DHB shall implement the changes outlined in subsection (a)
23 of this section on the effective date approved by CMS.

24 **FURTHER ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO** 25 **PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES** 26 **AWAITING HOSPITAL DISCHARGE**

27 **SECTION 9E.19.(a)** Section 9D.22(f) of S.L. 2021-180, as amended by Section
28 9D.9 of S.L. 2022-74, reads as rewritten:

29 **"SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human Services,
30 Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services
31 (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required
32 by this ~~section~~. section with a proposed start date of March 1, 2023. The new Medicaid covered
33 services and rates shall be implemented ~~December 31, 2022.~~ If approval from CMS is not granted
34 by December 31, 2022, then as soon as operationally feasible after the approval by CMS. DHB
35 shall retroactively implement services and rates ~~upon approval from CMS to December 31, 2022.~~
36 to the date approved by CMS. The new Medicaid covered services and rates shall only be
37 implemented to the extent allowable by CMS."

38 **SECTION 9E.19.(a1)** Section 9D.22(c) of S.L. 2021-180 reads as rewritten:

39 **"SECTION 9D.22.(c)** Services Covered. – The clinical coverage policy developed in
40 accordance with this section shall provide Medicaid coverage of the following services in an
41 acute care hospital setting when medically necessary and ordered by a physician or other
42 appropriate provider:

43 ...

44 Services developed in accordance with this subsection shall be considered outpatient
45 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,
46 shall continue to be billed as separate and additional services not included as part of this new
47 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance
48 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH
49
50

1 IDD tailored plan, as defined in G.S. 108D-1. Standard benefit plans, as defined in G.S. 108D-1,
2 shall not be required to cover these newly developed services."

3 **SECTION 9E.19.(b)** This section is effective retroactively to December 31, 2022.
4

5 **DRAFT SMI/SED WAIVER**

6 **SECTION 9E.19A.(a)** The Department of Health and Human Services, Division of
7 Health Benefits, shall develop a proposed Medicaid 1115 demonstration waiver focused on adults
8 with serious mental illness (SMI), children with serious emotional disturbance (SED), or both.
9 This proposed SMI/SED waiver shall include all of the following:

- 10 (1) Receipt of federal financial participation for covered services furnished to
11 Medicaid beneficiaries during stays greater than 15 days for acute care in
12 psychiatric hospitals or residential treatment settings that qualify as
13 institutions of mental disease (IMDs).
14 (2) Detailed ways in which DHB shall ensure good quality of care in IMDs.
15 (3) Methods to address improved access to community-based services for
16 beneficiaries with SMI or SED.
17 (4) Goals to be achieved through the waiver that include the following:
18 a. Reduced utilization and lengths of stay in hospital emergency
19 departments among Medicaid beneficiaries with SMI or SED while
20 awaiting mental health treatment in specialized settings.
21 b. Reduced preventable readmissions to acute care hospitals and
22 residential settings by Medicaid beneficiaries with SMI or SED.
23 c. Improved availability of crisis stabilization services.
24 d. Improved access to community-based services to address the chronic
25 mental health care needs of Medicaid beneficiaries with SMI or SED.
26 e. Improved care coordination and continuity of care following episodes
27 of acute care in hospitals and residential treatment facilities.

28 **SECTION 9E.19A.(b)** No later than March 1, 2024, DHB shall submit to the Joint
29 Legislative Oversight Committee on Medicaid a report that provides details on the proposed 1115
30 waiver developed under subsection (a) of this section, a copy of the draft waiver, and estimated
31 costs or savings to the State were the waiver to be implemented.
32

33 **NORTH CAROLINA – PSYCHIATRY ACCESS LINE**

34 **SECTION 9E.19B.** Of the funds appropriated in this act to the Department of Health
35 and Human Services, Division of Health Benefits, the sum of one million eight hundred fifty
36 thousand dollars (\$1,850,000) in recurring funds for the 2023-2024 fiscal year and the sum of
37 one million nine hundred fifty thousand dollars (\$1,950,000) in recurring funds for the 2024-2025
38 fiscal year shall be used for the North Carolina – Psychiatry Access Line (NC-PAL), a partnership
39 between the Department of Health and Human Services and the Department of Psychiatry &
40 Behavioral Sciences at Duke University. No later than September 1, 2024, and September 1,
41 2025, NC-PAL shall submit to the Joint Legislative Oversight Committee on Health and Human
42 Services and the Fiscal Research Division the following information:

- 43 (1) The number of consultations provided over the previous fiscal year, broken
44 down by consultations provided by NC-PAL Child Psychiatry and NC-PAL
45 Perinatal Psychiatry.
46 (2) The geographic regions of the State utilizing the services offered by NC-PAL,
47 by county.
48 (3) The percentage of NC-PAL consultations that resulted in treatment of an
49 individual by that individual's primary care provider, rather than referral to a
50 specialist.

- 1 (4) The estimated number of avoided emergency department visits resulting from
2 the services provided through NC-PAL.
- 3 (5) The results of any new pilot program offering consultations with county
4 department of social services offices or residential providers and whether
5 those consultations reduced placement disruptions for children in the custody
6 of county departments of social services or the need for crisis intervention.
7

8 **PREPAID HEALTH PLANS PERFORMANCE METRICS**

9 **SECTION 9E.20.** The Department of Health and Human Services, Division of
10 Health Benefits (DHB), shall develop performance standards, including claims payment metrics
11 requiring claims to be paid within a set number of days, applicable to prepaid health plans
12 operating standard benefits plans in accordance with Chapter 108D of the General Statutes.
13 Beginning December 1, 2023, and annually until the expiration of the initial prepaid health plan
14 contract, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and to the
15 Fiscal Research Division on these performance standards as they apply to each individual prepaid
16 health plan.
17

18 **ADDITIONAL MEDICAID SERVICES FOR FOSTER YOUTH**

19 **SECTION 9E.21.(a)** The General Assembly finds that youth receiving foster care
20 services through the county child welfare agencies are entitled to trauma-informed interventions
21 and therapy that are also evidence-based, evidence-informed, or both. The Department of Health
22 and Human Services (DHHS), Division of Health Benefits (DHB), shall convene a workgroup
23 composed of county child welfare agencies, representatives with lived experience in child
24 welfare, the nonprofit corporation Benchmarks, prepaid health plans, and local management
25 entities/managed care organizations (LME/MCOs) to identify innovative Medicaid service
26 options to address any gaps in the care of children receiving foster care services. Each LME/MCO
27 shall identify to the workgroup any innovative practices that the LME/MCO is using that could
28 be an innovative Medicaid service option. Each LME/MCO shall also communicate with
29 healthcare providers in its catchment area about the opportunity to submit concept papers to the
30 workgroup to aid in the identification of these innovative Medicaid service options. Specifically,
31 the workgroup shall identify innovative Medicaid service options that are either of the following:

- 32 (1) Models of community evidence-based and evidence-informed practices that
33 support a foster child returning to the child's family in a timely manner and
34 diverting higher level foster care placements.
- 35 (2) Models of intensive community or short-term residential treatment options
36 that serve children with high acuity needs that divert a child from higher level
37 placements such as psychiatric residential treatment facility placement. The
38 provision of stepdown options from higher levels of care may be considered.

39 **SECTION 9E.21.(b)** No later than three months after the workgroup has completed
40 its work under subsection (a) of this section, DHB shall begin distributing funding, as
41 appropriated in this act and to the extent allowed under G.S. 108A-54(e), through capitated
42 contracts with LME/MCOs and through capitated prepaid health plan contracts under Article 4
43 of Chapter 108D of the General Statutes, to be used for the innovative Medicaid service options
44 identified by the workgroup. The funding may be used for (i) new services identified by the
45 workgroup that may be implemented regionally or statewide or (ii) expanding a service or
46 modality to a county or region where the service or modality was not previously implemented.
47 DHB shall require all of the following from any entity receiving funding under this subsection:

- 48 (1) Time lines for, and establishment of, first- and second-year deliverables for
49 any service that may be a phased-in service.
- 50 (2) Identification of required funding, including start-up funding and a three-year
51 budget, including projected revenue sources and amounts.

- (3) Specific outcome measures with the attestation of the timely submission of the data to the applicable prepaid health plan and DHB. These outcomes shall be aligned with child welfare safety and permanency measures and shall support positive childhood outcomes.

SECTION 9E.21.(c) DHHS may prioritize the distribution of funds under this section based upon the areas with the greatest need, as identified by the workgroup convened under subsection (a) of this section.

SECTION 9E.21.(d) DHHS shall provide training to all county departments of social services and shall offer training to tribal welfare offices on any Medicaid services funded under subsection (b) of this section and may delegate that training to the relevant LME/MCO. Further, DHHS shall continue to provide to the relevant county departments of social services and tribal welfare offices status updates on implementation within any impacted counties and regions.

SECTION 9E.21.(e) This section is effective when it becomes law.

CHILDREN AND FAMILIES SPECIALTY PLAN

SECTION 9E.22.(a) The Department of Health and Human Services (DHHS) shall issue an initial request for proposals (RFP) to procure a single statewide children and families (CAF) specialty plan contract with services to begin no later than December 1, 2024. The RFP shall be subject to the requirements in G.S. 108D-62, as enacted by subsection (k) of this section. DHHS shall define the services available under the CAF specialty plan and the Medicaid beneficiaries who are eligible to enroll in the CAF specialty plan, except as otherwise specified in this act or in law. For the purposes of this section, the CAF specialty plan shall be as defined under G.S. 108D-1, as amended by subsection (c) of this section.

SECTION 9E.22.(b) DHHS shall request approval from the Centers for Medicare and Medicaid Services (CMS) to require that a child who is automatically enrolled in the children and families specialty plan under G.S. 108D-62(f) may not elect to enroll instead in a standard benefit plan or a behavioral health and intellectual/developmental disabilities tailored plan unless doing so is in the best interest of the child, as determined by the county department of social services after consultation with the enrollment broker as defined in G.S. 108D-1.

SECTION 9E.22.(c) G.S. 108D-1 reads as rewritten:

"§ 108D-1. Definitions.

The following definitions apply in this Chapter:

- ...
- (4) Behavioral health and intellectual/developmental disabilities tailored plan or BH IDD tailored plan. – A capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter, including the requirements pertaining to BH IDD tailored ~~plans~~plans, but excluding the requirements pertaining only to the CAF specialty plan.

- ...
- (5a) Children and families specialty plan or CAF specialty plan. – A statewide capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter, including the requirements pertaining to the CAF specialty plan, but excluding the requirements only pertaining to BH IDD tailored plans.

- ...
- (30) Prepaid health plan or PHP. – A prepaid health plan, as defined in G.S. 58-93-5, that is under a capitated contract with the Department for the delivery of Medicaid ~~and NC Health Choice~~ services, or a local management

entity/managed care organization that is under a capitated PHP contract with the Department to operate a BH IDD tailored plan.Department.

...

(36) Standard benefit plan. – A capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter except for the requirements pertaining only to a BH IDD tailored plan and only to the CAF specialty plan."

SECTION 9E.22.(d) G.S. 108D-5.3 reads as rewritten:

"§ 108D-5.3. Enrollee requests for disenrollment.

...

(b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed to disenroll request disenrollment from the PHP without cause only during the times specified in 42 C.F.R. § 438.56(c)(2), except that enrollees who are in any of the following groups may request to disenroll at any time:

- (1) Beneficiaries who meet the definition of Indian under 42 C.F.R. § 438.14(a).
- (2) Beneficiaries who are enrolled in the foster care system described in G.S. 108D-40(a)(14).
- ~~(3) Beneficiaries who are in the former foster care Medicaid eligibility category.~~
- ~~(4) Beneficiaries who receive Title IV E adoption assistance.~~
- (5) Beneficiaries who are receiving long-term services and supports in institutional or community-based settings.
- (6) Any other beneficiaries who are not required to enroll in a PHP under G.S. 108D-40.
- (7) Beneficiaries who are described in G.S. 108D-40(a)(12).

...."

SECTION 9E.22.(e) G.S. 108D-22 reads as rewritten:

"§ 108D-22. PHP provider networks.

(a) Except as provided in ~~G.S. 108D-23~~, G.S. 108D-23 and G.S. 108D-24, each PHP shall develop and maintain a provider network that meets access to care requirements for its enrollees. A PHP may not exclude providers from their networks except for failure to meet objective quality standards or refusal to accept network rates. Notwithstanding the previous sentence, a PHP must include all providers in its geographical coverage area that are designated essential providers by the Department in accordance with subdivision (b) of this section, unless the Department approves an alternative arrangement for securing the types of services offered by the essential providers.

...."

SECTION 9E.22.(f) Article 3 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"§ 108D-24. Children and families specialty plan networks.

(a) The entity operating the children and families specialty plan shall develop and maintain a closed network of providers only as provided in this section.

(b) The requirement to operate a closed network is applicable only to the provision of the following services:

- (1) Intensive in-home services.
- (2) Multisystemic therapy.
- (3) Residential treatment services.
- (4) Services provided in psychiatric residential treatment facilities.

(c) A closed network is the network of providers that have contracted with the entity operating the CAF specialty plan to provide to enrollees the services described in subsection (b) of this section.

1 (d) The entity operating the CAF specialty plan shall not exclude federally recognized
 2 tribal providers or Indian Health Service providers from its closed network."

3 **SECTION 9E.22.(g)** G.S. 108D-35(b) reads as rewritten:

4 "(b) The capitated contracts required by this section shall not cover any of the following:

5 (1) Medicaid services covered by the local management entities/managed care
 6 organizations (LME/MCOs) under the combined 1915(b) and (c) ~~waivers~~
 7 waivers, 1915(b)(3) services, and any services approved under the 1915(i)
 8 option shall not be covered under a standard benefit plan, except that all
 9 capitated PHP contracts shall cover the following services:

- 10 a. Inpatient behavioral health services.
- 11 b. Outpatient behavioral health emergency room services.
- 12 c. Outpatient behavioral health services provided by direct-enrolled
- 13 providers.
- 14 d. Mobile crisis management services.
- 15 e. Facility-based crisis services for children and adolescents.
- 16 f. Professional treatment services in a facility-based crisis program.
- 17 g. Outpatient opioid treatment services.
- 18 h. Ambulatory detoxification services.
- 19 i. Nonhospital medical detoxification services.
- 20 j. Partial hospitalization.
- 21 k. Medically supervised or alcohol and drug abuse treatment center
- 22 detoxification crisis stabilization.
- 23 l. Research-based intensive behavioral health treatment.
- 24 m. Diagnostic assessment services.
- 25 n. Early and Periodic Screening, ~~Diagnosis,~~ Diagnostic, and Treatment
- 26 services.
- 27 o. Peer support services.
- 28 p. Behavioral health urgent care services.
- 29 q. Substance abuse comprehensive outpatient treatment program
- 30 services.
- 31 r. Substance abuse intensive outpatient program services.
- 32 s. Social settings detoxification services.

33 ~~In accordance with this subdivision, 1915(b)(3) services shall not be covered~~
 34 ~~under a standard benefit plan.~~

35"

36 **SECTION 9E.22.(h)** G.S. 108D-40 reads as rewritten:

37 "**§ 108D-40. Populations covered by PHPs.**

38 (a) Capitated PHP contracts shall cover all Medicaid program aid categories except for
 39 the following categories:

40 ...

41 (12) Recipients with a serious mental illness, a serious emotional disturbance, a
 42 severe substance use disorder, an intellectual/developmental disability, or who
 43 have survived a traumatic brain injury and who are receiving traumatic brain
 44 injury services, who are on the waiting list for the Traumatic Brain Injury
 45 waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH
 46 IDD tailored plans become operational, at which time this population will be
 47 enrolled with a BH IDD tailored plan in accordance with
 48 G.S. 108D-60(a)(10). Recipients in this category-G.S. 108D-60(a)(10), except
 49 for recipients described in subdivision (14) of this subsection. Except as
 50 provided in G.S. 108D-60(a)(11), recipients described in this subdivision shall
 51 have the option to voluntarily enroll with a PHP, PHP operating a standard

benefit plan, provided that (i) a recipient electing to enroll with a PHP operating a standard benefit plan would only have access to the behavioral health services covered by ~~PHPs according to G.S. 108D-35(1) standard benefit plans~~ and would no longer have access to the behavioral health services excluded from standard benefit plans under ~~G.S. 108D-35(1)~~ G.S. 108D-35(b)(1) and (ii) the recipient's informed consent shall be required prior to the recipient's enrollment with a ~~PHP.~~ PHP operating a standard benefit plan. Recipients in this category shall include, at a minimum, recipients who meet any of the following criteria:

...
 d. Individuals who, regardless of diagnosis, meet any of the following criteria:

...
7. Individuals who receive the services described in G.S. 108D-35(b)(1)q. and G.S. 108D-35(b)(1)r. The Department shall monitor the service utilization of recipients who are enrolled in a standard benefit plan to identify individuals who receive these services and shall enroll the identified individuals in a BH IDD tailored plan the month after they are identified, unless the recipient already has become enrolled in a BH IDD tailored plan or the recipient elects to remain in the standard benefit plan.

(13) Recipients in the following categories shall not be covered by PHPs for a period of time to be determined by the Department that shall not exceed five years after the date that capitated PHP contracts begin:

...
 e. ~~Recipients who are (i) enrolled in the foster care system, (ii) receiving Title IV-E adoption assistance, (iii) under the age of 26 and formerly were in the foster care system, or (iv) under the age of 26 and formerly received adoption assistance.~~

(14) Until the CAF specialty plan becomes operational, recipients who are (i) children enrolled in foster care in this State, (ii) receiving adoption assistance, or (iii) former foster care youth until they reach the age of 26. When the CAF specialty plan becomes operational, recipients described in this subdivision will be enrolled in accordance with G.S. 108D-62.

...."

SECTION 9E.22.(i) G.S. 108D-45 reads as rewritten:

"§ 108D-45. Number and nature of ~~capitated PHP contracts.~~contracts for standard benefit plans.

The number and nature of the contracts for standard benefit plans required under ~~G.S. 108D-65(3)~~ G.S. 108D-65(6) shall be as follows:

...
 (3) ~~The limitations on the number of contracts established in this section shall not apply to BH IDD tailored plans described in G.S. 108D-60.~~

...."

SECTION 9E.22.(j) G.S. 108D-60, as amended by Section 5.1(b) of S.L. 2023-65, reads as rewritten:

"§ 108D-60. BH IDD tailored plans.

(a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all requirements in this Article pertaining to capitated PHP contracts, except as specifically provided in this section. With regard to BH IDD tailored plans, the following shall occur:

- 1 ...
- 2 (10) Recipients described in G.S. 108D-40(a)(12) shall be automatically enrolled
- 3 with an entity operating a BH IDD tailored ~~plan and plan~~, except that
- 4 recipients who are also described in G.S. 108D-40(a)(14) shall be enrolled in
- 5 accordance with G.S. 108D-62. Except as provided in subdivision (11) of this
- 6 subsection, recipients described in G.S. 108D-40(a)(12) shall have the option
- 7 to enroll with a PHP operating a standard benefit plan, provided that a
- 8 recipient electing to enroll with a PHP operating a standard benefit plan would
- 9 only have access to the ~~behavioral health~~ services covered by the standard
- 10 benefit plans and would no longer have access to the ~~behavioral health~~
- 11 services excluded from standard benefit plan coverage under ~~G.S. 108D-35(1)~~
- 12 G.S. 108D-35(b)(1) and provided that the recipient's informed consent shall
- 13 be required prior to the recipient's enrollment with a PHP operating a standard
- 14 benefit plan.
- 15 (11) Recipients described in G.S. 108D-40(a)(12) shall not have the option to
- 16 voluntarily enroll with a PHP operating a standard benefit plan or the CAF
- 17 specialty plan if they are any of the following:
- 18 a. Recipients enrolled in the Innovations waiver.
- 19 b. Recipients enrolled in the Traumatic Brain Injury waiver.
- 20 c. Recipients residing in or receiving respite services at an intermediate
- 21 care facility for individuals with intellectual/developmental
- 22 disabilities.
- 23 d. Recipients enrolled in and being served under Transitions to
- 24 Community Living.
- 25 e. Recipients receiving State-funded residential services, including
- 26 group living, family living, supported living, and residential supports.
- 27 (b) The Department may contract with entities operating BH IDD tailored plans under a
- 28 capitated or other arrangement for the management of behavioral health, intellectual and
- 29 developmental disability, and traumatic brain injury services for any recipients who are not
- 30 enrolled in a BH IDD tailored ~~plan-plan~~ or the CAF specialty plan."

31 **SECTION 9E.22.(k)** Article 4 of Chapter 108D of the General Statutes is amended

32 by adding a new section to read:

33 **"§ 108D-62. Children and families specialty plan.**

- 34 (a) The following definitions apply in this section:
- 35 (1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.
- 36 (2) Child. – A person who is under the age of 18, is not married, and has not been
- 37 legally emancipated.
- 38 (3) Custodian. – As defined in G.S. 7B-101, or a comparable tribal code.
- 39 (4) Foster care. – The placement of a child who is described in
- 40 G.S. 108D-40(a)(14), or a comparable tribal code, whose custody has been
- 41 awarded by court order or pursuant to a voluntary placement agreement from
- 42 the parent, custodian, or guardian (i) to the county department of social
- 43 services or (ii) to the Eastern Band of Cherokee Indians' Department of Public
- 44 Health and Human Services.
- 45 (5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.
- 46 (6) Minor. – A person who is under the age of 18.
- 47 (7) Parent. – As defined in 42 C.F.R. § 435.603(b).
- 48 (8) Reunification. – As defined in G.S. 7B-101, or a comparable tribal code.
- 49 (9) Sibling. – As defined in 42 C.F.R. § 435.603(b).
- 50 (b) All of the following shall apply with regard to the CAF specialty plan:

- 1 (1) The capitated contract for the CAF specialty plan shall be the result of a
2 request for proposals issued by the Department. Only (i) entities that meet the
3 definition of PHP under G.S. 58-93-5 or under this Chapter and (ii)
4 consortiums established under G.S. 122C-116 are eligible to respond to the
5 request for proposals issued by the Department to operate the CAF specialty
6 plan. Each eligible responding entity may submit only one response to an RFP
7 issued by the Department.
- 8 (2) An entity operating the CAF specialty plan shall authorize, pay for, and
9 manage all Medicaid services covered under the plan.
- 10 (3) An entity operating the CAF specialty plan shall operate care management
11 functions and provide whole-person, integrated care across healthcare and
12 treatment settings and foster care placements for recipients enrolled in the plan
13 to support family preservation, advance the reunification of families, support
14 the permanency goals of children, and support the health of former foster
15 youth.
- 16 (4) An entity operating the CAF specialty plan shall be the single point of care
17 management accountability.
- 18 (5) The Department shall establish requirements for the effective operation of the
19 CAF specialty plan that, at a minimum, shall address all of the following:
- 20 a. Continuity of care and support across healthcare settings, changes in
21 placement, and when the child transitions into the former foster youth
22 Medicaid eligibility category.
- 23 b. Managing care according to competencies specific to the recipients
24 described in G.S. 108D-40(a)(14) and to recipients receiving child
25 protective services in-home services, including medication
26 management, utilization of trauma-informed care, and any other areas
27 determined appropriate by the Department.
- 28 c. Coordination of activities with local governments, county departments
29 of social services, the Division of Juvenile Justice of the Department
30 of Public Safety, and other related agencies that support the child
31 welfare system.
- 32 d. Approaches to address unmet health-related resource needs.
- 33 (c) In addition to the services required to be covered by all PHPs under G.S. 108D-35,
34 the CAF specialty plan shall cover the behavioral health, intellectual and developmental
35 disability, and traumatic brain injury services excluded from standard benefit plan coverage
36 under G.S. 108D-35(b)(1), except that the CAF specialty plan shall not cover any of the following
37 services:
- 38 (1) Innovations waiver services.
- 39 (2) Traumatic Brain Injury waiver services.
- 40 (3) Services provided to recipients residing in or receiving respite services at an
41 intermediate care facility for individuals with intellectual disabilities.
- 42 (4) Services provided to recipients determined eligible to participate in and be
43 served under Transitions to Community Living.
- 44 (5) Non-Medicaid behavioral health services funded with federal, State, and local
45 funding in accordance with Chapter 122C of the General Statutes or other
46 applicable State and federal law, rules, and regulations.
- 47 (d) Unless ineligible under subsection (e) of this section, the following Medicaid
48 recipients shall be eligible to enroll in the CAF specialty plan:
- 49 (1) Recipients described in G.S. 108D-40(a)(14) and their children. The children
50 shall be enrolled in the CAF specialty plan for as long as the parent remains

- 1 enrolled, unless the parent elects to enroll the child in another plan in
2 accordance with subsection (g) of this section.
- 3 (2) Adults identified on an open child protective services in-home family services
4 agreement case and any minor children living in the same home.
- 5 (3) Adults identified in an open Eastern Band of Cherokee Indians Department of
6 Public Health and Human Services Family Safety program case and any
7 children living in the same home.
- 8 (4) The minor siblings of a child in foster care who lived in the same home as that
9 child at the time of the child's removal and with whom household reunification
10 or permanency efforts are ongoing.
- 11 (5) Recipients who have a child temporarily in foster care if all of the following
12 are met:
- 13 a. A court of competent jurisdiction has not found that aggravated
14 circumstances exist in accordance with G.S. 7B-901(c) or a
15 comparable tribal code.
- 16 b. A court of competent jurisdiction has not found that a plan of
17 reunification would be unsuccessful or would be inconsistent with the
18 child's health or safety in accordance with G.S. 7B-906.1(d) or a
19 comparable tribal code.
- 20 c. A court of competent jurisdiction has not found that custody or
21 guardianship with the caretaker relative is an inappropriate permanent
22 plan for the juvenile under G.S. 7B-906.2(a)(3), G.S. 7B-906.2(a)(4),
23 or a comparable tribal code.
- 24 d. The recipient is any of the following:
- 25 1. A parent.
- 26 2. A caretaker relative.
- 27 3. A custodian.
- 28 4. A guardian.
- 29 (6) Any other recipients who have had involvement with the child welfare system
30 and whom the Department has determined would benefit from enrollment in
31 the CAF specialty plan.
- 32 (e) The following Medicaid recipients shall be not eligible to enroll in the CAF specialty
33 plan:
- 34 (1) Recipients who require services that are excluded from coverage by the CAF
35 specialty plan under subsection (c) of this section.
- 36 (2) Temporary safety provider caregivers identified on an open child protective
37 services in-home family services agreement case or an open Eastern Band of
38 Cherokee Indians Department of Public Health and Human Services Family
39 Safety program case.
- 40 (3) Recipients who are excluded from PHP coverage under G.S. 108D-40(a).
- 41 (f) Recipients described in subdivision (d)(1) of this section shall be automatically
42 enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which
43 case they may enroll voluntarily. All other recipients described under subsection (d) of this
44 section may enroll voluntarily in the CAF specialty plan.
- 45 (g) Except as limited by any provision of a waiver or State Plan amendment approved by
46 CMS, recipients eligible to enroll in the CAF specialty plan under subsection (d) of this section
47 shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible under
48 G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty plan
49 who elects to enroll with a PHP operating a standard benefit plan would only have access to the
50 behavioral health services covered by the standard benefit plans and would no longer have access
51 to the behavioral health services excluded from standard benefit plan coverage under

1 G.S. 108D-35(b)(1). The recipient's informed consent, or, as applicable, the informed consent of
 2 the recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a
 3 PHP operating a standard benefit plan.

4 (h) Recipients who are children enrolled in foster care in this State who exit the custody
 5 of the county department of social services may elect to remain enrolled in the CAF specialty
 6 plan for 12 months after the date the recipient exits custody. In the case of recipients who achieve
 7 reunification, any of the following individuals with whom the recipient reunifies may also elect
 8 to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:

9 (1) A parent.

10 (2) A caretaker relative.

11 (3) A custodian.

12 (4) A guardian.

13 (5) A minor sibling."

14 **SECTION 9E.22.(l)** G.S. 122C-3 reads as rewritten:

15 **"§ 122C-3. Definitions.**

16 The following definitions apply in this Chapter:

17 ...

18 (4a) Children and families specialty plan or CAF specialty plan. – As defined in
 19 G.S. 108D-1.

20 ...

21 (20c) Local management entity/managed care organization (LME/MCO). – A local
 22 management entity that is under contract with the Department to operate the
 23 combined Medicaid Waiver program authorized under Section 1915(b) and
 24 Section 1915(c) of the Social Security Act or to operate a ~~BH IDD tailored~~
 25 plan, capitated PHP contract under Article 4 of Chapter 108D of the General
 26 Statutes.

27"

28 **SECTION 9E.22.(m)** G.S. 122C-115(f), as amended by Section 5.1(a) of S.L.
 29 2023-65, reads as rewritten:

30 "(f) LME/MCOs operating the BH IDD tailored plans under G.S. 108D-60 may continue
 31 to manage the behavioral health, intellectual and developmental disability, and traumatic brain
 32 injury services for any Medicaid recipients who are not enrolled in a BH IDD tailored ~~plan~~
 33 or the CAF specialty plan."

34 **SECTION 9E.22.(n)** G.S. 122C-115.4 reads as rewritten:

35 **"§ 122C-115.4. Functions of local management entities.**

36 (a) Local management entities are responsible for the management and oversight of the
 37 public system of ~~mental health, services for people with serious mental illness, severe and~~
 38 ~~persistent mental illness, intellectual and developmental disabilities, traumatic brain injuries, and~~
 39 ~~severe substance abuse services-use disorders~~ at the community level. An LME shall plan,
 40 develop, implement, and monitor services within a specified geographic area to ensure expected
 41 outcomes for consumers within available resources.

42 (a1) Local management entities may perform services within their expertise and
 43 experience on a statewide basis or outside their specified geographic area pursuant to contracts
 44 or grants awarded to the local management entity.

45"

46 **SECTION 9E.22.(o)** Part 2 of Article 4 of Chapter 122C of the General Statutes is
 47 amended by adding a new section to read:

48 **"§ 122C-115.7. Children and families specialty plan operation.**

49 An area authority is authorized to operate the CAF specialty plan under a contract with the
 50 Department. For purposes of operating the CAF specialty plan only, all of the following apply:

51 (1) The area authority shall have a statewide catchment area.

(2) Counties are prohibited from withdrawing from or declining to participate in the statewide catchment area of the CAF specialty plan."

SECTION 9E.22.(p) G.S. 122C-116 reads as rewritten:

"§ 122C-116. **Status of area authority; status of consolidated human services agency.**

(a) An area authority is a local political subdivision of the State.

(b) A consolidated human services agency is a department of the county.

(c) One or more area authorities may jointly form a consortium, through an interlocal agreement, for the purpose of responding to requests for proposals issued by the Department and contracting with the Department. The consortium shall be considered a multicounty public authority and a local political subdivision of the State and shall establish, by interlocal agreement, an alternative governance structure that reports to the area boards of each participating area authority. The boards of each participating area authority shall have the option to appoint members of the multicounty public authority board in a manner or with a composition other than as required by G.S. 122C-118.1 by each participating area board adopting a resolution to that effect and receiving written approval from the Secretary.

(d) An area authority may, individually or in concert with other eligible entities such as other area authorities, entities licensed as a prepaid health plan under G.S. 58-93-5, or other permitted bidders, respond to requests for proposals issued by the Department to cover services on a statewide basis and contract with the Department to cover these services. An area authority may, through an interlocal agreement, be designated by other area authorities as the lead applicant to respond to requests for proposals issued by the Department and to contract with the Department to cover services on a statewide basis."

SECTION 9E.22.(q) Except as otherwise provided, this section is effective when it becomes law.

AGENCY REQUESTED CHANGES/DHB

SECTION 9E.23.(a1) G.S. 108A-68.2 reads as rewritten:

"§ 108A-68.2. **Beneficiary lock-in program for certain controlled substances.**

(a) The following definitions apply in this section:

...

(2) ~~Lock-in program. – A requirement that a Medicaid beneficiary select a single prescriber and a single pharmacy for obtaining covered substances. A requirement, consistent with 42 C.F.R. § 431.54(e), that restricts the number of prescribers from whom, and the number of pharmacies from which, a Medicaid beneficiary may obtain covered substances.~~

(2a) Medically necessary. – Having medical necessity as determined in accordance with 10A NCAC 25A .0201.

(3) Prepaid health plan or PHP. – As defined in G.S. 108D-1.

...

(d) This section does not apply to any lock-in program for Medicaid ~~or NC Health Choice~~ beneficiaries who are not enrolled in a Prepaid Health Plan.

(e) ~~A Prepaid Health Plan may PHP shall~~ develop a lock-in program for Medicaid beneficiaries who meet any of the following criteria:

(1) Have filled ~~six~~ 10 or more prescriptions for covered substances in a period of two consecutive ~~months~~ months when not medically necessary.

(2) Have received prescriptions for covered substances from ~~three~~ four or more ~~providers~~ prescribers in a period of two consecutive ~~months~~ months when not medically necessary.

~~(3) Are recommended as a candidate for the lock-in program by a provider.~~

(f) A lock-in program developed pursuant to subsection (e) of this section shall comply with all of the following:

1 (1) A beneficiary shall not be subject to the lock-in program until the ~~Prepaid~~
2 ~~Health Plan-PHP~~ has notified the beneficiary in writing that the beneficiary
3 will be subject to the lock-in ~~program-program~~ and the beneficiary has been
4 provided an opportunity for a hearing.

5 (2) A beneficiary subject to the lock-in program shall be given the opportunity to
6 select a single prescriber and a single pharmacy from a list of prescribers and
7 pharmacies in the ~~Prepaid Health Plan's-PHP's~~ provider network. In
8 accordance with 42 C.F.R. § 431.54(e), the beneficiary may be allowed to
9 select up to two prescribers and two pharmacies when medically necessary as
10 designated by the State. For any beneficiary who fails to select a single
11 prescriber, the Prepaid Health Plan shall use algorithmic guidelines to assign
12 the beneficiary a single prescriber from a list of prescribers in the Prepaid
13 Health Plan's network. For any beneficiary who fails to select a single
14 pharmacy, prescribers or pharmacies, the Prepaid Health Plan-PHP shall use
15 algorithmic guidelines to assign the beneficiary a single pharmacy from a list
16 of prescribers or pharmacies enrolled in the Prepaid Health Plan's-PHP's
17 network.

18 (3) A beneficiary shall not be required to use the ~~single prescriber or single~~
19 ~~pharmacy prescribers or pharmacies~~ selected for the lock-in program to obtain
20 prescriptions drugs covered by the Medicaid program or the ~~Prepaid Health~~
21 ~~Plan-PHP~~ that are not covered substances.

22 (f1) If a PHP finds that a beneficiary has utilized Medicaid services at a frequency or
23 amount that is not medically necessary, as determined in accordance with utilization guidelines
24 established by the State, the restrictions in subsection (f) of this section may be imposed for a
25 period of two years.

26 (g) A ~~Prepaid Health Plan's-PHP's~~ use of a lock-in program developed pursuant to
27 subsection (e) of this section shall not constitute a violation of the terms of a contract between
28 the ~~Prepaid Health Plan-PHP~~ and the Department that relate to a beneficiary's ability to utilize a
29 prescriber or pharmacy of choice."

30 **SECTION 9E.23.(a2)** G.S. 58-51-37(l) reads as rewritten:

31 "(l) An insurer's use of a lock-in program developed pursuant to G.S. 58-51-37.1 or
32 G.S. 108A-68.2 is not a violation of this section."

33 **SECTION 9E.23.(b1)** G.S. 150B-1(e)(25) reads as rewritten:

34 "(25) The Department of Health and Human Services with respect to disputes
35 involving the performance, terms, or conditions of a contract between the
36 Department and ~~a~~any of the following:

37 a. A prepaid health plan, as defined in G.S. 108D-1.

38 b. A prepaid inpatient health plan, as defined in 42 C.F.R. § 438.2.

39 c. A primary care case management entity, as defined in 42 C.F.R. §
40 438.2."

41 **SECTION 9E.23.(b2)** Subsection (b1) of this section applies to disputes arising on
42 or after the date this act becomes law.

43 **SECTION 9E.23.(c1)** G.S. 108A-54.3A reads as rewritten:

44 "**§ 108A-54.3A. Eligibility categories and income thresholds.**

45 (a) The Department shall provide Medicaid coverage for individuals in accordance with
46 federal statutes and regulations and specifically shall provide coverage for the following
47 populations:

48 ...

49 (b) The applicable federal poverty guidelines for the eligibility categories in subsection
50 (a) of this section shall be updated annually on April 1 immediately following publication of the
51 federal poverty guidelines."

1 **SECTION 9E.23.(c2)** The Revisor of Statutes shall replace all references to
2 "G.S. 108A-54.3A(24)" with "G.S. 108A-54.3A(a)(24)" throughout the General Statutes.

3 **SECTION 9E.23.(c3)** Subsection (c1) of this section is effective retroactively to
4 June 26, 2020.

5 **SECTION 9E.23.(d1)** G.S. 108A-55.4 reads as rewritten:

6 "**§ 108A-55.4. Insurers to provide certain information to Requirements related to insurers**
7 **and the Department of Health and Human Services.**

8 ...
9 (b) Health insurers, and pharmacy benefit managers regulated as third-party
10 administrators under Article 56 of Chapter 58 of the General Statutes, shall provide, with respect
11 to a subscriber upon request of the Division or its authorized contractor, information to determine
12 during what period the individual or the individual's spouse or dependents may ~~be (or be or may~~
13 ~~have been) been~~ covered by a health insurer and the nature of the coverage that is or was provided
14 by the health insurer ~~(including insurer, including~~ the subscriber's name, address, identification
15 number, social security number, date of birth and identifying number of the ~~plan) insurance~~
16 policy, in a manner prescribed by the Division or its authorized contractor. Notwithstanding any
17 other provision of law, every health insurer shall provide, not more frequently than twelve times
18 in a year and at no cost, to the Department of Health and Human Services, Division of Health
19 Benefits, or the Department's or Division's authorized contractor, upon its request, information
20 as necessary so that the Division may (i) identify applicants or recipients who may also be
21 subscribers covered under the benefit plans of the health insurer; (ii) determine the period during
22 which the individual, the individual's spouse, or the individual's dependents may be or may have
23 been covered by the health benefit plan; and (iii) determine the nature of the coverage. To
24 facilitate the Division or its authorized contractor in obtaining this and other related information,
25 every health insurer ~~shall~~ shall do all of the following:

26 ...
27 (4) ~~Respond~~ With regard to any inquiry by the Division or its authorized
28 contractor regarding a claim for payment for any health care item or service
29 that is submitted not later than three years after the date of the provision of the
30 health care item or ~~service~~ service, respond within 60 days of receipt of the
31 inquiry.

32 ...
33 (e) All third parties, as defined under 42 U.S.C. § 1396a(a)(25), requiring prior
34 authorization of an item or service furnished to an individual eligible to receive medical
35 assistance shall accept an authorization provided by the Department that the item or service for
36 which third-party reimbursement is being sought is a covered service or item for that individual
37 under the North Carolina Medicaid State Plan, or under a relevant waiver of the State Plan, as if
38 that authorization is the prior authorization made by the third party for the item or service."

39 **SECTION 9E.23.(d2)** Subsection (d1) of this section is effective January 1, 2024.

40 **SECTION 9E.23.(e1)** G.S. 108A-54.3A(24), as enacted by Section 1.1(b) of S.L.
41 2023-7, reads as rewritten:

42 "(24) Individuals described in section 1902(a)(10)(A)(i)(VIII) of the Social Security
43 Act who are in compliance with any federally approved work requirements
44 established in the State Plan and in rule. Coverage for individuals under this
45 subdivision is available through an Alternative Benefit Plan that is established
46 by the Department consistent with federal requirements, unless that individual
47 is exempt from mandatory enrollment in an Alternative Benefit Plan under 42
48 C.F.R. § 440.315."

49 **SECTION 9E.23.(e2)** Subsection (e1) of this section is effective on the later of the
50 following dates:

1 (1) The date approved by the Centers for Medicare and Medicaid Services for
2 Medicaid coverage to begin in North Carolina for individuals described in
3 section 1902(a)(10)(A)(i)(VIII) of the Social Security Act.

4 (2) The date this act becomes law.

5 **SECTION 9E.23.(f1)** G.S. 108A-145.3(19) reads as rewritten:

6 "(19) Private hospital historical assessment share. – Eighty and ~~twenty-five~~
7 ~~hundredths two-tenths~~ percent (~~80.25%~~), (~~80.2%~~), expressed as a decimal."

8 **SECTION 9E.23.(f2)** G.S. 108A-145.3(21) reads as rewritten:

9 "(21) Public hospital historical assessment share. – Nineteen and ~~seventy-five~~
10 ~~hundredths eight-tenths~~ percent (~~19.75%~~), (~~19.8%~~), expressed as a decimal."

11 **SECTION 9E.23.(f3)** Subsections (f1) and (f2) of this section are effective on the
12 first day of the next assessment quarter after the date this act becomes law and apply to
13 assessments imposed on or after the effective date of those subsections.

14 **SECTION 9E.23.(g)** Except as otherwise provided, this section is effective when it
15 becomes law.

16 17 **ENSURE ADHERENCE TO MEDICAID STATE PLAN/REIMBURSEMENTS FOR** 18 **AMBULATORY SURGICAL CENTERS**

19 **SECTION 9E.24.** Consistent with the Medicaid State Plan, Attachment 4.19-B,
20 Section 9, Page 2, the Department of Health and Human Services, Division of Health Benefits,
21 shall set and adjust rates for new services provided by licensed ambulatory surgical centers so
22 that these services are reimbursed at ninety-five percent (95%) of the Medicare Ambulatory
23 Surgical Centers fee schedule in effect as of January 1 of each year.

24 25 **INCREASE MEDICAID PERSONAL NEEDS ALLOWANCE**

26 **SECTION 9E.25.** The Department of Health and Human Services, Division of
27 Health Benefits (DHB), is directed to increase the personal needs allowance from thirty dollars
28 (\$30.00) to seventy dollars (\$70.00) for individual Medicaid recipients who are institutionalized
29 and from sixty dollars (\$60.00) to one hundred forty dollars (\$140.00) for married couples who
30 are Medicaid recipients when both spouses are institutionalized. DHB shall deduct the applicable
31 increased monthly amounts for personal needs from the total monthly income taken into
32 consideration when applying the individual's or couple's income to the cost of institutionalized
33 care. DHB shall submit to the Centers for Medicare and Medicaid Services (CMS) any
34 amendments to the NC Medicaid State Plan or other documents necessary to implement this
35 section. The increase in the personal needs allowance shall be implemented only upon approval
36 and only as of the date approved by CMS.

37 38 **CONTINUE TO ADDRESS THE REIMBURSEMENT METHODOLOGY USED FOR** 39 **SERVICES PROVIDED TO SENIOR DUAL ELIGIBLES**

40 **SECTION 9E.26.(a)** It is the intent of the General Assembly to continue to address
41 the need for changes to the Medicaid reimbursement methodology used for certain services
42 provided to seniors aged 65 and older who are dually enrolled in Medicare and Medicaid. The
43 Department of Health and Human Services, Division of Health Benefits (DHB), shall explore all
44 options available to increase access to Medicaid services for dual eligibles that provide
45 alternatives to nursing home placements, including adult care homes, special care units, and
46 in-home living, and do so in consultation with relevant stakeholders. The following actions shall
47 be taken by DHB, but DHB shall not implement any changes, new programs, or new services if
48 that implementation exceeds DHB's authority under G.S. 108A-54(e)(1) or creates a recurring
49 cost to the State that would reasonably be anticipated to exceed a future authorized budget for
50 the Medicaid program:

- 1 (1) Make a formal request to the Centers for Medicare and Medicaid Services for
2 coverage by the Medicare program of services provided to individuals who
3 reside in adult care homes, assisted living settings, or special care units, or to
4 support in-home living of older individuals.
- 5 (2) Develop the proposed changes to the current Medicaid personal care services
6 under Clinical Coverage Policy 3L required to implement a per diem payment
7 for personal care services provided in a congregate setting in a manner, similar
8 to the payment methodology used by Washington state, as outlined in the
9 report to the Joint Legislative Oversight Committee on Medicaid and NC
10 Health Choice entitled "Establish New Adult Care Home Payment
11 Methodology" dated June 10, 2022.
- 12 (3) Develop the proposed service definition and draft clinical coverage policy for
13 Adult Care Home Congregate Care Services (ACH CCS) as a new Medicaid
14 covered service, as outlined in the report to the Joint Legislative Oversight
15 Committee on Medicaid and NC Health Choice entitled "Establish New Adult
16 Care Home Payment Methodology" dated June 10, 2022. Additionally, DHB
17 shall develop the proposed per diem rate methodology to be used for these
18 services and create the proposed new independent assessment tool to be used.
- 19 (4) Identify what amendments may be needed to the 1115 waiver for Medicaid
20 transformation or the Medicaid State Plan to provide more appropriate
21 reimbursement for services provided to Medicaid recipients residing in adult
22 care homes or other congregate settings.
- 23 (5) Propose any pilot program or new Medicaid demonstration waiver to support
24 alternatives to nursing home placement for seniors.
- 25 (6) Design innovative payment and service delivery models, including Dual
26 Eligible Special Needs Plans (D-SNPs) and Institutional Equivalent Special
27 Needs Plans (IE-SNPs) for assisted living facilities and adult care homes.

28 **SECTION 9E.26.(b)** No later than March 1, 2024, DHB shall submit a report to the
29 Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on all of
30 the following as they relate to requirements under subsection (a) of this section:

- 31 (1) The details of the request required to be submitted to CMS and the response
32 to the request by CMS.
- 33 (2) A draft of the proposed changes to Clinical Coverage Policy 3L and the annual
34 cost or savings to the State associated with the implementation of those
35 changes.
- 36 (3) A draft of the proposed service definition for ACH CSS and the associated per
37 diem rate methodology and assessment tool. This includes the annual cost or
38 savings to the State associated with the implementation of any or all of these
39 items.
- 40 (4) A draft of any 1115 waiver or State Plan amendments developed in
41 accordance with subdivision (4) of subsection (a) of this section. This includes
42 the annual cost or savings to the State associated with the implementation of
43 the waiver or State Plan amendments.
- 44 (5) Details on any pilot program or new Medicaid demonstration waiver being
45 proposed and any annual cost or savings to the State associated with the
46 implementation of each proposed pilot program or demonstration waiver.
- 47 (6) Details and a draft of any innovative payment and service delivery models
48 developed, including Dual Eligible Special Needs Plans (D-SNPs) and
49 Institutional Equivalent Special Needs Plans (IE-SNPs) for assisted living
50 facilities and adult care homes.

- 1 (7) A description of the stakeholders involved in the development of any plan or
- 2 proposal.
- 3 (8) Any recommended legislative changes.
- 4

5 **HASP/FREESTANDING PSYCHIATRIC HOSPITALS**

6 **SECTION 9E.27.(a)** The Department of Health and Human Services, Division of
7 Health Benefits (DHB), shall develop a proposal to allow freestanding psychiatric hospitals to
8 receive reimbursements through the healthcare access and stabilization program (HASP)
9 authorized under G.S. 108A-148.1, enacted by Section 1.4 of S.L. 2023-7, that are contingent
10 upon the receipt of the nonfederal share of the reimbursements through hospital assessments in
11 which those hospitals participate. In developing the proposal, DHB shall consider whether to
12 assess freestanding psychiatric hospitals under the existing hospital assessment structures in
13 Article 7B of Chapter 108A of the General Statutes or whether to develop another assessment
14 structure. The proposal shall ensure that the entire nonfederal share of the HASP reimbursements
15 to freestanding psychiatric hospitals is funded by increased receipts from hospital assessments.
16 DHB shall create all draft documents required to request federal approval of the developed
17 proposal. No documents shall be submitted requesting federal approval of the developed proposal
18 without further authorization from the General Assembly. DHB shall consult with staff from the
19 Fiscal Research Division, the Legislative Drafting Division, and the Legislative Analysis
20 Division to develop the proposed legislative changes necessary to impose the requisite hospital
21 assessments.

22 **SECTION 9E.27.(b)** By March 1, 2024, DHB shall submit a report to the Joint
23 Legislative Oversight Committee on Medicaid with all of the following information related to
24 the proposal developed under subsection (a) of this section:

- 25 (1) A detailed description of the proposal.
- 26 (2) Copies of the draft documents required to request the federal approval needed
27 to implement the developed proposal.
- 28 (3) Proposed legislative changes that would be needed to implement the proposal.
- 29 (4) An analysis of any impact to the HASP reimbursements to hospitals other than
30 freestanding psychiatric hospitals that might occur due to the limit on provider
31 assessments established under 42 C.F.R. § 433.68(f).

32 **SECTION 9E.27.(c)** This section is effective the date this act becomes law.

33 **PRIMARY CARE PAYMENT REFORM TASK FORCE**

34 **SECTION 9E.28.(a)** There is established the North Carolina Primary Care Payment
35 Reform Task Force (Task Force) within the Department of Health and Human Services, Division
36 of Health Benefits, for budgetary purposes only.

37 The Task Force shall be composed of the following members:

- 38 (1) The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee.
- 39 (2) The Commissioner of the Department of Insurance, or the Commissioner's
40 designee.
- 41 (3) The Executive Administrator of the North Carolina State Health Plan for
42 Teachers and State Employees (State Health Plan), or the Executive
43 Administrator's designee.
- 44 (4) The Director of the North Carolina Area Health Education Centers Program,
45 or the Director's designee.
- 46 (5) The Director of the North Carolina Health Information Exchange Authority,
47 or the Director's designee.
- 48 (6) A physician representative of the North Carolina primary care community, as
49 selected by the North Carolina Academy of Family Physicians.
- 50

- 1 (7) An advanced practice registered nurse representative of the North Carolina
2 primary care community, as selected by the North Carolina Nurses
3 Association.
- 4 (8) A representative of the North Carolina commercial health insurance
5 community, as selected by the North Carolina Association of Health Plans.
- 6 (9) A representative of a prepaid health plan that is under a capitated contract with
7 the Department for the delivery of Medicaid services, as selected by the North
8 Carolina Association of Health Plans.
- 9 (10) A representative of community health centers, as selected by the North
10 Carolina Community Health Center Association.

11 All members of the Task Force are voting members. Any vacancies that occur for any
12 membership positions that are not held as a function of office shall be filled by the selecting body
13 upon vacancy. The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee, shall
14 serve as the chair of the Task Force.

15 **SECTION 9E.28.(b)** The Task Force established under subsection (a) of this section
16 shall have the following duties:

- 17 (1) Establish a definition of primary care to be utilized by the Task Force. This
18 term should be applicable to services and care provided under the NC
19 Medicaid program, the State Health Plan, and commercial insurance.
- 20 (2) Conduct an actuarial evaluation of the current healthcare spend on primary
21 care services, both as it relates to the NC Medicaid program and the
22 commercial market, including Medicare Advantage plans.
- 23 (3) Determine the adequacy of the primary care delivery system in North
24 Carolina, including the impact this system has on the supply of the primary
25 care providers in this State.
- 26 (4) Study the primary care payment landscape in other states, specifically
27 considering states that have implemented a minimum primary care spend.
- 28 (5) Identify data collection and measurement systems to inform creation of a
29 primary care investment target for the NC Medicaid program, the State Health
30 Plan, and commercial insurance. This includes a method by which to measure
31 improvements made toward that target.
- 32 (6) Evaluate the need for a permanent Primary Care Payment Reform Task Force,
33 or other similar entity, including which State agency or body is best suited to
34 oversee the work of that group.
- 35 (7) Perform any other studies, evaluations, or determinations the Task Force
36 considers necessary.

37 **SECTION 9E.28.(c)** No later than April 1, 2024, the Task Force shall submit a report
38 with its findings and recommendations to the Joint Legislative Oversight Committee on Health
39 and Human Services and the Joint Legislative Oversight Committee on Medicaid. These findings
40 and recommendations shall include specific, concrete, and actionable steps to be undertaken by
41 the State and upon which the General Assembly could act.

42 **SECTION 9E.28.(d)** This section shall expire on May 1, 2024.

43 **PART IX-F. HEALTH SERVICE REGULATION**

44 **EXTENSION OF TEMPORARY CERTIFICATE OF NEED EXEMPTION**

45 **SECTION 9F.1.** Section 9E.4A(c) of S.L. 2021-180 reads as rewritten:

46 **"SECTION 9E.4A.(c)** This section is effective 30 days after this act becomes law, and
47 expires ~~December 31, 2024~~.December 31, 2027."

48 **DIVISION OF HEALTH SERVICE REGULATION REPORT**

1 **SECTION 9F.10.** Beginning November 1, 2023, and every six months thereafter,
2 the Department of Health and Human Services, Division of Health Service Regulation, shall
3 submit a report to the Joint Legislative Oversight Committee on Health and Human Services and
4 the Fiscal Research Division on all of the following for the six-month period preceding the date
5 of the report:

- 6 (1) For each facility type the DHSR has a duty imposed by State or federal law to
7 inspect:
- 8 a. The number of facilities seeking initial licensure in the State.
 - 9 b. The number of facilities licensed and operating in the State.
 - 10 c. The frequency of the inspection requirement.
 - 11 d. Whether the DHSR is current on completing the required inspections.
- 12 (2) For the Complaint Intake Unit:
- 13 a. The number of complaints received for each facility type.
 - 14 b. The applicable time line for investigating these complaints.
 - 15 c. Whether the DHSR is current on investigating these complaints.
- 16 (3) The total amount of compensatory time accrued by staff, broken down by
17 Section.
- 18 (4) The total amount of overtime hours worked by staff, broken down by Section.
- 19 (5) The total amount of lapsed salary funds and, of that amount, the total amount
20 used for the following purposes, broken down by Section:
- 21 a. To hire temporary or contract staff to assist the DHSR in performing
22 its duties.
 - 23 b. To provide overtime compensation to staff.
 - 24 c. To provide salary supplements to staff.
 - 25 d. To provide performance bonuses to staff.
- 26 (6) An explanation of any problems the DHSR is experiencing with recruiting or
27 retaining staff, broken down by Section.
- 28

29 **NEW RURAL EMERGENCY HOSPITAL DESIGNATION**

30 **SECTION 9F.11.(a)** G.S. 131E-76(3) reads as rewritten:

- 31 "(3) "Hospital" means any facility ~~which~~ (i) that has an organized medical staff
32 and which is designed, used, and operated to provide health care, diagnostic
33 and therapeutic services, and continuous nursing care primarily to inpatients
34 where such care and services are rendered under the supervision and direction
35 of physicians licensed under Chapter 90 of the General Statutes, Article 1, to
36 two or more persons over a period in excess of 24 ~~hours~~ hours or (ii)
37 designated as a rural emergency hospital by the Centers for Medicare and
38 Medicaid Services (CMS) as defined under 42 C.F.R. § 424.575 or under
39 section 125 of Division CC of the Consolidated Appropriations Act of 2021,
40 Public Law 116-260. The term includes facilities for the diagnosis and
41 treatment of disorders within the scope of specific health specialties. The term
42 does not include private mental facilities licensed under Article 2 of Chapter
43 122C of the General Statutes, nursing homes licensed under G.S. 131E-102,
44 adult care homes licensed under Part 1 of Article 1 of Chapter 131D of the
45 General Statutes, and any outpatient department including a portion of a
46 hospital operated as an outpatient department, on or off of the hospital's main
47 campus, that is operated under the hospital's control or ownership and is
48 classified as Business Occupancy by the Life Safety Code of the National Fire
49 Protection Association as referenced under 42 C.F.R. § 482.41. Provided,
50 however, if the Business Occupancy outpatient location is to be operated
51 within 30 feet of any hospital facility, or any portion thereof, which is

1 classified as Health Care Occupancy or Ambulatory Health Care Occupancy
2 under the Life Safety Code of the National Fire Protection Association, the
3 hospital shall provide plans and specifications to the Department for review
4 and approval as required for hospital construction or renovations in a manner
5 described by the Department."

6 **SECTION 9F.11.(b)** Article 5 of Chapter 131E of the General Statutes is amended
7 by adding a new section to read:

8 **"§ 131E-78.3. Rural emergency hospital.**

9 (a) A hospital licensed under this Article shall notify the Department and the board of
10 commissioners of the county where the hospital is located if the owner, operator, or governing
11 body of the hospital applies for federal designation as a rural emergency hospital.

12 (b) Before operating as a rural emergency hospital, the owner, operator, or governing
13 body of the hospital shall comply with each of the following:

14 (1) Submit a plan to the board of commissioners of the county where the hospital
15 is located that includes an assessment of the current and future health care
16 needs of the county and how the rural emergency hospital will support those
17 needs.

18 (2) Conduct a public hearing at a location within the county. The owner, operator,
19 or governing body of the hospital shall give notice, in writing, to the board of
20 commissioners in that county and by publication in one or more newspapers
21 of general circulation in the affected area describing the intent to convert to a
22 rural emergency hospital. Publication of notice shall be given at least 15 days
23 before the public hearing is held. All interested persons shall be heard at the
24 public hearing.

25 (c) The conversion of a critical access hospital or acute care hospital to a rural emergency
26 hospital is not subject to certificate of need review under Article 9 of this Chapter."

27 **SECTION 9F.11.(c)** This section is effective when it becomes law.

28
29 **PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**
30 **USE SERVICES**

31
32 **SINGLE-STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES**

33 **SECTION 9G.1.(a)** For the purpose of mitigating cash flow problems that many
34 local management entities/managed care organizations (LME/MCOs) experience at the
35 beginning of each fiscal year relative to single-stream funding, the Department of Health and
36 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use
37 Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base
38 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution
39 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year
40 after July, DMH/DD/SUS shall distribute, on the third working day of the month, one-eleventh
41 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the
42 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

43 **SECTION 9G.1.(b)** If, on or after June 1, 2024, the Office of State Budget
44 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code
45 14445 to meet total obligations for the 2023-2024 fiscal year, then DHB shall transfer to
46 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars
47 (\$30,000,000), whichever is less, to be used for single-stream funding.

48
49 **MAXIMIZE ABILITY TO STABILIZE THE BEHAVIORAL HEALTH WORKFORCE**
50 **IN STATE FACILITIES**

1 **SECTION 9G.1A.** Of the funds appropriated in this act from the ARPA Temporary
2 Savings Fund to the Department of Health and Human Services, Division of Mental Health,
3 Developmental Disabilities, and Substance Use Services, the sum of twenty million dollars
4 (\$20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty million
5 dollars (\$20,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to
6 the Division of State Operated Healthcare Facilities (DSOHF) to be used to provide sign-on and
7 retention bonuses to employees working, or hired to work, at one or more healthcare facilities
8 operated by the Secretary of the Department of Health and Human Services under
9 G.S. 122C-181. Notwithstanding any provision of Chapter 126 of the General Statutes, the North
10 Carolina Human Resources Act, to the contrary, the following shall apply to any sign-on or
11 retention bonus provided under this section:

- 12 (1) DSOHF is authorized to provide the sign-on or retention bonuses in an amount
13 that does not exceed fifteen percent (15%) of the midpoint of the recipient
14 employee's salary grade.
- 15 (2) DSOHF may set intervals of time for issuing the sign-on or retention bonuses.
16 Approval of, or waiver from, the Office of State Human Resources shall not
17 be required.

18 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

19 **SECTION 9G.2.(a)** Use of Funds. – Funds appropriated in this act to the Department
20 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
21 Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric
22 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to
23 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds
24 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds
25 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of
26 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall
27 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In
28 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated
29 to LME/MCOs for community-based mental health, developmental disabilities, and substance
30 use disorder services may be used to purchase additional local inpatient psychiatric beds or bed
31 days.
32

33 **SECTION 9G.2.(b)** Distribution and Management of Beds or Bed Days. – DHHS
34 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance
35 with this section are utilized solely for individuals who are medically indigent, except that DHHS
36 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health
37 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use
38 Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based
39 crisis services and nonhospital detoxification services for individuals in need of these services,
40 regardless of whether the individuals are medically indigent. For the purposes of this subsection,
41 "medically indigent" shall mean uninsured persons who (i) are financially unable to obtain
42 private insurance coverage, as determined by DHHS and (ii) are not eligible for
43 government-funded health coverage such as Medicare or Medicaid.

44 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or
45 bed days purchased in accordance with this section are distributed across the State and according
46 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with
47 higher acuity levels are distributed across the State and according to greatest need based on
48 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local
49 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these
50 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and
51 control these local inpatient psychiatric beds or bed days, including the determination of the

1 specific local hospital or State psychiatric hospital to which an individual should be admitted
2 pursuant to an involuntary commitment order.

3 **SECTION 9G.2.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in
4 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be
5 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,
6 Developmental Disabilities, and Substance Use Services to pay for services authorized by the
7 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims
8 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital
9 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

10 **SECTION 9G.2.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If
11 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for
12 which it has responsibility, as evidenced by beds or bed days in the local hospital not being
13 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the
14 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may
15 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other
16 provision of law to the contrary, may pay the hospital directly.

17 **SECTION 9G.2.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to
18 report to DHHS regarding the utilization of these beds or bed days.

19 **SECTION 9G.2.(f)** Reporting by DHHS. – By no later than December 1, 2024, and
20 by no later than December 1, 2025, DHHS shall report to the Joint Legislative Oversight
21 Committee on Health and Human Services and the Fiscal Research Division on all of the
22 following:

- 23 (1) A uniform system for beds or bed days purchased during the preceding fiscal
24 year from (i) existing State appropriations and (ii) local funds.
- 25 (2) An explanation of the process used by DHHS to ensure that, except as
26 otherwise provided in subsection (a) of this section, local inpatient psychiatric
27 beds or bed days purchased in accordance with this section are utilized solely
28 for individuals who are medically indigent, along with the number of
29 medically indigent individuals served by the purchase of these beds or bed
30 days.
- 31 (3) The amount of funds used to pay for facility-based crisis services, along with
32 the number of individuals who received these services and the outcomes for
33 each individual.
- 34 (4) The amount of funds used to pay for nonhospital detoxification services, along
35 with the number of individuals who received these services and the outcomes
36 for each individual.
- 37 (5) Other DHHS initiatives funded by State appropriations to reduce State
38 psychiatric hospital use.

40 JUSTICE-RELATED BEHAVIORAL HEALTH PROGRAMS

41 **SECTION 9G.2B.(a)** Of the funds appropriated in this act from the ARPA
42 Temporary Savings Fund to the Department of Health and Human Services, Division of Mental
43 Health, Developmental Disabilities, and Substance Use Services, the sum of twenty-nine million
44 dollars (\$29,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of seventy
45 million dollars (\$70,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used
46 for either or both of the following programs:

- 47 (1) Community-based pre-arrest diversion and reentry programs and to fund local
48 partnerships between law enforcement, counties, and behavioral health
49 providers.
- 50 (2) Community-based and detention center-based restoration programs.

1 **SECTION 9G.2B.(b)** In developing, implementing, or operating any of the
2 programs detailed in subsection (a) of this section, the Department of Health and Human
3 Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services,
4 shall consult with the Department of Adult Correction (DAC) and may enter into a Memorandum
5 of Understanding (MOU) or a Memorandum of Agreement (MOA) with DAC if it is determined
6 that doing so would be the most effective use of funds or the most effective manner to implement
7 one or more of the services provided.

8
9 **FUNDS FOR HYPERBARIC OXYGEN THERAPY FOR VETERANS PROGRAM**

10 **SECTION 9G.3.** Of the funds appropriated in this act to the Department of Health
11 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use
12 Services, five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2023-2024
13 fiscal year shall be allocated as a directed grant to the Community Foundation of NC East, Inc.,
14 a nonprofit in Pitt County, to be used to support its HBOT for Veterans Program.

15
16 **START-UP FUNDS FOR WILKES RECOVERY REVOLUTION, INC.**

17 **SECTION 9G.5.** Of the funds appropriated in this act from the ARPA Temporary
18 Savings Fund to the Department of Health and Human Services, Division of Mental Health,
19 Developmental Disabilities, and Substance Use Services, two million seven hundred twenty
20 thousand dollars (\$2,720,000) in nonrecurring funds for the 2023-2024 fiscal year shall be
21 allocated to Wilkes Recovery Revolution, Inc., a nonprofit corporation, to be used to build or
22 purchase a new building, or to remodel or renovate an existing building, in which services will
23 be provided to individuals with substance use disorder. These nonrecurring funds may also be
24 used for one-time start-up costs associated with the provision of those services.

25
26 **WORKFORCE DEVELOPMENT FUNDS FOR ADULTS WITH IDD**

27 **SECTION 9G.6.** Of the funds appropriated in this act from the ARPA Temporary
28 Savings Fund to the Department of Health and Human Services, Division of Mental Health,
29 Developmental Disabilities, and Substance Use Services, the sum of two million dollars
30 (\$2,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two million
31 dollars (\$2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to
32 UMAR Services, Inc., a nonprofit corporation, to provide services for adults with intellectual and
33 developmental disabilities (IDD). At least fifty percent (50%) of the funds allocated in each fiscal
34 year shall be utilized by UMAR Services, Inc., to provide workforce development opportunities
35 and vocational services for adults with IDD.

36
37 **BUILDING A SAFETY NET THROUGH AN ACCOUNTABLE SYSTEM OF CARE**
38 **FOCUSED ON SUBSTANCE USE AND MENTAL HEALTH ISSUES IN THE**
39 **WORKPLACE/PILOT PROGRAM**

40 **SECTION 9G.6A.(a)** Of the funds appropriated in this act from the ARPA
41 Temporary Savings Fund to the Department of Health and Human Services, Division of Mental
42 Health, Developmental Disabilities, and Substance Use Services, the sum of two million dollars
43 (\$2,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to Truusight
44 Health Solutions, LLC, for a two-year public-private partnership pilot program in Cabarrus and
45 Stanly Counties to address the needs of employees requiring access to behavioral health services
46 and to support employers in this State to navigate the complex behavioral health system. The
47 goals of the pilot program are to build a stronger and more connected behavioral health safety
48 net, to reduce the societal costs related to employees with mental health or substance use issues,
49 and to reduce stigma related to accessing behavioral health services. The pilot program shall, at
50 a minimum, meet the following requirements:

- 1 (1) Involvement of representatives from local employers, impacted employees,
2 relevant employer health benefit plans, local health systems,
3 community-based behavioral health or substance use disorder treatment
4 providers, a local management entity/managed care organization, and other
5 relevant stakeholders.
- 6 (2) The development of requirements and protocols necessary to operationalize
7 an integrated and accountable coordinated system of care as part of the pilot
8 program.
- 9 (3) The development and deployment of technology that tracks and manages
10 access to services, including a database of all available substance use disorder
11 treatment services and recovery support services relevant to the pilot program.
12 The technology shall be compatible with NCCare 360 and connect employees
13 and their dependents with both medical and nonmedical services.

14 **SECTION 9G.6A.(b)** No earlier than a year after the start date of the pilot program
15 but no later than 18 months after the start date of the pilot program, the Department of Health
16 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use
17 Services, in coordination with TruSight Health Solutions, LLC, shall submit a report to the Joint
18 Legislative Oversight Committee on Health and Human Services. This report is in addition to
19 reports required under Section 4.9 of this act. The report required under this subsection shall
20 contain the following information:

- 21 (1) An assessment of the success of the pilot program, including both qualitative
22 and quantitative results detailing the benefits of the pilot program, any barriers
23 or challenges faced by the pilot program, outcomes for both employees and
24 employers and impacts to the counties involved in the pilot program.
- 25 (2) Recommendations for permanent implementation of the pilot program, both
26 within Cabarrus and Stanly Counties as well as statewide. These
27 recommendations must be accompanied by estimates of the cost to the State
28 for each recommendation.

30 USE OF OPIOID SETTLEMENT FUNDS

31 **SECTION 9G.8.(a)** The following definitions apply in this section:

- 32 (1) Department. – The Department of Health and Human Services.
- 33 (2) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L.
34 2021-180, as amended by Section 9F.1 of S.L. 2022-74.
- 35 (3) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L.
36 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

37 **SECTION 9G.8.(b)** The State Controller shall transfer from funds available in the
38 Opioid Abatement Reserve to the Board of Governors of The University of North Carolina the
39 sum of five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the
40 2023-2024 fiscal year and the sum of five million five hundred thousand dollars (\$5,500,000) in
41 nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the
42 fiscal year in which they are transferred for allocation to the University of North Carolina at
43 Chapel Hill for the North Carolina Collaboratory to be used as follows:

- 44 (1) Three hundred thousand dollars (\$300,000) in nonrecurring funds for the
45 2023-2024 fiscal year to conduct the study on judicially managed
46 accountability and recovery courts authorized by Section 8.11 of this act.
- 47 (2) Five million two hundred thousand dollars (\$5,200,000) in nonrecurring funds
48 for the 2023-2024 fiscal year and five million five hundred thousand dollars
49 (\$5,500,000) in nonrecurring funds for the 2024-2025 fiscal year to make
50 grants available on a competitive basis prescribed by the North Carolina

Collaboratory to each campus of the constituent institutions of The University of North Carolina for opioid abatement research and development projects.

SECTION 9G.8.(c) The State Controller shall transfer from funds available in the Opioid Abatement Reserve to the Opioid Abatement Fund the sum of three million six hundred ninety-two thousand four hundred sixty-one dollars (\$3,692,461) in nonrecurring funds for the 2023-2024 fiscal year and the sum of four million four hundred seventy-eight thousand four hundred sixty-two dollars (\$4,478,462) in nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the fiscal year in which they are transferred to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, to be allocated as grants according to the following schedule:

	Name of Recipient Entity	2023-2024	2024-2025
(1)	Addiction Professionals of North Carolina, Inc.	\$200,000	\$0
(2)	Adult & Teen Challenge of Sandhills, North Carolina	\$0	\$78,462
(3)	Bridge to Recovery, Inc.	\$1,000,000	\$0
(4)	Clay County	\$0	\$1,000,000
(5)	Columbus Regional Healthcare System	\$0	\$1,400,000
(6)	Freedom Farm Ministries	\$950,000	\$0
(7)	Ground 40 Ministries	\$750,000	\$0
(8)	Pamlico County	\$0	\$1,000,000
(9)	Safer Communities Ministry, Inc.	\$400,000	\$0
(10)	The Samaritan Colony, Inc.	\$300,000	\$0
(11)	Solus Christus	\$92,461	\$0
(12)	Surry County	\$0	\$1,000,000

SECTION 9G.8.(d) Recipients of funds allocated under subsection (c) of this section shall not use these funds for any purpose other than to fund opioid remediation programs, services, and activities within the State of North Carolina.

SECTION 9G.8.(e) By September 1, 2024, recipients of funds allocated under subsection (c) of this section for the 2023-2024 fiscal year, and by September 1, 2025, recipients of funds allocated under subsection (c) of this section for the 2024-2025 fiscal year shall report to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services; the Joint Legislative Oversight Committee on Health and Human Services; and the Fiscal Research Division on the use of these allocated funds. The report shall include at least all of the following for each recipient:

- (1) An itemized list of expenditures.
- (2) The types of opioid remediation programs, services, and activities funded, broken down by geographic location and the number of people served at each location.

REPORT ON IMPLEMENTATION STATUS OF NEW ELECTRONIC HEALTH RECORDS SYSTEM AT STATE PSYCHIATRIC HOSPITALS

SECTION 9G.9. By December 1, 2023, and by December 1, 2024, the Department of Health and Human Services, Division of State-Operated Healthcare Facilities, shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the status of the following:

- (1) Execution of a contract that provides for full implementation of a new electronic health records system within each of the State psychiatric hospitals under the jurisdiction of the Secretary of Health and Human Services pursuant to G.S. 122C-181.

- 1 (2) Full implementation of a new electronic health records system within each of
- 2 the State psychiatric hospitals under the jurisdiction of the Secretary of Health
- 3 and Human Services pursuant to G.S. 122C-181.
- 4 (3) Training of the State's psychiatric hospitals' staff on the use of the newly
- 5 implemented electronic health records system.

6

7

8 **PART IX-H. PUBLIC HEALTH**

9

10 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**

11 **IMPROVE MATERNAL AND CHILD HEALTH**

12 **SECTION 9H.1.(a)** Funds appropriated in this act to the Department of Health and
13 Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium to
14 award competitive grants to local health departments for the improvement of maternal and child
15 health shall be used to continue administering a competitive grant process for local health
16 departments based on maternal and infant health indicators and the county's detailed proposal to
17 invest in evidence-based programs to achieve the following goals:

- 18 (1) Improve North Carolina's birth outcomes.
- 19 (2) Improve the overall health status of children in this State from birth to age 5.
- 20 (3) Lower the State's infant mortality rate.

21 **SECTION 9H.1.(b)** The plan for administering the competitive grant process shall
22 include at least all of the following components:

- 23 (1) A request for application (RFA) process to allow local health departments to
24 apply for and receive State funds on a competitive basis. The Department shall
25 require local health departments to include in the application a plan to evaluate
26 the effectiveness, including measurable impact or outcomes, of the activities,
27 services, and programs for which the funds are being requested.
- 28 (2) A requirement that the Secretary prioritize grant awards to those local health
29 departments that are able to leverage non-State funds in addition to the grant
30 award.
- 31 (3) Ensures that funds received by the Department to implement the plan
32 supplement and do not supplant existing funds for maternal and child health
33 initiatives.
- 34 (4) Allows grants to be awarded to local health departments for up to two years.

35 **SECTION 9H.1.(c)** No later than July 1 of each year, as applicable, the Secretary
36 shall announce the recipients of the competitive grant awards and allocate funds to the grant
37 recipients for the respective grant period. After awards have been granted, the Secretary shall
38 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on
39 the grant awards that includes at least all of the following:

- 40 (1) The identity and a brief description of each grantee and each program or
41 initiative offered by the grantee.
- 42 (2) The amount of funding awarded to each grantee.
- 43 (3) The number of persons served by each grantee, broken down by program or
44 initiative.

45 **SECTION 9H.1.(d)** No later than February 1 of each fiscal year, each local health
46 department receiving funding pursuant to this section in the respective fiscal year shall submit to
47 the Division of Public Health a written report of all activities funded by State appropriations. The
48 report shall include the following information about the fiscal year preceding the year in which
49 the report is due:

- 50 (1) A description of the types of programs, services, and activities funded by State
51 appropriations.

- 1 (2) Statistical and demographical information on the number of persons served by
2 these programs, services, and activities, including the counties in which
3 services are provided.
- 4 (3) Outcome measures that demonstrate the impact and effectiveness of the
5 programs, services, and activities based on the evaluation protocols developed
6 by the Division, in collaboration with the University of North Carolina
7 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.
8 2015-241, and reported to the Joint Legislative Oversight Committee on
9 Health and Human Services on April 1, 2016.
- 10 (4) A detailed program budget and list of expenditures, including all positions
11 funded, matching expenditures, and funding sources.
- 12

13 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG** 14 **ASSISTANCE PROGRAM**

15 **SECTION 9H.2.** Upon a determination by the Department of Health and Human
16 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to
17 operate the health insurance premium assistance program implemented within the North Carolina
18 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves
19 savings to the State, the Department shall submit a report to the Joint Legislative Oversight
20 Committee on Health and Human Services notifying the Committee of this determination along
21 with supporting documentation and a proposed course of action with respect to health insurance
22 premium assistance program participants.

23

24 **LIMITATION ON USE OF STATE FUNDS**

25 **SECTION 9H.3.** G.S. 143C-6-5.5 reads as rewritten:

26 **"§ 143C-6-5.5. Limitation on use of State funds for abortions.**

27 (a) No State funds may be used for the performance of abortions or to support the
28 administration of any governmental health plan or government-offered insurance policy offering
29 abortion, except that this prohibition shall not apply where (i) the life of the mother would be
30 endangered if the unborn child were carried to term or (ii) the pregnancy is the result of a rape or
31 incest. Nothing in this section shall be construed to limit medical care provided after a
32 spontaneous miscarriage.

33 (b) No State funds may be used by a State agency to renew or extend existing contracts
34 or enter into new contracts for the provision of family planning services, pregnancy prevention
35 activities, or adolescent parenting programs with any provider that performs abortions. Nothing
36 in this subsection shall be construed to prevent a State agency from paying any healthcare
37 provider for services authorized under the State Health Plan for Teachers and State Employees
38 or the Medicaid program."

39

40 **USE OF JUUL SETTLEMENT FUNDS**

41 **SECTION 9H.4.(a)** There is appropriated from the Youth Electronic Nicotine
42 Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of
43 Health and Human Services, Division of Public Health (DPH), the sum of eleven million two
44 hundred fifty thousand dollars (\$11,250,000) in nonrecurring funds for the 2023-2024 fiscal year
45 and the sum of eleven million two hundred fifty thousand dollars (\$11,250,000) in nonrecurring
46 funds for the 2024-2025 fiscal year to be allocated and used as follows:

- 47 (1) Up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds
48 for each year of the 2023-2025 fiscal biennium shall be used to support data
49 monitoring to track tobacco/nicotine use and exposure among youth and
50 young adults and populations at risk; for independent evaluation of the reach,
51 effectiveness, and outcomes of the State's evidence based programs designed

1 to help youth addicted to nicotine through electronic cigarettes and other new
2 and emerging tobacco and nicotine products quit; and to prepare the report
3 required by subsection (c) of this section.

- 4 (2) The remainder of these allocated funds for each year of the 2023-2025 fiscal
5 biennium shall be used to fund evidence-based electronic cigarette and
6 nicotine dependence prevention and cessation activities targeting students in
7 grades four through 12.

8 **SECTION 9H.4.(b)** Funds allocated under subsection (a) of this section shall remain
9 available for expenditure in the amounts and for the purposes specified in subsection (a) of this
10 section until expended.

11 **SECTION 9H.4.(c)** Annually, beginning November 1, 2023, the Department of
12 Health and Human Services shall report to the Joint Legislative Oversight Committee on Health
13 and Human Services and the Fiscal Research Division on the expenditures made from the Youth
14 Electronic Nicotine Dependence Abatement Fund during the preceding fiscal year. The report
15 shall include at least all of the following:

- 16 (1) An itemized list of expenditures and for each expenditure, an indication of the
17 authority under this section for the expenditure.
18 (2) An evaluation of the reach, effectiveness, and outcomes of each activity
19 funded pursuant to subdivision (a)(2) of this section.
20 (3) An evaluation of the reach, effectiveness, and outcomes of each activity
21 funded by Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of
22 S.L. 2022-74.
23

24 **REQUIREMENT AND FUNDING FOR THE OFFICE OF THE CHIEF MEDICAL**
25 **EXAMINER TO CONDUCT TOXICOLOGY SCREENING IN ALL CHILD DEATH**
26 **CASES UNDER THE JURISDICTION OF A MEDICAL EXAMINER**

27 **SECTION 9H.7.(a)** G.S. 130A-385 is amended by adding a new subsection to read:

28 "(a1) The Office of the Chief Medical Examiner shall conduct comprehensive toxicology
29 screening in all child death cases that fall under the jurisdiction of the medical examiner pursuant
30 to G.S. 130A-383 or G.S. 130A-384."

31 **SECTION 9H.7.(b)** Of the funds appropriated in this act to the Department of Health
32 and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME),
33 the recurring sum of one hundred sixty-four thousand six hundred ninety-six dollars (\$164,696)
34 for each year of the 2023-2025 fiscal biennium and the nonrecurring sum of five hundred fifty
35 thousand dollars (\$550,000) for the 2023-2024 fiscal year shall be allocated and used to comply
36 with the toxicology screening requirements of G.S. 130A-385(a1), as enacted by this act. The
37 OCME may use these allocated funds to create a permanent full-time Chemist I position and a
38 permanent full-time Chemistry Technician I position to enable comprehensive toxicology
39 screening in all child deaths that fall within the jurisdiction of the medical examiner pursuant to
40 G.S. 130A-383 or G.S. 130A-384.

41 **SECTION 9H.7.(c)** By December 30, 2024, and December 30, 2025, the OCME
42 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the
43 Fiscal Research Division on the use of these allocated funds. The report shall include at least all
44 of the following:

- 45 (1) The total number of child deaths during the preceding fiscal year that fell
46 within the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or
47 G.S. 130A-384.
48 (2) The total number of child deaths reported under subdivision (1) of this
49 subsection for which toxicology screening was completed pursuant to
50 G.S. 130A-385(a1), as enacted by this act.

- (3) An explanation for any delay or failure to complete the toxicology screening required by G.S. 130A-385(a1), as enacted by this act.

SECTION 9H.7.(d) Subsections (a) of this section becomes effective January 1, 2024, and applies to child death cases pending or initiated on or after that date. The remainder of this section becomes effective on July 1, 2023.

REQUIREMENT AND FUNDING FOR AUTOPSIES IN SUSPECTED DEATH BY DISTRIBUTION CASES; INCREASED AUTOPSY FEES; STRATEGIC PLAN FOR IMPROVING THE MEDICAL EXAMINER SYSTEM; ANNUAL AUTOPSY CENTERS REPORT

REQUIREMENT AND FUNDING FOR AUTOPSIES IN SUSPECTED DEATH BY DISTRIBUTION CASES; AND INCREASED AUTOPSY FEES

SECTION 9H.8.(a) G.S. 130A-389 reads as rewritten:

"§ 130A-389. Autopsies.

(a) ~~If~~The Chief Medical Examiner or a competent pathologist designated by the Chief Medical Examiner shall perform an autopsy or other study in each of the following cases:

- (1) ~~If~~in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be made; or, if made.
- (2) ~~If~~an autopsy or other study is requested by the district attorney of the county or by any superior court judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a competent pathologist designated by the Chief Medical Examiner-judge.
- (3) ~~In any case in which the district attorney of the county asserts to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred, a complete autopsy shall be performed.~~

A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request.

(a1) The fee for the autopsy or other study shall be ~~two~~five thousand eight hundred dollars ~~(\$2,800)~~(\$5,800) to be paid as follows:

- (1) Except as provided in subdivision (2) of this subsection, the county in which the deceased resided shall pay a fee of ~~one thousand seven hundred fifty dollars (\$1,750)~~three thousand six hundred twenty-five dollars (\$3,625) and the State shall pay the remaining balance of ~~one thousand fifty dollars (\$1,050)~~two thousand one hundred seventy-five dollars (\$2,175).
- (2) If the death or fatal injury occurred outside the county in which the deceased resided, the State shall pay the entire fee in the amount of ~~two~~five thousand eight hundred dollars ~~(\$2,800)~~(\$5,800).

...."

SECTION 9H.8.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the sum of two million dollars (\$2,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million dollars (\$2,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to increase the capacity of the medical examiner system to perform the autopsies required by G.S. 130A-389(a), as amended by this section.

SECTION 9H.8.(c) G.S. 130A-389(a), as amended by this section, becomes effective December 1, 2023, and applies to medical examiner cases arising on or after that date. G.S. 130A-389(a1), as amended by this section, becomes effective July 1, 2024.

STRATEGIC PLAN FOR IMPROVING THE MEDICAL EXAMINER SYSTEM

SECTION 9H.8.(d) By March 1, 2024, the OCME, in collaboration with the stakeholders identified in subsection (f) of this section, shall develop and submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a strategic plan for improving the operation and efficiency of the State's medical examiner system to enable the performance of timely, high-quality death investigations of all appropriately identified deaths occurring in North Carolina. The strategic plan shall include an evaluation and recommendations for at least all of the following:

- (1) Any proposed reorganization of the medical examiner system, including an estimated time line and process for implementing the proposed reorganization in a manner that will cause the least amount of disruption to the medical examiner system.
- (2) Any legislative changes that would be necessary or helpful to implement a proposed reorganization of the medical examiner system.
- (3) An explanation of any obstacles that could hinder successful implementation of the proposed reorganization of the medical examiner system.
- (4) A long-term plan for the establishment of additional regional autopsy centers across the State, along with suggested locations, assigned county coverage areas, and estimated costs for the establishment and operation of each.
- (5) A long-term plan for the Chief Medical Examiner to operate additional regional autopsy centers.
- (6) Recruitment strategies for hiring a sufficient number of board-certified forensic pathologists, board-certified toxicologists, and other professional and administrative staff essential to the efficient operation of the medical examiner system.
- (7) Any other information the OCME deems relevant or necessary to improving the medical examiner system.

SECTION 9H.8.(e) In developing the strategic plan required by subsection (c) of this section, the OCME shall collaborate with representatives of the following entities:

- (1) Licensed funeral establishments.
- (2) State and local law enforcement agencies.
- (3) North Carolina teaching hospitals.
- (4) North Carolina medical schools.
- (5) North Carolina institutions of higher education with graduate forensic science or toxicology programs.

ANNUAL AUTOPSY CENTERS REPORT

SECTION 9H.8.(f) Beginning February 1, 2024, the OCME shall submit an annual report each February 1 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the autopsy centers and regional autopsy centers within the North Carolina medical examiner system. The first report due under this subsection shall include information about the six-month period preceding February 1, 2024. Subsequent reports shall include information about the 12-month period preceding that February 1. The reports shall include at least all of the following information:

- (1) The total number of death investigations, toxicology screenings, and autopsies performed by each autopsy center and regional autopsy center within the medical examiner system.
- (2) Of the number specified in subdivision (1) of this subsection, the total number of autopsies performed as a result of the district attorney of the county asserting to the Chief Medical Examiner or the medical examiner of the

1 county in which the body was located that there was probable cause to believe
2 that a violation of G.S. 14-18.4 had occurred.

3 (3) The total number of outstanding autopsies and autopsy reports that need to be
4 completed at each autopsy center and regional autopsy center on the date of
5 the report, and, for each outstanding autopsy, the date on which the case
6 commenced and whether the case involves a suspected violation of
7 G.S. 14-18.4.

8 (4) Beginning with the report due on February 1, 2025, an analysis of the autopsy
9 fee established by subsection (a1) of G.S. 130A-389, as amended by this act,
10 which shall include at least all of the following:

11 a. The results of the analysis and any recommended changes to the fee or
12 how the fee is apportioned between the State and counties.

13 b. The total amount of fees paid to each autopsy center and regional
14 autopsy center within the North Carolina medical examiner system.
15

16 SOUTH PIEDMONT REGIONAL AUTOPSY CENTER FUNDS

17 **SECTION 9H.10.(a)** Of the funds appropriated in this act to the Department of
18 Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner
19 (OCME), the sum of two million dollars (\$2,000,000) in recurring funds for the 2023-2024 fiscal
20 year and the sum of two million dollars (\$2,000,000) in recurring funds for the 2024-2025 fiscal
21 year shall be allocated to Union County for operational costs and equipment associated with the
22 establishment of a county-operated regional autopsy center that shall serve at least all of the
23 following areas:

- 24 (1) Anson County
- 25 (2) Cabarrus County
- 26 (3) Gaston County
- 27 (4) Montgomery County
- 28 (5) Moore County
- 29 (6) Richmond County
- 30 (7) Rowan County
- 31 (8) Stanly County
- 32 (9) Union County

33 **SECTION 9H.10.(b)** Union County shall notify the Department of Health and
34 Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and
35 the Fiscal Research Division when the regional autopsy center funded by this section becomes
36 operational. Upon receiving this notification, the OCME shall enter into a contract with Union
37 County pursuant to which (i) the county-operated regional autopsy center funded by this section
38 shall provide forensic pathology services in the counties specified by subsection (a) of this section
39 and (ii) Union County shall be reimbursed for each autopsy performed by the county-operated
40 regional autopsy center as provided by G.S. 130A-389(a1), as amended by this act. The contract
41 required by this subsection shall include all of the following terms:

- 42 (1) A requirement that, at the request of the OCME, the regional autopsy center
43 serve as a backup for performing autopsies for other areas of the State in cases
44 in which the district attorney has asserted to the Chief Medical Examiner or
45 the medical examiner of the county in which the body was located that there
46 is probable cause to believe that a violation of G.S. 14-18.4 has occurred.
- 47 (2) A requirement that the regional autopsy center be available for critical medical
48 examiner surge capacity, as determined necessary by the OCME.
- 49 (3) A provision preserving the authority of the Chief Medical Examiner under
50 G.S. 130A-381 to contract with qualified persons to perform or provide
51 support services for autopsies and other studies and investigations.

1 **SECTION 9H.10.(c)** By February 1, 2024, and December 1, 2024, Union County
2 shall submit a progress report to the Department of Health and Human Services, the Joint
3 Legislative Oversight Committee on Health and Human Services, and the Fiscal Research
4 Division on the status and operation of the regional autopsy center funded by this section.
5

6 **EAST CAROLINA UNIVERSITY REGIONAL AUTOPSY CENTER**

7 **SECTION 9H.10A.(a)** The Department of Health and Human Services, Division of
8 Public Health, Office of the Chief Medical Examiner (OCME), shall ensure that any contract
9 with East Carolina University (ECU) for the performance of forensic pathology services
10 throughout the eastern counties of North Carolina includes all of the following terms:

- 11 (1) A requirement that ECU be reimbursed for each completed autopsy as
12 provided by G.S. 130A-389(a1), as amended by this act.
- 13 (2) A requirement that ECU, at the request of the OCME, serve as a backup for
14 performing autopsies for other areas of the State in cases in which the district
15 attorney has asserted to the Chief Medical Examiner or the medical examiner
16 of the county in which the body was located that there is probable cause to
17 believe that a violation of G.S. 14-18.4 has occurred.
- 18 (3) A requirement that ECU be available for critical medical examiner surge
19 capacity, as determined necessary by the OCME.
- 20 (4) A provision preserving the authority of the Chief Medical Examiner under
21 G.S. 130A-381 to contract with qualified persons to perform or provide
22 support services for autopsies and other studies and investigations.

23 **SECTION 9H.10A.(b)** ECU shall notify the Department of Health and Human
24 Services, the Joint Legislative Oversight Committee on Health and Human Services, and the
25 Fiscal Research Division when the new ECU Medical Examiner's Office, listed as project code
26 UNC/ECU23-3 in Section 40.1 of this act, has been completed and commenced operating as the
27 regional autopsy center serving the eastern counties of North Carolina.

28 **SECTION 9H.10A.(c)** Annually, beginning February 1, 2024, ECU shall submit a
29 progress report to the Department of Health and Human Services, the Joint Legislative Oversight
30 Committee on Health and Human Services, and the Fiscal Research Division on the status of
31 relocating the regional autopsy center serving the eastern counties of North Carolina to the new
32 ECU Medical Examiner's Office, listed as project code UNC/ECU23-3 in Section 40.1 of this
33 act. The reporting requirements of this subsection terminate upon ECU's submission of a report
34 confirming that this new facility has been completed and commenced operating as the regional
35 autopsy center serving the eastern counties of North Carolina.

36 **SECTION 9H.10A.(d)** This section is effective when it becomes law and applies to
37 contracts entered into, extended, or renewed on or after that date.
38

39 **CAROLINA PREGNANCY CARE FELLOWSHIP**

40 **SECTION 9H.11.(a)** Of the funds appropriated in this act to the Department of
41 Health and Human Services, Division of Public Health, the sum of six million two hundred fifty
42 thousand dollars (\$6,250,000) in recurring funds for the 2023-2024 fiscal year and the sum of six
43 million two hundred fifty thousand dollars (\$6,250,000) in recurring funds for the 2024-2025
44 fiscal year shall be allocated to Carolina Pregnancy Care Fellowship (CPCF), a nonprofit
45 corporation, to be used as follows:

- 46 (1) The sum of two million nine hundred thousand dollars (\$2,900,000) in
47 recurring funds for the 2023-2024 fiscal year and the sum of two million nine
48 hundred thousand dollars (\$2,900,000) in recurring funds for the 2024-2025
49 fiscal year shall be used to provide grants for services to pregnancy centers
50 located in this State.

- 1 (2) The sum of one million dollars (\$1,000,000) in recurring funds for the
2 2023-2024 fiscal year and the sum of one million dollars (\$1,000,000) in
3 recurring funds for the 2024-2025 fiscal year shall be used to provide the
4 following grants to pregnancy centers located in this State:
5 a. Grants to purchase durable medical equipment.
6 b. Grants to pay for pregnancy care training and training on the use of
7 durable medical equipment.
- 8 (3) The sum of two hundred fifty thousand dollars (\$250,000) in recurring funds
9 for the 2023-2024 fiscal year and the sum of two hundred fifty thousand
10 dollars (\$250,000) in recurring funds for the 2024-2025 fiscal year shall be
11 used to provide grants to pregnancy centers located in this State to cover the
12 cost of nonreligious, nonsectarian educational training and resources
13 regarding pregnancy.
- 14 (4) The sum of two million one hundred thousand dollars (\$2,100,000) in
15 recurring funds for the 2023-2024 fiscal year and the sum of two million one
16 hundred thousand dollars (\$2,100,000) in recurring funds for the 2024-2025
17 fiscal year shall be allocated to fund operation of the CPCF Circle of Care
18 Program.

19 **SECTION 9H.11.(b)** The CPCF shall establish an application process for the grants
20 authorized by subdivisions (a)(1) through (a)(3) of this section, and any pregnancy center located
21 in this State that applies for these grant funds through the established application process is
22 eligible to receive these grant funds.

23 **SECTION 9H.11.(c)** The CPCF may not use more than ten percent (10%) of the
24 total amount of funds allocated by this section for each year of the 2023-2025 fiscal biennium
25 for administrative purposes.

26 **SECTION 9H.11.(d)** Funds allocated under this section shall be used for
27 nonsectarian, nonreligious purposes only.

28 **SECTION 9H.11.(e)** By July 1, 2025, and July 1 of each odd-numbered year
29 thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and
30 Human Services and the Fiscal Research Division on the use of funds allocated under this section.
31 The report shall include at least the following:

- 32 (1) The identity and a brief description of each grantee and the amount of funding
33 awarded to each grantee.
34 (2) The number of persons served by each grantee.
35 (3) The number of persons served by the Circle of Care Program.

36 37 **STATEWIDE CONTINUUM OF CARE PROGRAM**

38 **SECTION 9H.12.(a)** Of the funds appropriated in this act from the ARPA
39 Temporary Savings Fund to the Department of Health and Human Services, Division of Public
40 Health, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds
41 for the 2023-2024 fiscal year and the sum of one million five hundred thousand dollars
42 (\$1,500,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Human
43 Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide
44 Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These
45 funds shall be used for nonreligious, nonsectarian purposes only.

46 **SECTION 9H.12.(b)** The Human Coalition may use up to ten percent (10%) of the
47 funds allocated for the statewide Continuum of Care Program for each year of the 2023-2025
48 fiscal biennium for administrative purposes.

49 **SECTION 9H.12.(c)** By December 1, 2023, and every six months thereafter through
50 December 1, 2026, the Human Coalition shall report to the Department of Health and Human

1 Services on the status and operation of the statewide Continuum of Care Program authorized by
2 Section 9G.6 of S.L. 2021-180. The report shall include at least all of the following:

- 3 (1) A detailed breakdown of expenditures for the program.
- 4 (2) The number of individuals served by the program and, for the individuals
5 served, the types of services provided to each.
- 6 (3) Any other information requested by the Department of Health and Human
7 Services as necessary for evaluating the success of the program.

8 **SECTION 9H.12.(d)** By February 1, 2025, and February 1, 2026, the Department
9 of Health and Human Services shall report to the Joint Legislative Oversight Committee on
10 Health and Human Services and the Fiscal Research Division on the status and operation of the
11 statewide Continuum of Care Program. The report shall include at least all of the information
12 specified in subdivisions (c)(1) through (c)(3) of this section.

13 **REVISIONS TO STRENGTHEN THE CHILD FATALITY PREVENTION SYSTEM**

14 **ESTABLISHMENT AND FUNDING OF STATE OFFICE OF CHILD FATALITY** 15 **PREVENTION WITHIN THE DEPARTMENT OF HEALTH AND HUMAN** 16 **SERVICES, DIVISION OF PUBLIC HEALTH**

17 **SECTION 9H.15.(a)** Article 3 of Chapter 143B of the General Statutes is amended
18 by adding a new Part to read:

19 "Part 4C. State Office of Child Fatality Prevention.

20 **"§ 143B-150.25. Definitions.**

21 The following definitions apply in this Article:

- 22 (1) Child Fatality Prevention System. – The statewide system comprised of the
23 following:
 - 24 a. Local Teams.
 - 25 b. The North Carolina Child Fatality Task Force created in
26 G.S. 7B-1402.
 - 27 c. The State Office.
 - 28 d. Medical examiner child fatality staff.
- 29 (2) Local Team. – A multidisciplinary child death review team that is either a
30 single or multicounty team responsible for performing any type of child
31 fatality review pursuant to Article 14 of Chapter 7B of the General Statutes.
- 32 (3) Medical examiner child fatality staff. – Staff within the Office of the Chief
33 Medical Examiner whose primary responsibilities involve reviewing,
34 investigating, training, educating, and supporting death investigations into
35 child fatalities that fall under the jurisdiction of the medical examiner pursuant
36 to G.S. 130A-383.
- 37 (4) State Office. – The State Office of Child Fatality Prevention established under
38 this Article.

39 **"§ 143B-150.26. Establishment and purpose of State Office.**

40 The State Office of Child Fatality Prevention is established within the Department of Health
41 and Human Services, Division of Public Health, to serve as the lead agency for child fatality
42 prevention in North Carolina. The purpose of the State Office is to oversee the coordination of
43 State-level support functions for the entire North Carolina Child Fatality Prevention System in a
44 way that maximizes efficiency and effectiveness and expands system capacity. The Department
45 shall determine the most appropriate placement for, and configuration of, State Office staff within
46 the Department, subject to the following limitation: medical examiner child fatality staff shall
47 continue to work under the direction of the Chief Medical Examiner and address child fatalities
48 within the jurisdiction of the medical examiner pursuant to G.S. 130A-383, while working
49 collaboratively with the State Office and Local Teams.

"§ 143B-150.27. Powers and duties.

The State Office has the following powers and duties:

- (1) To coordinate the work of the statewide Child Fatality Prevention System.
- (2) To implement and manage a centralized data and information system capable of gathering, analyzing, and reporting aggregate information from child death review teams with appropriate protocols for sharing information and protecting confidentiality.
- (3) To create and implement tools, guidelines, resources, and training and provide technical assistance for Local Teams to enable the teams to do the following:
 - a. Conduct effective reviews tailored to the type of death being reviewed.
 - b. Make effective recommendations about child fatality prevention.
 - c. Gather, analyze, and appropriately report on case data and findings while protecting confidentiality.
 - d. Facilitate the implementation of prevention strategies in their communities.
- (4) To work with medical examiner child fatality staff and the North Carolina State Center for Health Statistics to provide Local Teams initial information about child deaths in their respective counties.
- (5) To perform research, consult with stakeholders and experts, and collaborate with other organizations and individuals for the purpose of understanding the direct and contributing causes of child deaths as well as evidence-driven strategies, programs, and policies to prevent child deaths, abuse, and neglect in order to inform the work of the Child Fatality Prevention System or as requested by the Child Fatality Task Force.
- (6) To educate State and local leaders, including the General Assembly, executive department heads, as well as stakeholders, advocates, and the public, about the Child Fatality Prevention System and issues and prevention strategies addressed by the system.
- (7) To collaborate with State and local agencies, nonprofit organizations, academia, advocacy organizations, and others to facilitate the implementation of evidence-driven initiatives to prevent child abuse, neglect, and death, such as education and awareness initiatives.
- (8) To create and implement processes for evaluating the ability of the Child Fatality Prevention System to achieve outcomes sought to be accomplished by the system and to report to the Child Fatality Task Force on these evaluations and on statewide functioning of the Child Fatality Prevention System.
- (9) To consider opportunities to seek and administer grant and other non-State funding sources to support State or local Child Fatality Prevention System efforts.
- (10) To develop guidance to inform local decisions about the formation and implementation of single versus multicounty Local Teams. The guidance must include a model agreement to be used between or among counties that agree to be part of a multicounty Local Team."

SECTION 9H.15.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the recurring sum of five hundred sixty-nine thousand eight hundred eighty-five dollars (\$569,885) and the nonrecurring sum of eighteen thousand one hundred fifteen dollars (\$18,115) for the 2023-2024 fiscal year and the recurring sum of seven hundred fifty-eight thousand eight hundred eighty-five dollars (\$758,885) for the 2024-2025 fiscal year shall be allocated and used as follows:

- 1 (1) Five hundred fifty-four thousand eight hundred eighty-five dollars (\$554,885)
2 in recurring funds for each year of the 2023-2025 fiscal biennium for
3 operational costs to establish the State Office of Child Fatality Prevention
4 (State Office) established under Part 4C of Article 3 of Chapter 143B of the
5 General Statutes, as enacted by this section. The Department of Health and
6 Human Services may use up to five hundred fourteen thousand seven hundred
7 thirty-five dollars (\$514,735) of these recurring funds for each year of the
8 2023-2025 fiscal biennium to establish up to five full-time positions within
9 the State Office.
- 10 (2) Eighteen thousand one hundred fifteen dollars (\$18,115) in nonrecurring
11 funds for the 2023-2024 fiscal year for nonrecurring costs associated with
12 establishing the State Office.
- 13 (3) Up to fifteen thousand dollars (\$15,000) in recurring funds for each year of
14 the 2023-2025 fiscal biennium to support the work of the Child Fatality Task
15 Force and to pay its members, staff, and consultants in accordance with
16 G.S. 7B-1414, as amended by this act.
- 17 (4) One hundred eighty-nine thousand dollars (\$189,000) in recurring funds for
18 the 2024-2025 fiscal year shall be distributed among the State's 100 counties,
19 as determined appropriate by the Department, to support implementation of
20 the changes authorized by this act to restructure child death reviews by Local
21 Teams and to offset the costs associated with Local Team participation in the
22 National Fatality Review Case Reporting System.

23 **SECTION 9H.15.(c)** The Department of Health and Human Services may not use
24 the funds allocated by subdivisions (b)(1) through (b)(3) of this section for any purposes other
25 than the purposes specified in those subdivisions. Counties shall not use the funds allocated by
26 subdivision (b)(4) of this section for any purposes other than the purposes specified in that
27 subdivision.

28 **SECTION 9H.15.(d)** Subsections (b) and (c) of this section become effective July
29 1, 2023.

30
31 **TRANSITION PLAN FOR SHIFTING STATE SUPPORT OF THE CHILD FATALITY
32 PREVENTION SYSTEM TO THE STATE OFFICE OF CHILD FATALITY
33 PREVENTION, CREATING AND SUPPORTING A CENTRALIZED DATA AND
34 REPORTING SYSTEM, AND RESTRUCTURING EXISTING CHILD DEATH
35 REVIEW TEAMS**

36 **SECTION 9H.15.(e)** It is the intent of the General Assembly to restructure North
37 Carolina's Child Fatality Prevention System in order to eliminate the silos and redundancy that
38 exist within the current system, implement centralized coordination of the system, streamline the
39 system's State-level support functions, maximize the usefulness of data and information derived
40 from teams that review child fatalities, ensure that relevant and appropriate information and
41 recommendations from teams that review child fatalities reach appropriate local and State
42 leaders, and strengthen the system's effectiveness in preventing child abuse, neglect, and death.
43 Creation and implementation of a State Office of Child Fatality Prevention is a critical element
44 of this restructuring that must be put in place to facilitate a transition to the restructuring and
45 support of Local Teams and their participation in the National Fatality Review Case Reporting
46 System (NFR-CRS). To that end, the Department of Health and Human Services is directed to
47 accomplish the following:

- 48 (1) Not later than July 1, 2024, the Department shall report to the Joint Legislative
49 Oversight Committee on Health and Human Services and the Fiscal Research
50 Division on the status of creating, implementing, and staffing the State Office
51 of Child Fatality Prevention. The report shall include at a minimum the status

1 of preparations for (i) transitioning to the restructuring and support of Local
 2 Teams and (ii) participating in the NFR-CRS. Any management staff the
 3 Department places within the State Office of Child Fatality Prevention shall
 4 work with the Department to take the necessary steps toward fully staffing the
 5 State Office and implementing plans that will enable the State Office to carry
 6 out the powers and duties of the State Office, as described in
 7 G.S. 143B-150.27, and to support a restructured Child Fatality Prevention
 8 System consistent with subsections (f) through (i) of this section. The
 9 Department shall also ensure during this time that Local Teams receive
 10 State-level support either as such support exists prior to the creation of the
 11 State Office or from staff within the newly created State Office.

12 (2) Not later than January 1, 2025, the Department shall ensure all of the
 13 following:

14 a. That the State Office of Child Fatality Prevention is sufficiently staffed
 15 and prepared to carry out the powers and duties of the State Office, as
 16 described in G.S. 143B-150.27, to support a restructured Child
 17 Fatality Prevention System as set forth in subsections (f) through (i) of
 18 this section.

19 b. That any contractual agreements and interagency data sharing
 20 agreements necessary for participation in the NFR-CRS, as required in
 21 G.S. 7B-1413.5, have been executed.

22 (3) Not later than July 1, 2025, the Department shall ensure through its State
 23 Office of Child Fatality Prevention that all Local Teams have been provided
 24 guidelines and training addressing their participation in the NFR-CRS, and
 25 Local Teams shall begin utilizing the System for case reporting as specified
 26 in G.S. 7B-1413.5.
 27

28 **MODIFICATIONS AND ADDITIONS TO CHILD FATALITY PREVENTION SYSTEM**
 29 **STATUTES TO RESTRUCTURE CHILD DEATH REVIEW TEAMS, IMPLEMENT**
 30 **PARTICIPATION IN THE NATIONAL FATALITY REVIEW CASE REPORTING**
 31 **SYSTEM, AND CLARIFY THE FUNCTIONS OF THE NORTH CAROLINA CHILD**
 32 **FATALITY TASK FORCE**

33 **SECTION 9H.15.(f)** Article 14 of Chapter 7B of the General Statutes reads as
 34 rewritten:

35 "Article 14.

36 "North Carolina Child Fatality Prevention System.

37 **"§ 7B-1400. Declaration of public policy.**

38 The General Assembly finds that it is the public policy of this State to prevent the abuse,
 39 neglect, and death of juveniles. The General Assembly further finds that the prevention of the
 40 abuse, neglect, and death of juveniles is a community responsibility; that professionals from
 41 disparate disciplines have responsibilities for children or juveniles and have expertise that can
 42 promote their safety and well-being; and that multidisciplinary reviews of the abuse, neglect, and
 43 death of juveniles can lead to a greater understanding of the causes and methods of preventing
 44 these deaths. It is, therefore, the intent of the General Assembly, through this Article, to establish
 45 a statewide multidisciplinary, multiagency child fatality prevention ~~system consisting of the State~~
 46 ~~Team established in G.S. 7B-1404 and the Local Teams established in G.S. 7B-1406. system.~~
 47 The purpose of the system is to assess the records of ~~selected cases in which children are being~~
 48 ~~served by child protective services and the records of all deaths of children~~ child deaths in North
 49 Carolina from birth to age 18 up until a child's eighteenth birthday, and with respect to these
 50 cases, to study data and prevention strategies related to child abuse, neglect, and death, and to
 51 utilize multidisciplinary teams to review these deaths in order to (i) develop a communitywide

1 approach to the problem of child abuse and neglect, (ii) understand the causes and contributing
 2 factors of childhood deaths, (iii) identify any gaps or deficiencies that may exist in the delivery
 3 of services to children and their families by public agencies that are designed to prevent future
 4 child abuse, neglect, or death, ~~and~~ (iv) identify and aid in facilitating the implementation of
 5 evidence-driven strategies to prevent child death and promote child well-being, and (v) make and
 6 implement recommendations for changes to laws, rules, and policies that will support the safe
 7 and healthy development of our children and prevent future child abuse, neglect, and death.

8 **"§ 7B-1401. Definitions.**

9 The following definitions apply in this Article:

- 10 (1) ~~Additional Child Fatality. — Any death of a child that did not result from~~
 11 ~~suspected abuse or neglect and about which no report of abuse or neglect had~~
 12 ~~been made to the county department of social services within the previous 12~~
 13 ~~months.~~
- 14 (1a) Child Fatality Prevention System. — The statewide system comprised of the
 15 following:
- 16 a. Local Teams.
 17 b. The North Carolina Child Fatality Task Force as established in this
 18 Article.
 19 c. The State Office.
 20 d. Medical examiner child fatality staff.
- 21 (2) ~~Local Team. — A Community Child Protection Team or a Child Fatality~~
 22 ~~Prevention Team. A multidisciplinary child death review team that is either a~~
 23 ~~single or multicounty team responsible for performing any type of review~~
 24 ~~pursuant to this Article.~~
- 25 (2a) Medical examiner child fatality staff. — Staff within the Office of the Chief
 26 Medical Examiner whose primary responsibilities involve reviewing,
 27 investigating, training, educating, or supporting death investigations into child
 28 fatalities that fall under the jurisdiction of the medical examiner pursuant to
 29 G.S. 130A-383.
- 30 (2b) National Fatality Review Case Reporting System or NFR-CRS. — The
 31 web-based system used by a majority of states to provide child death review
 32 teams with a simple method for capturing, analyzing, and reporting on the full
 33 set of information shared at a child death or serious injury review.
- 34 (2c) State Office. — The State Office of Child Fatality Prevention established under
 35 Part 4C of Article 3 of Chapter 143B of the General Statutes.
- 36 (3) ~~State Team. — The North Carolina Child Fatality Prevention Team.~~
 37 (4) ~~Task Force. — The North Carolina Child Fatality Task Force.~~
 38 (5) ~~Team Coordinator. — The Child Fatality Prevention Team Coordinator.~~

39 **"§ 7B-1402. Task Force – creation; membership; vacancies.**

40 ...

41 (c) All members of the Task Force are voting members. Vacancies in the appointed
 42 membership shall be filled by the appointing officer who made the initial appointment. Terms
 43 shall be two years. ~~The members shall elect a chair who shall preside for the duration of the~~
 44 ~~chair's term as member. In the event a vacancy occurs in the chair before the expiration of the~~
 45 ~~chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired~~
 46 ~~term.~~

47 **"§ 7B-1402.5. Task Force – organization; committees, leadership, policies and procedures;**
 48 **public meetings.**

49 (a) Committees. — The Task Force shall carry out its duties through the work of the
 50 following three committees:

- 1 (1) A Perinatal Health Committee to address healthy pregnancies, births, and
2 infants.
- 3 (2) An Unintentional Death Prevention Committee to address the prevention of
4 deaths resulting from unintentional causes such as motor vehicle or bicycle
5 accidents, poisoning, burning, or drowning.
- 6 (3) An Intentional Death Prevention Committee to address the prevention of
7 deaths resulting from intentional causes such as homicide, suicide, abuse, or
8 neglect; and to address the prevention of child abuse and neglect.
- 9 (b) Committee Recommendations. – Each Committee shall develop and submit
10 recommendations to the Task Force for consideration. Recommendations shall become final
11 upon the majority vote of the Task Force.
- 12 (c) Leadership. – The leadership of the Task Force and its committees shall be organized
13 as follows:
- 14 (1) Task Force chair or cochaurs. – Task Force members shall elect by a majority
15 vote a chair or two cochaurs from among its membership. The Task Force chair
16 or cochaurs shall serve for a term of two years and are not subject to term
17 limits.
- 18 (2) Committee cochaurs. – Task Force members shall elect by a majority vote of
19 the Task Force two cochaurs per committee, at least one of whom shall be a
20 Task Force member and one of whom may be a nonmember with expertise in
21 the subject matter of the committee. The committee cochaurs shall serve for a
22 term of two years and are not subject to term limits.
- 23 (3) Staff. – The Task Force chair or cochaurs shall work with the Secretary of the
24 Department of Health and Human Services to hire or designate staff to
25 coordinate the work of the Task Force and its committees. The Secretary shall
26 determine placement of such staff within the Department. In addition to
27 general coordination of the work of the Task Force, Task Force staff may do
28 the following:
- 29 a. Educate organizations and individuals, including members of the
30 General Assembly, about the work of the Task Force and its
31 recommendations.
- 32 b. Serve as a representative of the Task Force.
- 33 c. Assist the Task Force chair in working to advance Task Force
34 recommendations.
- 35 d. Assist in any way the Task Force chair or committee cochaurs deem
36 necessary in carrying out the duties of the Task Force.
- 37 (d) Policies and Procedures. – The Task Force chair or cochaurs, committee cochaurs, and
38 director or coordinator shall develop, and from time to time revise as necessary, policies and
39 procedures to facilitate the efficient and effective operations of the Task Force. These policies
40 and procedures and any recommended revisions become effective upon approval by a majority
41 vote of the Task Force. The policies and procedures shall address, at a minimum, the following:
- 42 (1) The Task Force study process.
- 43 (2) Nominations for leadership positions.
- 44 (3) Committee membership, including any participation by individuals who are
45 not members of the Task Force.
- 46 (4) Conflicts of interest.

47 **"§ 7B-1403. Task Force – duties.**

48 The Task Force ~~shall~~ shall do all of the following:

- 49 (1) Undertake a ~~statistical~~ study of the incidences and causes of child deaths in
50 this State and establish a profile of child deaths, as well as evidence-driven
51 strategies for preventing future child deaths, abuse, and neglect. The study

shall include (i) ~~an analysis of all community and private and public agency involvement with the decedents and their families prior to death, and (ii) an at least all of the following:~~

a. Aggregate information from child death reviews compiled by the State Office addressing data on child deaths, the identification of systemic problems, and Local Team recommendations for prevention strategies or changes in law or policy.

b. A data analysis of all child deaths by age, cause, race and ethnicity, socioeconomic status, and geographic distribution;~~distribution.~~

c. Information from subject matter experts that informs the understanding of the causes of child deaths; strategies to prevent child deaths, abuse, and neglect; or a combination of these.

(2) ~~Develop a system for multidisciplinary review of child deaths. In developing such a system, the Task Force shall study the operation of existing Local Teams. The Task Force shall also consider the feasibility and desirability of local or regional review teams and, should it determine such teams to be feasible and desirable, develop guidelines for the operation of the teams. The Task Force shall also examine the laws, rules, and policies relating to confidentiality of and access to information that affect those agencies with responsibilities for children, including State and local health, mental health, social services, education, and law enforcement agencies, to determine whether those laws, rules, and policies inappropriately impede the exchange of information necessary to protect children from preventable deaths, and, if so, recommend changes to them;~~Advise the State Office of Child Fatality Prevention with respect to the operation of an effective statewide system for multidisciplinary review of child deaths and the implementation of evidence-driven strategies to prevent child deaths, abuse, and neglect.

(3) ~~Receive and consider reports from the State Team; and~~Office addressing aggregate data, information, findings, and recommendations resulting from Local Team reviews of child deaths, the functioning of any aspect of the statewide Child Fatality Prevention System, and any other type of report the Task Force deems relevant to carrying out its duties under this Article.

(4) Develop recommendations for changes in law, policy, rules, or the implementation of evidence-driven prevention strategies to be included in the annual report required by G.S. 7B-1412.

(5) Perform any other studies, evaluations, or determinations the Task Force considers necessary to carry out its mandate.

...

"§ 7B-1406.5. Local Teams; county work.

(a) Local Team for Each County. – Each county in the State shall have its own Local Team or participate in a multicounty Local Team, as determined in accordance with subsection (b) of this section.

(b) Participation in a Single County Versus Multicounty Local Team. – Each county's local board of county commissioners shall evaluate and determine whether the county will have its own Local Team or be part of a multicounty team. This determination shall be made through consulting all of the following:

(1) The director of the local health department.

(2) The director of the local departments of social services, or if applicable, the consolidated human services director.

(3) The guidance created by the State Office that addresses the formation and implementation of single versus multicounty teams and includes a model

1 agreement to be used between or among counties who agree to be part of a
2 multicounty team.

3 (c) Mandatory Review of Deaths. – Each Local Team shall review all child deaths of
4 resident children under age 18 in the county or counties comprising the Local Team that fall
5 under one of the following categories of death:

6 (1) Undetermined causes.

7 (2) Unintentional injury.

8 (3) Violence.

9 (4) Motor vehicle incidents.

10 (5) Pursuant to criteria set forth in G.S. 7B-1407.5, deaths related to child
11 maltreatment or child deaths involving a child or child's family who was
12 reported or known to child protective services.

13 (6) Sudden unexpected infant death.

14 (7) Suicide.

15 (8) Deaths not expected in the next six months.

16 (9) Additional infant deaths according to the criteria established by the State
17 Office under G.S. 7B-1407.6.

18 For cases in which a Local Team is uncertain whether a death falls under a category specified
19 in subdivisions (1) through (9) of this subsection, the State Office shall consult with the Office
20 of the Chief Medical Examiner and appropriate medical professionals to make that determination.

21 (d) Permissive Review of Deaths. – Each Local Team may review child deaths that fall
22 outside the categories specified in subdivisions (1) through (9) of subsection (c) of this section.

23 (e) Permissive Review of Active Child Protective Services Cases. – At the request of a
24 director of a local department of social services and pursuant to G.S. 7B-1410(b), a Local Team
25 may elect to review an active case in which a child or children are being served by child protective
26 services. The Local Team is not required to make findings or create reports based upon such
27 reviews. However, the Local Team may develop recommendations based on such reviews to be
28 submitted to the citizen review panel serving the area in which the Local Team is located and
29 may also include in its recommendations to boards of county commissioners pursuant to
30 G.S. 7B-1407.10(d) recommendations stemming from the review of such cases.

31 (f) Periodic Training and Best Practices. – Local Teams shall participate in periodic
32 training provided by the State Office. Local Teams shall make every effort to employ best
33 practices in conducting child death reviews, gathering information, selecting participants, and
34 making reports as outlined in guidance provided by the State Office.

35 **§ 7B-1407. Local Teams; ~~composition~~ composition and leadership.**

36 (a) Each Local Team shall consist of representatives of public and nonpublic agencies in
37 the community that provide services to children and their families and other individuals who
38 represent the community. ~~No single team shall encompass a geographic or governmental area~~
39 ~~larger than one county.~~

40 (b) Each Local Team shall consist of the following persons:

41 (1) The director of the county department of social services or the director of the
42 consolidated human services agency and a member of the director's ~~staff~~; staff.

43 (2) A local law enforcement officer, appointed by the board of county
44 ~~commissioners~~; commissioners.

45 (3) An attorney from the district attorney's office, appointed by the district
46 ~~attorney~~; attorney.

47 (4) The executive director of the local community action agency, as defined by
48 the Department of Health and Human Services, or the executive director's
49 ~~designee~~; designee.

50 (5) The superintendent of each local school administrative unit located in the
51 county, or the superintendent's ~~designee~~; designee.

- 1 (6) A member of the county board of social services, appointed by the chair of
2 that ~~board;~~board.
- 3 (7) A local mental health professional, appointed by the director of the area
4 authority established under Chapter 122C of the General ~~Statutes;~~Statutes.
- 5 (8) The local guardian ad litem coordinator, or the coordinator's
6 ~~designee;~~designee.
- 7 (9) The director of the local department of public ~~health;~~ and health.
- 8 (10) A local health care provider, appointed by the local board of health.
- 9 (11) An emergency medical services provider or firefighter, appointed by the board
10 of county commissioners.
- 11 (12) A district court judge, appointed by the chief district court judge in that
12 district.
- 13 (13) A county medical examiner, appointed by the Chief Medical Examiner.
- 14 (14) A representative of a local child care facility or Head Start program, appointed
15 by the director of the county department of social services.
- 16 (15) A parent of a child who died before reaching the child's eighteenth birthday,
17 to be appointed by the board of county commissioners.

18 (c) ~~In addition, a Local Team that reviews the records of additional child fatalities shall~~
19 ~~include the following five additional members:~~

- 20 ~~(1) An emergency medical services provider or firefighter, appointed by the board~~
21 ~~of county commissioners;~~
- 22 ~~(2) A district court judge, appointed by the chief district court judge in that~~
23 ~~district;~~
- 24 ~~(3) A county medical examiner, appointed by the Chief Medical Examiner;~~
- 25 ~~(4) A representative of a local child care facility or Head Start program, appointed~~
26 ~~by the director of the county department of social services; and~~
- 27 ~~(5) A parent of a child who died before reaching the child's eighteenth birthday,~~
28 ~~to be appointed by the board of county commissioners.~~

29 The chair of the Local Team may invite a maximum of five additional individuals to
30 participate on the Local Team on an ad hoc basis for a specific review if the chair believes the
31 individual's subject matter expertise or position within an organization will enhance the ability
32 of the Local Team to conduct an effective review. The chair may select ad hoc members from
33 outside of the county or counties served by the Local Team. As a condition of participating in a
34 specific review, each ad hoc member is required to sign the same confidentiality statement signed
35 by a Local Team member and is subject to the provisions of G.S. 7B-1413.

36 ~~(d) The Team Coordinator shall One or more members of the State Office staff may serve~~
37 ~~as an ex officio member of each Local Team that reviews the records of additional child fatalities.~~
38 ~~The board of county commissioners may appoint a maximum of five additional members to~~
39 ~~represent county agencies or the community at large to serve on any Local Team. any Local~~
40 ~~Team. Vacancies on a Local Team shall be filled by the original appointing authority.~~

41 (e) Each Local Team shall elect a member to serve as chair at the Team's pleasure.

42 (f) ~~Each Local Team shall meet at least four times each year.~~ as frequently as necessary
43 to fulfill the requirements imposed by this Article, but no less than twice per year.

44 (g) ~~The director of the local department of social services shall call the first meeting of~~
45 ~~the Community Child Protection Team. The director of the local department of health, upon~~
46 ~~consultation with the Team Coordinator, shall call the first meeting of the Child Fatality~~
47 ~~Prevention Team. Thereafter, the~~ The chair of each Local Team shall schedule the time and place
48 of meetings, in consultation with these directors, meetings and shall prepare the agenda. The
49 chair shall schedule Team meetings no less often than once per quarter and often enough to allow
50 adequate review of the cases selected for review. Within three months of election, the Prior to

1 presiding over a Local Team meeting, the chair shall participate in the appropriate training
2 developed under this Article provided by the State Office.

3 **"§ 7B-1407.5. Review of child maltreatment deaths and deaths of children known to child**
4 **protective services.**

5 (a) In addition to any other applicable requirements of this Article, the requirements of
6 this section apply specifically to child deaths when any of the following are true:

- 7 (1) The decedent was known to be reported as being abused or neglected under
8 G.S. 7B-301 regardless of the disposition of such report.
- 9 (2) There was a known report involving child abuse or neglect under G.S. 7B-301
10 within the three-year period preceding the time of a child's death that involved
11 the child's family regardless of the disposition of the report.
- 12 (3) The decedent or decedent's family was involved with child protective services
13 within three years preceding a child's death.
- 14 (4) Available information indicates a possibility that child abuse or neglect, as
15 defined in G.S. 7B-101, may be a direct or contributing cause of the child's
16 death.

17 (b) The State Office shall do all of the following with respect to child death reviews that
18 meet any of the criteria specified in subsection (a) of this section:

- 19 (1) Develop policies, procedures, and tools that address the effective reviews of
20 this category of child deaths, based on best practices and available resources.
- 21 (2) Provide technical assistance by State Office staff to Local Teams which may
22 include assistance with coordinating the review, information gathering,
23 determination of necessary participants, meeting procedures and facilitation,
24 development of recommendations, and drafting of reports.
- 25 (3) Within the limitations of State and federal law, develop an appropriate process
26 and procedure for the creation and release of reports resulting from reviews of
27 deaths by Local Teams under this section that address the following:
 - 28 a. Findings and recommendations related to improving coordination
29 between local and State entities with respect to child death cases that
30 include any of the facts described in subdivisions (a)(1) through (a)(3)
31 of this section.
 - 32 b. Information disclosed pursuant to G.S. 7B-2902.
 - 33 c. Information the State is required to disclose under federal law.
- 34 (4) Develop and implement a process to follow up on the implementation status
35 of recommendations related to a particular agency and, where feasible, work
36 to help facilitate the advancement of these recommendations.
- 37 (5) Work with the Division of Social Services, the Office of the Chief Medical
38 Examiner, the State Center for Health Statistics, and other relevant experts
39 and agencies to develop and implement the following:
 - 40 a. A system for the State Office to identify child fatalities to be reviewed
41 under this section.
 - 42 b. A system for defining, identifying, and including in North Carolina's
43 child fatality data information the State is required to report to the
44 federal government about child deaths resulting from child
45 maltreatment. This system shall include the use of Local Teams.
- 46 (6) Work with the Division of Social Services to determine the manner in which
47 information from internal fatality reviews conducted by the Division of Social
48 Services can appropriately inform Local Team reviews of these cases.
- 49 (7) Work with the Division of Social Services to determine the manner in which
50 information from reviews conducted under this section can be shared with the
51 citizen review panels established under G.S. 108A-15.20.

1 (c) Local Teams have the following powers and duties with respect to reviews that fall
2 under this section:

- 3 (1) To conduct reviews that align with the policies and procedures developed by
4 the State Office for reviews and to seek technical assistance from the State
5 Office as necessary to conduct reviews.
- 6 (2) To conduct, as determined necessary by the Local Team, interviews of any
7 individuals determined to have pertinent information about a death under
8 review and to examine any written materials containing pertinent information,
9 except that the Local Team may not (i) contact or interview family members
10 of the decedent or (ii) conduct an interview or take any other action that would
11 interfere with an investigation by a law enforcement agency or the duties of a
12 district attorney.
- 13 (3) To work with the State Office to produce a report appropriate for public
14 release pursuant to sub-subdivision (b)(3)a. of this section that addresses the
15 findings and recommendations developed pursuant to sub-subdivision (b)(3)a.
16 of this section related to improving coordination between local and State
17 entities. These findings shall not be admissible as evidence in any civil or
18 administrative proceedings against individuals or entities that participate in
19 reviews conducted under this section. In accordance with G.S. 7B-2902, the
20 Local Team shall consult with the appropriate district attorney prior to the
21 public release of a report.

22 **"§ 7B-1407.6. Review of infant deaths.**

23 The State Office shall consult with perinatal health experts as well as participants in reviews
24 of infant deaths to develop criteria to be used by Local Teams to identify at least a subset of
25 additional infant deaths subject to review that fall outside the categories of required reviews
26 specified in subdivisions (1) through (9) of G.S. 7B-1406.5(c). The criteria shall take into account
27 leading causes of infant death, including short gestation, low birthweight, and perinatal
28 complications, and shall be updated at least biannually based on emerging information and data.

29 **"§§ 7B-1407.7 through 7B-1407.9.** Reserved for future codification purposes.

30 **"§ 7B-1407.10. Team findings and reporting.**

31 (a) For each child death reviewed, the Local Team shall make findings addressing at least
32 the following:

- 33 (1) Significant challenges faced by the child or family, the systems with which
34 they interacted, and the response to the incident.
- 35 (2) Notable positive elements in the case that may have promoted resiliency in
36 the child or family, the systems with which they interacted, and the response
37 to the incident.
- 38 (3) Recommendations and initiatives that could be implemented at the State or
39 local level to prevent deaths from similar causes or circumstances in the
40 future.
- 41 (4) Whether the cause or a contributing cause of the death was related to child
42 abuse or neglect as defined by G.S. 7B-101.

43 (b) For each required review of a child's death pursuant to G.S. 7B-1406.5(c),
44 information about the case, including circumstances surrounding the death as well as the Local
45 Team's findings, shall be entered into the National Fatality Review Case Reporting System
46 (NFR-CRS) pursuant to G.S. 7B-1413.5. Local Teams shall make every effort to gather and
47 report information that is collected through any applicable data field in the NFR-CRS, unless
48 State Office guidelines direct otherwise.

49 (c) For each permissive review of a child's death pursuant to G.S. 7B-1406.5(d), the
50 Local Team may, but is not required to, enter case review information into the NFR-CRS.

1 (d) Local Teams shall annually submit a report to the board of county commissioners that
 2 includes recommendations, if any, for systemic improvements and needed resources to address
 3 identified gaps and deficiencies in the existing system. Local Teams shall simultaneously provide
 4 a copy of this report to the State Office.

5 **"§ 7B-1407.15. Duties of medical examiner child fatality staff.**

6 (a) Medical examiner child fatality staff shall work collaboratively with the State Office
 7 and Local Teams to carry out the purposes of the Child Fatality Prevention System and are
 8 required to do at least all of the following:

- 9 (1) Provide Local Teams with access to completed medical examiner reports for
 10 purposes of review.
- 11 (2) Enter relevant information from medical examiner reports on specific child
 12 deaths into the National Fatality Review Case Reporting System.
- 13 (3) Respond to State Office or Task Force requests for data or reports related to
 14 aggregate information on medical jurisdiction child deaths tracked by the
 15 Office of the Chief Medical Examiner.
- 16 (4) Serve as subject matter experts and offer training to law enforcement
 17 personnel related to child death scene investigation and reporting.

18 (b) Nothing in this Article shall be construed to limit the role or responsibilities of
 19 medical examiner child fatality staff as assigned by the Chief Medical Examiner.

20 ...

21 **"§ 7B-1410. ~~Local Teams; duties~~ Duties of the director of the local department of**
 22 **health; ~~health; director of the county department of social services; or~~**
 23 **consolidated health and human services director for counties with consolidated**
 24 **human services.**

25 (a) In addition to any other duties as a member of the Local Team and in connection with
 26 reviews of additional child fatalities, ~~Team,~~ the director of the local department of health
 27 shall:shall do the following:

- 28 (1) Distribute copies of the written procedures developed by the Team
 29 Coordinator under G.S. 7B-1408 to the administrators of all agencies
 30 represented on the Local Team and to all members of the Local Team;
- 31 (1a) Serve along with the Local Team chair as a liaison between the State Office
 32 and the Local Team to communicate information.
- 33 (2) Maintain records, including minutes of all official meetings, lists of
 34 participants for each meeting of the Local Team, and signed confidentiality
 35 statements required under G.S. 7B-1413, in compliance with applicable rules
 36 and ~~law;~~law.
- 37 (3) Provide staff support for ~~these reviews;~~and reviews.
- 38 (4) Report quarterly to the local board of health, or as required by the board, on
 39 the activities of the Local Team.

40 (b) In addition to any other duties as a member of the Local Team, the director of the
 41 local department of social services shall do the following:

- 42 (1) Serve along with the Local Team chair as a liaison between the State Office
 43 and the Local Team to communicate information with respect to cases
 44 reviewed under G.S. 7B-1406.5(e) or G.S. 7B-1407.5.
- 45 (2) Provide staff support for cases reviewed under G.S. 7B-1406.5(e) or
 46 G.S. 7B-1407.5.
- 47 (3) Report quarterly to the county board of social services, or as required by the
 48 board, on the activities of the Team.
- 49 (4) Determine whether and when to request the Local Team or a citizen review
 50 panel to review an active child protective services case pursuant to
 51 G.S. 7B-1406.5(e) and G.S. 108A-15.20.

1 ...

2 **"§ 7B-1412. Task Force – reports.**

3 ~~The~~ Within the first week of the convening or reconvening of the General Assembly, the Task
4 Force shall report annually to the ~~Governor and General Assembly, within the first week of the~~
5 ~~convening or reconvening of the General Assembly. Governor, the General Assembly, the~~
6 ~~Secretary of Health and Human Services, and the Chairs of the House and Senate Appropriations~~
7 ~~Committees on Health and Human Services, the Joint Legislative Oversight Committee on~~
8 ~~Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public~~
9 ~~Safety, and the Joint Legislative Education Oversight Committee.~~ The report shall contain at least
10 ~~a~~ all of the following:

- 11 (1) A summary of the conclusions and recommendations for each of the Task
12 Force's duties, as well as any duties.
- 13 (2) A summary of activities and functioning of the Child Fatality Prevention
14 System as a whole.
- 15 (3) Any other recommendations for changes to any law, rule, or ~~policy~~ policy, or
16 for the implementation of evidence-driven prevention strategies that it has
17 determined will promote the safety and well-being of children. Any
18 recommendations of changes to law, rule, or policy shall be accompanied by
19 specific legislative or policy proposals and detailed fiscal notes setting forth
20 the costs to the State proposals. The Task Force may request assistance from
21 the Fiscal Research Division of the General Assembly in developing fiscal
22 notes or other fiscal information to accompany these recommendations.

23 **"§ 7B-1413. Access to records.**

24 (a) ~~The State Team, the Local Teams, and the Task Force during its existence,~~ Force, and
25 ~~the State Office staff providing to Local Teams technical assistance with a review~~ shall have
26 access to all medical records, hospital records, and records maintained by this State, any county,
27 or any local agency ~~as the Local Teams, the Task Force, or the State Office deems necessary to~~
28 carry out the purposes of this Article, including police investigations data, medical examiner
29 investigative data, health records, mental health records, and social services records. Access to
30 records granted by this subsection is subject to and limited by all relevant federal and State laws
31 whenever applicable. The State Team, the Task Force, and the Local Teams Teams, and the State
32 Office staff shall not, as part of the reviews authorized under this Article, contact, question, or
33 interview the child, the parent of the child, or any other family member of the child whose record
34 is being reviewed. Any member of a Local Team may share, only in an official meeting of that
35 Local Team, any information available to that member that the Local Team needs to carry out its
36 duties.

37 (a1) If a Local Team, the Task Force, or the State Office has requested information that it
38 is entitled to receive under this Article and it has not received such information within 30 days
39 after the request, the requesting entity may apply for a court order to compel disclosure of the
40 information. The application shall state the factors supporting the need for an order compelling
41 disclosure. The requesting entity shall file the application in the district court of the county where
42 the review is being conducted, and the court shall have jurisdiction to issue any orders compelling
43 disclosure. The district courts shall schedule any actions brought under this section for immediate
44 hearing, and the appellate courts shall give priority to appeal proceedings in these actions.

45 (b) Meetings of the ~~State Team and the Local Teams~~ are not subject to the provisions of
46 Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic
47 public meetings to discuss, in a general manner not revealing confidential information about
48 children and families, the findings of their reviews and their recommendations for preventive
49 actions. In the case of the death of a child from suspected abuse or neglect and pursuant to federal
50 law, Local Teams may make certain information public according to G.S. 7B-1407.5(b)(3).
51 Minutes of all public meetings, excluding those of executive sessions, shall be kept in compliance

1 with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other information
2 generated during any closed session shall be sealed from public inspection.

3 (c) ~~All otherwise confidential information and records otherwise confidential under~~
4 ~~federal or State law that are acquired or created by the State Team, the Local Teams, and the~~
5 ~~Task Force during its existence, Force, and the State Office in the exercise of their duties are~~
6 ~~confidential; confidential; are not public records as defined by G.S. 132-1; are not subject to~~
7 ~~discovery or introduction into evidence in any proceedings; and may only be disclosed as~~
8 ~~necessary to carry out the purposes of the State Team, the Local Teams, and the Task Force. In~~
9 ~~addition, all otherwise confidential information and records created by a Local Team in the~~
10 ~~exercise of its duties are confidential; are not subject to discovery or introduction into evidence~~
11 ~~in any proceedings; and may only be disclosed as necessary to carry out the purposes of the Local~~
12 ~~Team. Teams, the Task Force, and the State Office, or as otherwise required by law. No member~~
13 ~~of the State Team, a Local Team, nor any person who attends a meeting of the State Team or a~~
14 ~~Local Team, may testify in any proceeding about what transpired at the meeting, about~~
15 ~~information presented at the meeting, or about opinions formed by the person as a result of the~~
16 ~~meetings. This subsection shall not, however, prohibit a person from testifying in a civil or~~
17 ~~criminal action about matters within that person's independent knowledge. Notwithstanding the~~
18 ~~provisions of this subsection, citizen review panels shall have access to information related to~~
19 ~~child deaths and child death reviews or reviews of active child protective services cases~~
20 ~~conducted under this Article, when such information is relevant to citizen review panel purposes~~
21 ~~connected to evaluating the provision of child protective services.~~

22 (d) Each member of a Local Team and invited participant shall sign a statement indicating
23 an understanding of and adherence to confidentiality requirements, including the possible civil
24 or criminal consequences of any breach of confidentiality.

25 (e) Cases receiving child protective services at the time of review by a Local Team shall
26 have an entry in the child's protective services record to indicate that the case was received by
27 that Team. Additional entry into the record shall be at the discretion of the director of the county
28 department of social services.

29 (f) The Social Services Commission shall adopt rules to implement this section in
30 connection with reviews conducted by ~~Community Child Protection Teams. under~~
31 ~~G.S. 7B-1407.5. The Commission for Public Health shall adopt rules to implement this section~~
32 ~~in connection with Local Teams that review additional child fatalities. Teams. In particular, these~~
33 ~~rules shall allow information generated by an executive session of a Local Team to be accessible~~
34 ~~for administrative or research purposes only.~~

35 **"§ 7B-1413.5. Participation in the National Fatality Review Case Reporting System.**

36 (a) Local Teams, the State Office, and medical examiner child fatality staff shall utilize
37 the National Fatality Review Case Reporting System (NFR-CRS) for the purpose of collecting,
38 analyzing, and reporting on information learned through child death reviews in a manner
39 consistent with this Article. Use of other data systems in addition to the use of the NFR-CRS is
40 not prohibited so long as the use of other data systems does not conflict with this Article or other
41 applicable laws.

42 (b) The State Office shall provide the necessary coordination, training, management, and
43 technical assistance to support North Carolina's full and effective participation in the NFR-CRS
44 and shall work with Local Teams and the national administrators of the NFR-CRS to help ensure
45 effective and appropriate use of the system.

46 (c) The State Office shall provide policies, guidelines, and training for Local Teams that
47 address the use of the NFR-CRS, including (i) appropriate information protection and sharing
48 consistent with applicable State and federal laws, (ii) who is authorized to access the NFR-CRS,
49 and (iii) requirements for accessing the NFR-CRS.

50 **"§ 7B-1414. Administration; funding.**

1 (a) To the extent of funds ~~available~~, available and consistent with G.S. 7B-1402.5(c)(3),
 2 the chairs of the Task Force and State Team may shall work with the Secretary of the Department
 3 of Health and Human Services to hire or designate staff or consultants to assist the Task Force
 4 and the State Team its committees in completing their duties.

5 (b) ~~Members, Nonlegislative members,~~ staff, and consultants of the Task Force ~~or State~~
 6 ~~Team~~ shall receive travel and subsistence expenses in accordance with the provisions of
 7 G.S. 138-5 or G.S. 138-6, as ~~the case may be, paid from funds appropriated to implement this~~
 8 Article and within the limits of those funds appropriate. Legislative members of the Task Force
 9 shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1.

10 (c) With the approval of the Legislative Services Commission, legislative staff and space
 11 in the Legislative Building and the Legislative Office Building may be made available to the
 12 Task Force."

13 **SECTION 9H.15.(g)** G.S. 7B-2902 reads as rewritten:

14 "**§ 7B-2902. Disclosure in child fatality or near fatality cases.**

15 (a) The following definitions apply in this section:

16 ...

17 (2) Findings and information. – A written summary, as allowed by subsections
 18 (c) through (f) of this section, of actions taken or services rendered by a public
 19 agency following receipt of information that a child might be in need of
 20 protection. The written summary shall include any of the following
 21 information the agency is able to provide:

- 22 a. The dates, outcomes, and results of any actions taken or services
 23 rendered.
- 24 b. The results of any review by ~~the State Child Fatality Prevention Team,~~
 25 a local child fatality prevention review team, ~~a local community child~~
 26 ~~protection team, the Child Fatality Task Force,~~ or any public agency.
- 27 c. Confirmation of the receipt of all reports, accepted or not accepted by
 28 the county department of social services, for investigation of suspected
 29 child abuse, neglect, or maltreatment, including confirmation that
 30 investigations were conducted, the results of the investigations, a
 31 description of the conduct of the most recent investigation and the
 32 services rendered, and a statement of basis for the department's
 33 decision.

34 ...

35 (f) Access to criminal investigative reports and criminal intelligence information of
 36 public law enforcement agencies and confidential information in the possession of ~~the State Child~~
 37 ~~Fatality Prevention Team,~~ the local teams, and the Child Fatality Task Force, shall be governed
 38 by G.S. 132-1.4 and G.S. 7B-1413 respectively. Nothing herein shall be deemed to require the
 39 disclosure or release of any information in the possession of a district attorney.

40"

41 **SECTION 9H.15.(h)** Effective January 1, 2025, G.S. 7B-1404, 7B-1405, 7B-1406,
 42 7B-1408, 7B-1409, 7B-1411, and 143B-150.20 are repealed.

43 **SECTION 9H.15.(i)** G.S. 7B-1413.5, as enacted by subsection (f) of this section,
 44 becomes effective July 1, 2025.

45 **ESTABLISHMENT OF NORTH CAROLINA CITIZEN REVIEW PANELS**

46 **SECTION 9H.15.(j)** Part 2B of Article 1 of Chapter 108A of the General Statutes is
 47 amended by adding a new section to read:

48 **"§ 108A-15.20. Citizen review panels.**

49 (a) The Department of Health and Human Services, Division of Social Services, shall
 50 ensure the existence of, at a minimum, three citizen review panels (panels) pursuant to
 51

1 requirements set forth in the federal Child Abuse Prevention and Treatment Act (CAPTA), under
2 sections 106(b)(2)(A)(x) and (c) of 42 U.S.C. § 5101 et seq., as amended. The panels shall be
3 operated and managed by a qualified organization that is independent from any State or county
4 department of social services. The Division of Social Services shall assist any organization
5 managing a panel with providing information, reports, and support the panel needs in carrying
6 out its duties pursuant to this section.

7 (b) Panels shall consist of volunteer members who broadly represent the community in
8 which the panel is established, including members who have expertise in the prevention and
9 treatment of child abuse and neglect, and may include adult former victims of child abuse or
10 neglect.

11 (c) Each panel shall evaluate the extent to which the State is fulfilling its child protection
12 responsibilities in accordance with the Child Abuse Prevention and Treatment Act State Plan by
13 examining the policies, procedures, and practices of State and local child protection agencies,
14 and, when appropriate, reviewing specific cases. A panel may examine any other criteria the
15 panel considers important to ensure the protection of children, including, but not limited to, any
16 of the following:

17 (1) The extent to which the State and local child protective services system is
18 coordinated with the Title IV-E foster care and adoption assistance programs
19 of the Social Security Act.

20 (2) A review of child fatalities.

21 (3) A review of near fatalities in this State. For purposes of this subdivision, a
22 "near fatality" is an act that, as certified by a physician, places the child in
23 serious or critical condition.

24 (d) A panel choosing to examine child fatalities may utilize information and reports about
25 reviews of child fatalities that take place pursuant to Article 14 of Chapter 7B of the General
26 Statutes. The State Office of Child Fatality Prevention or Local Teams, as both are described
27 under G.S. 143B-150.25, acting under that Article shall provide to the panel aggregate
28 information about child death reviews or information about individual case reviews, as requested
29 by the panel. A panel choosing to examine specific child protective services cases may do so
30 based on a request for review of a case from a director of a county department of social services
31 or as deemed necessary by the panel in carrying out its duties.

32 (e) Panels shall have access to information maintained by any State or local government
33 entity where the panel has a need for the information to carry out its functions pursuant to this
34 section. Panel members shall not disclose to any person or government official any identifying
35 information about any specific child protection case in which the panel is provided information
36 and shall not make public other information unless otherwise authorized by law.

37 (f) Panels shall provide for public outreach and comment to assess the impact of current
38 procedures and practices on children and families.

39 (g) Panels shall prepare and make available to the State and the public an annual report
40 containing a summary of the activities of the panels and recommendations to improve the child
41 protection services system at the State and local levels. The report shall not contain any
42 identifying information about any specific child protection case. No later than six months after
43 the date the panels submit the report, the Division of Social Services shall submit a written
44 response to State and local child protection systems and the citizen review panels that describes
45 whether or how the State will incorporate the recommendations of the panels, when appropriate,
46 to make measurable progress in improving the State and local child protection system."

47 **SECTION 9H.15.(k)** Subsection (j) of this section becomes effective January 1,
48 2025.

49 **EFFECTIVE DATE OF SECTION**
50

1 **SECTION 9H.15.(l)** Except as otherwise provided, this section is effective when it
2 becomes law.

3
4
5 **PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING**

6
7 **PART IX-J. SOCIAL SERVICES**

8
9 **TANF BENEFIT IMPLEMENTATION**

10 **SECTION 9J.1.(a)** The General Assembly approves the plan titled "North Carolina
11 Temporary Assistance for Needy Families State Plan FY 2022-2025," prepared by the
12 Department of Health and Human Services and presented to the General Assembly. The North
13 Carolina Temporary Assistance for Needy Families State Plan covers the period of October 1,
14 2022, through September 30, 2025. The Department shall submit the State Plan, as revised in
15 accordance with subsection (b) of this section, to the United States Department of Health and
16 Human Services.

17 **SECTION 9J.1.(b)** The counties approved as Electing Counties in the North
18 Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025, as approved by
19 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

20 **SECTION 9J.1.(c)** Counties that submitted the letter of intent to remain as an
21 Electing County or to be redesignated as an Electing County and the accompanying county plan
22 for years 2022 through 2025, pursuant to G.S. 108A-27(e), shall operate under the Electing
23 County budget requirements effective July 1, 2022. For programmatic purposes, all counties
24 referred to in this subsection shall remain under their current county designation through
25 September 30, 2025.

26 **SECTION 9J.1.(d)** For each year of the 2023-2025 fiscal biennium, Electing
27 Counties shall be held harmless to their Work First Family Assistance allocations for the
28 2022-2023 fiscal year, provided that remaining funds allocated for Work First Family Assistance
29 and Work First Diversion Assistance are sufficient for payments made by the Department on
30 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

31 **SECTION 9J.1.(e)** In the event that departmental projections of Work First Family
32 Assistance and Work First Diversion Assistance for the 2023-2024 fiscal year or the 2024-2025
33 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and
34 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the
35 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work
36 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite
37 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain
38 approval by the Office of State Budget and Management. If the Department adjusts the allocation
39 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative
40 Oversight Committee on Health and Human Services and the Fiscal Research Division.

41
42 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE**
43 **ENHANCEMENTS, AND REPORT**

44 **SECTION 9J.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the
45 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to
46 children and families in cases of abuse, neglect, and dependency where a child is at imminent
47 risk of removal from the home and to children and families in cases of abuse where a child is not
48 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.
49 The IFPS shall ensure the application of standardized assessment criteria for determining
50 imminent risk and clear criteria for determining out-of-home placement.

1 **SECTION 9J.2.(b)** The Department of Health and Human Services shall require that
2 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall
3 provide information and data that allows for the following:

- 4 (1) An established follow-up system with a minimum of six months of follow-up
5 services.
- 6 (2) Detailed information on the specific interventions applied, including
7 utilization indicators and performance measurement.
- 8 (3) Cost-benefit data.
- 9 (4) Data on long-term benefits associated with IFPS. This data shall be obtained
10 by tracking families through the intervention process.
- 11 (5) The number of families remaining intact and the associated interventions
12 while in IFPS and 12 months thereafter.
- 13 (6) The number and percentage, by race, of children who received IFPS compared
14 to the ratio of their distribution in the general population involved with Child
15 Protective Services.

16 **SECTION 9J.2.(c)** The Department shall continue implementing a
17 performance-based funding protocol and shall only provide funding to those programs and
18 entities providing the required information specified in subsection (b) of this section. The amount
19 of funding shall be based on the individual performance of each program.

20 **SECTION 9J.2.(d)** The Department shall submit an annual report to the Joint
21 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
22 Division by December 1 of each year that provides the information and data collected pursuant
23 to subsection (b) of this section.
24

25 **CHILD CARING INSTITUTIONS**

26 **SECTION 9J.3.** Until the Social Services Commission adopts rules setting
27 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the
28 maximum reimbursement for child caring institutions shall not exceed the rate established for the
29 specific child caring institution by the Department of Health and Human Services, Office of the
30 Controller. In determining the maximum reimbursement, the State shall include county and IV-E
31 reimbursements.
32

33 **USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

34 **SECTION 9J.4.** Of the funds available for the provision of foster care services, the
35 Department of Health and Human Services, Division of Social Services, may continue to provide
36 for the financial support of children who are deemed to be (i) in a permanent family placement
37 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.
38 No additional expenses shall be incurred beyond the funds budgeted for foster care for the
39 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include
40 provisions for extending guardianship services for individuals and youth who exited foster care
41 through the Guardianship Assistance Program after 14 years of age or who have attained the age
42 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if
43 the individual is (i) completing secondary education or a program leading to an equivalent
44 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)
45 participating in a program or activity designed to promote, or remove barriers to, employment,
46 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or
47 employment requirements of this section due to a medical condition or disability. The
48 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board
49 and be set at the same rate as the foster care room and board rates in accordance with rates
50 established under G.S. 108A-49.1.
51

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9J.5.(a) Funds appropriated in this act from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9J.5.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9J.5.(c) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars (\$339,493) for each year of the 2023-2025 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9J.5.(d) Funds appropriated in this act to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9J.6.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.
- (2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.
- (3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9J.6.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

- (1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

- 1 (2) Upon adopting an alternative formula, develop a process to phase in the
2 alternative formula for distributing federal incentive funding over a four-year
3 period.

4 **SECTION 9J.6.(c)** Reporting by County Child Support Services Programs. –
5 NCCSS shall continue implementing guidelines that identify appropriate uses for federal
6 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county
7 child support services programs to comply with each of the following:

- 8 (1) Submit an annual plan describing how federal incentive funding would
9 improve program effectiveness and efficiency as a condition of receiving
10 federal incentive funding.
11 (2) Report annually on the following: (i) how federal incentive funding has
12 improved program effectiveness and efficiency and been reinvested into their
13 programs, (ii) provide documentation that the funds were spent according to
14 their annual plans, and (iii) explain any deviations from their plans.

15 **SECTION 9J.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal
16 child support incentive funding to the Joint Legislative Oversight Committee on Health and
17 Human Services and the Fiscal Research Division by November 1 of each year. The report shall
18 describe how federal incentive funds enhanced centralized child support services to benefit
19 county child support services programs and improved the effectiveness and efficiency of county
20 child support services programs. The report shall further include any changes to the State process
21 that NCCSS used in calculating and distributing federal incentive funding to county child support
22 services programs and any recommendations for further changes.

23 24 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

25 **SECTION 9J.7.** The Foster Care Transitional Living Initiative Fund shall continue
26 to fund and support transitional living services that demonstrate positive outcomes for youth,
27 attract significant private sector funding, and lead to the development of evidence-based
28 programs to serve the at-risk population described in this section. The Fund shall continue to
29 support a demonstration project with services provided by Youth Villages to (i) improve
30 outcomes for youth ages 17-21 years who transition from foster care through implementation of
31 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and
32 juvenile and adult correction services associated with the provision of Transitional Living
33 Services to youth aging out of foster care, and (iii) take necessary steps to establish an
34 evidence-based transitional living program available to all youth aging out of foster care. In
35 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall
36 support the following strategies:

- 37 (1) Transitional Living Services, which is an outcome-based program that follows
38 the Youth Villages Transitional Living Model. Outcomes on more than 7,000
39 participants have been tracked since the program's inception. The program has
40 been evaluated through an independent randomized controlled trial. Results
41 indicate that the Youth Villages Transitional Living Model had positive
42 impacts in a variety of areas, including housing stability, earnings, economic
43 hardship, mental health, and intimate partner violence in comparison to the
44 control population.
45 (2) Public-Private Partnership, which is a commitment by private-sector funding
46 partners to match at least twenty-five percent (25%) of the funds appropriated
47 to the Foster Care Transitional Living Initiative Fund for the 2023-2025 fiscal
48 biennium for the purposes of providing Transitional Living Services through
49 the Youth Villages Transitional Living Model to youth aging out of foster
50 care.

- 1 (3) Impact Measurement and Evaluation, which are services funded through
2 private partners to provide independent measurement and evaluation of the
3 impact the Youth Villages Transitional Living Model has on the youth served,
4 the foster care system, and on other programs and services provided by the
5 State which are utilized by former foster care youth.
- 6 (4) Advancement of Evidence-Based Process, which is the implementation and
7 ongoing evaluation of the Youth Villages Transitional Living Model for the
8 purposes of establishing the first evidence-based transitional living program
9 in the nation. To establish the evidence-based program, additional randomized
10 controlled trials may be conducted to advance the model.

11
12 **PERMANENCY INNOVATION INITIATIVE/CODIFY SUPPLEMENTATION OF**
13 **FEDERAL FUNDS REQUIREMENT**

14 **SECTION 9J.8.** G.S. 131D-10.9B is amended by adding a new subsection to read:

15 "(b1) State funds provided for the Permanency Innovation Initiative Fund shall be used to
16 supplement, not supplant, all available federal matching funds."

17
18 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

19 **SECTION 9J.9.(a)** Funds appropriated in this act to the Department of Health and
20 Human Services, Division of Social Services (Division), for each year of the 2023-2025 fiscal
21 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and
22 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor
23 costs to generate the data regarding expenditures of those programs. The vendor shall generate
24 data to be submitted to the Division that includes, at a minimum, each of the following:

- 25 (1) The dollar amount and number of transactions accessed or expended
26 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 27 (2) The amount of benefits expended out-of-state, by state, from active cases for
28 both SNAP and TANF.
- 29 (3) The dollar amount and number of transactions of benefits accessed or
30 expended in this State, by types of retailers or institutions, for both SNAP and
31 TANF.

32 **SECTION 9J.9.(b)** Upon receiving the expenditures data for SNAP and TANF from
33 the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the
34 Division shall submit a report on its analysis of the data by June 30 and December 31 of each
35 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
36 Research Division. The Division shall post its report required by this subsection on its website
37 and otherwise make the data available by June 30 and December 31 of each year. In the first
38 report required by this section, the Division shall report how this data is used to investigate fraud
39 and abuse in both SNAP and TANF. The Division shall also report on other types of data and
40 how that data is utilized in the detection of fraud and abuse.

41 **SECTION 9J.9.(c)** The Division shall maintain the confidentiality of information
42 not public under Chapter 132 of the General Statutes. The Division shall properly redact any
43 information subject to reporting under this section to prevent identification of individual
44 recipients of SNAP or TANF benefits.

45
46 **CHILD ADVOCACY CENTER FUNDS**

47 **SECTION 9J.11.** Of the funds appropriated in this act to the Department of Health
48 and Human Services, Division of Social Services, the sum of three million dollars (\$3,000,000)
49 in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the
50 Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization. At
51 least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in

1 this State that are in good standing with CACNC in accordance with the requirements of
2 G.S. 108A-75.2, as enacted in Section 1(a) of S.L. 2023-96.

4 **FOSTER CARE TRAUMA-INFORMED ASSESSMENT**

5 **SECTION 9J.12.(a)** Appropriation; Purpose. – Of the funds appropriated in this act
6 to the Department of Health and Human Services, Division of Social Services (Division), the
7 sum of seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each year of
8 the 2023-2025 fiscal biennium shall be used for the development of a foster care
9 trauma-informed, standardized assessment. The Division shall develop the assessment in
10 partnership with the divisions, individuals, agencies, and organizations set forth in subsection (b)
11 of this section. The purpose of the assessment is to assist children (i) who are at risk of entry into
12 foster care or currently in foster care and have experienced trauma warranting the involvement
13 of the Division of Social Services (Division) and other child welfare agencies and (ii) who, as a
14 result of the trauma, are at a higher risk of needing behavioral health or intellectual or
15 developmental disability services.

16 **SECTION 9J.12.(b)** Membership. – The partnership developing the
17 trauma-informed, standardized assessment shall consist of all of the following members:

- 18 (1) Representatives from all of the following divisions of the Department of
19 Health and Human Services: the Division of Social Services, the Division of
20 Health Benefits, the Division of Mental Health, Developmental Disabilities,
21 and Substance Use Services, and the Division of Family and Child
22 Well-Being.
- 23 (2) Prepaid health plans, as defined in G.S. 108D-1, and primary care case
24 management entities, as defined in 42 C.F.R. § 438.2, that serve children at
25 risk of entry into foster care and children who are currently in foster care.
- 26 (3) Representatives from county departments of social services.
- 27 (4) Benchmarks, a nonprofit corporation.
- 28 (5) Individuals with lived experiences.
- 29 (6) Others identified by the partnership based upon areas of expertise.

30 **SECTION 9J.12.(c)** Plan Development. – In developing the trauma-informed,
31 standardized assessment, the partnership shall develop a rollout plan with a goal of implementing
32 the trauma-informed, standardized assessment statewide in all 100 counties. The rollout plan
33 shall include all of the following:

- 34 (1) The development of the trauma-informed, standardized assessment template
35 by March 31, 2024.
- 36 (2) The finalized trauma-informed, standardized assessment template by
37 September 30, 2024, including the standardized training curriculum,
38 methodology for training, the selection of a vendor to manage and conduct the
39 training and determine the process for the statewide rollout, and coordination
40 with tribal jurisdictions.
- 41 (3) The phased-in approach of the trauma-informed, standardized assessment
42 beginning on October 1, 2024, and operating statewide by September 30,
43 2025.
- 44 (4) The establishment of a base rate for the trauma-informed, standardized
45 assessment that supports the oversight, training, and monitoring of the fidelity
46 to the trauma-informed, standardized assessment.
- 47 (5) The establishment of a standardized workflow of notifications to the payers
48 and child welfare agencies, including the following recommended service
49 processes:
 - 50 a. Time lines for recommended access and implementation of services
51 from date of referral.

1 b. Network and provider capacity to meet expected time lines. In the
2 event the behavioral health service provision is in a region served by
3 a BH IDD tailored plan or in an LME/MCO catchment area that has a
4 gap in provider capacity to meet the recommended time lines, the
5 network shall be open to providers for additional provider enrollment.

6 (6) The identification of core outcomes to measure the success of the project and
7 impact of youth receiving the trauma-informed, standardized assessments in
8 a timely manner by a trained workforce.

9 (7) The establishment of a statewide implementation training plan that includes
10 oversight of fidelity to the trauma-informed, standardized assessment for staff
11 conducting the assessment within specified time frames. Medicaid managed
12 care plans shall be required to open their provider networks to obtain the
13 necessary number of trauma-informed providers if the existing network
14 cannot meet the needs of the community. The training plan shall be enacted
15 and implemented within the same time lines established with the rollout
16 schedule.

17 **SECTION 9J.12.(d)** Guidelines. – In developing the trauma-informed, standardized
18 assessment and the rollout plan, the Department of Health and Human Services shall ensure the
19 trauma-informed, standardized assessment does, at a minimum, all of the following:

20 (1) That juveniles between the ages of 4 and 17 being placed into foster care
21 receive a trauma-informed, standardized assessment within 10 working days
22 of their referral.

23 (2) That each juvenile who is included in any Medicaid children and families
24 specialty plan, regardless of their type of placement, receives a
25 trauma-informed, standardized assessment.

26 (3) That each trauma-informed, standardized assessment may be administered in
27 a face-to-face or telehealth encounter.

28 (4) That the county department of social services makes the referral for a
29 trauma-informed, standardized assessment within five working days of a
30 determination of abuse or neglect of the juvenile in accordance with
31 G.S. 7B-302.

32 (5) After obtaining parental consent, that a juvenile is able to receive a
33 trauma-informed, standardized assessment if the county department of social
34 services makes the determination that the juvenile is at imminent risk for entry
35 into foster care.

36 (6) Allows for individuals between the ages of 18 and 21 to receive an assessment,
37 if necessary.

38 (7) Provides an evidence-informed and standardized template and content for the
39 assessment.

40 (8) In the event the juvenile has an assigned care manager under the Medicaid
41 program, that the responsible care management entity is notified of the referral
42 for the assessment and to whom.

43 **SECTION 9J.12.(e)** Implementation Requirements. – The Department of Health and
44 Human Services shall also do all of the following in implementing the trauma-informed,
45 standardized assessment and the rollout plan:

46 (1) Leverage the expertise and lessons learned from the entities included in the
47 partnership who have successfully implemented trauma-informed,
48 standardized assessments and training venues.

49 (2) Complete any required documentation and, as applicable, leverage all
50 available federal revenues for such activities, including opioid settlements,

- 1 Medicaid, federal block grant funds, and social services or behavioral plans
2 or grants.
- 3 (3) Amend any existing contracts between the Department and entities who have
4 the expertise to manage the trauma-informed, standardized assessment and the
5 rollout plan to include the creation of a training plan and requirements to
6 monitor implementation of the assessment and rollout plan to ensure the
7 fidelity of the service and delivery are maintained.
- 8 (4) Create a Division of Social Services Statewide Dashboard representing the
9 status of the trauma-informed, standardized assessment implementation and
10 the rollout plan, updated monthly, that includes all of the following:
- 11 a. Referrals.
12 b. Case management.
13 c. Assessments.
14 d. Lag between referrals, assessments, and service initiation.
15 e. Youth personal outcomes, not based on process, but instead focused
16 on supporting permanency.
17 f. Any other elements identified by the partnership.

18 TRANSPORTATION OF HIGH-RISK JUVENILES

19 **SECTION 9J.13.** Article 9 of Chapter 7B of the General Statutes is amended by
20 adding a new section to read:

21 **"§ 7B-905.2. Transportation of high-risk juveniles.**

22 (a) The director of a county department of social services who has invoked the
23 jurisdiction of the court under this Article, and who is serving as custodian over a juvenile, is
24 authorized to make a written request to a high-risk juvenile transporter to transport a high-risk
25 juvenile upon determining assistance with placement responsibilities for the juvenile is
26 necessary. If a high-risk juvenile transporter agrees to provide transportation pursuant to this
27 section, transportation shall be provided in the county in which the juvenile resides but is not
28 limited to transportation within that county. For purposes of this section, the following definitions
29 shall apply:

30 (1) High-risk juvenile. – A juvenile who is under 18 years of age who has been
31 abused or neglected, who has serious emotional, mental, or behavioral
32 disturbances that pose a risk of harm to self or others, and who resides outside
33 of a residential placement due to the serious emotional, mental, or behavioral
34 disturbances.

35 (2) High-risk juvenile transporter. – A law enforcement agency, the Division of
36 Juvenile Justice of the Department of Public Safety, or the Department of
37 Adult Correction and includes the designated staff of those agencies.

38 (b) In providing transportation as required by this section, a high-risk juvenile transporter
39 may use reasonable force to restrain the high-risk juvenile if it appears necessary to protect the
40 high-risk juvenile transporter or other individuals. Any use of restraints shall be as reasonably
41 determined by the high-risk juvenile transporter to be necessary under the circumstances for the
42 safety of the high-risk juvenile, the high-risk juvenile transporter, or other persons.

43 (c) No high-risk juvenile transporter providing transportation of a high-risk juvenile may
44 be held criminally or civilly liable for assault, false imprisonment, or other torts or crimes on
45 account of reasonable measures taken under the authority of this Article. Additionally, a high-risk
46 juvenile transporter is immune from any civil or criminal liability that might otherwise be
47 incurred or imposed as a result of any omission or action taken pursuant to the requirements of
48 this section, provided the high-risk juvenile transporter was acting in good faith. The immunity
49 established by this subsection does not extend to gross negligence, wanton conduct, or intentional
50 wrongdoing that would otherwise be actionable.

(d) The director of the county department of social services may enter into a "transportation agreement" with a high-risk juvenile transporter to establish requirements, procedures, and guidelines for transporting high-risk juveniles. The cost and expenses of transporting a high-risk juvenile pursuant to this section are the responsibility of the county department of social services having custody of the high-risk juvenile.

PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH DISABILITIES

PART IX-L. HHS MISCELLANEOUS

CONFORM PRIVILEGE EXEMPTIONS FOR PSYCHIATRISTS, LICENSED MARRIAGE AND FAMILY THERAPISTS, SOCIAL WORKERS, CLINICAL MENTAL HEALTH COUNSELORS, AND PSYCHOLOGISTS

SECTION 9L.1.(a) G.S. 14-318.6(h) reads as rewritten:

"(h) Nothing in this section shall be construed as to require a person with (i) a privilege under G.S. 8-53.3, 8-53.7, 8-53.8, or ~~8-53.12~~ or with ~~8-53.12~~, (ii) attorney-client ~~privilege~~ privilege, or (iii) psychiatrist-client or patient privilege to report pursuant to this section if that privilege would prevent them from doing so. Nothing in this section shall be construed as requiring a licensed marriage and family therapist with a privilege under G.S. 8-53.5 to report pursuant to this section if that privilege would prevent that person from doing so, but the privilege only applies to the primary client and not to any other family members. For purposes of this subsection, the term "primary client" means a person who contracts with a licensed marriage and family therapist for professional services for the purpose of diagnosis or treatment."

SECTION 9.1.(b) This section is effective when it becomes law.

PART IX-M. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2023-2024	FY 2024-2025
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Local Program Expenditures

Division of Social Services

01. Work First Family Assistance	\$31,328,255	\$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,001,676	4,001,676
05. Child Protective Services – Child Welfare		

1	Workers for Local DSS	11,387,190	11,387,190
2			
3	06. Child Welfare Program Improvement Plan	775,176	775,176
4			
5	07. Child Welfare Collaborative	400,000	400,000
6			
7	08. Child Welfare Initiatives	1,400,000	1,400,000
8			
9	Division of Child Development and Early Education		
10			
11	09. Subsidized Child Care Program	45,813,694	45,813,694
12			
13	10. Swap-Child Care Subsidy	12,600,000	12,600,000
14			
15	11. NC Pre-K Services	68,300,000	68,300,000
16			
17	Division of Public Health		
18			
19	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
20			
21	DHHS Administration		
22			
23	13. Division of Social Services	2,478,284	2,478,284
24			
25	14. Division of Child and Family Well-Being	3,976	3,976
26			
27	15. Office of the Secretary	34,042	34,042
28			
29	16. Eligibility Systems – Operations and		
30	Maintenance	431,733	431,733
31			
32	17. NC FAST Implementation	428,239	428,239
33			
34	18. Division of Social Services – Workforce		
35	Innovation & Opportunity Act (WIOA)	93,216	93,216
36			
37	19. Division of Social Services TANF Modernization	1,667,571	1,667,571
38			
39	Transfers to Other Block Grants		
40			
41	Division of Child Development and Early Education		
42			
43	20. Transfer to the Child Care and		
44	Development Fund	21,773,001	21,773,001
45			
46	Division of Social Services		
47			
48	21. Transfer to Social Services Block		
49	Grant for Child Protective Services –		
50	Training	285,612	285,612
51			

1	22. Transfer to Social Services Block		
2	Grant for Child Protective Services	5,040,000	5,040,000
3			
4	23. Transfer to Social Services Block		
5	Grant for County Departments of		
6	Social Services for Children's Services	13,097,783	13,166,244
7			
8	24. Transfer to Social Services Block		
9	Grant – Foster Care Services	3,422,219	3,422,219
10			
11	25. Transfer to Social Services Block	1,582,000	1,582,000
12	Grant – Child Advocacy Centers		
13			
14	TOTAL TEMPORARY ASSISTANCE FOR		
15	NEEDY FAMILIES (TANF) FUNDS	\$312,353,987	\$312,353,987
16			
17	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)		
18	EMERGENCY CONTINGENCY FUNDS		
19			
20	Local Program Expenditures		
21			
22	Division of Child Development and Early Education		
23			
24	01. Subsidized Child Care	\$34,440,000	\$35,440,000
25			
26	TOTAL TEMPORARY ASSISTANCE FOR		
27	NEEDY FAMILIES (TANF) EMERGENCY		
28	CONTINGENCY FUNDS	\$34,440,000	\$35,440,000
29			
30	SOCIAL SERVICES BLOCK GRANT		
31			
32	Local Program Expenditures		
33			
34	Divisions of Social Services and Aging and Adult Services		
35			
36	01. County Departments of Social Services	\$19,905,849	\$19,837,388
37			
38	02. County Departments of Social Services		
39	(Transfer From TANF)	13,097,783	13,166,244
40			
41	03. EBCI Tribal Public Health and Human Services	244,740	244,740
42			
43	04. Child Protective Services		
44	(Transfer From TANF)	5,040,000	5,040,000
45			
46	05. State In-Home Services Fund	1,943,950	1,943,950
47			
48	06. Adult Protective Services	2,138,404	2,138,404
49			
50	07. State Adult Day Care Fund	1,994,084	1,994,084
51			

1	08. Child Protective Services/CPS		
2	Investigative Services – Child Medical		
3	Evaluation Program	901,868	901,868
4			
5	09. Special Children Adoption Incentive Fund	462,600	462,600
6			
7	10. Child Protective Services – Child		
8	Welfare Training for Counties		
9	(Transfer From TANF)	285,612	285,612
10			
11	11. Home and Community Care Block		
12	Grant (HCCBG)	2,696,888	2,696,888
13			
14	12. Child Advocacy Centers		
15	(Transfer From TANF)	1,582,000	1,582,000
16			
17	13. Guardianship – Division of Social Services	1,802,671	1,802,671
18			
19	14. Foster Care Services		
20	(Transfer From TANF)	3,422,219	3,422,219
21	14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000
22			
23	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
24			
25	15. Mental Health Services – Adult and		
26	Child/Developmental Disabilities Program/ Substance Use Services – Adult	4,149,595	4,149,595
27			
28			
29	15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
30			
31	15B. The Arc of North Carolina, Inc.	271,074	271,074
32			
33	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
34			
35	DHHS Program Expenditures		
36			
37	Division of Services for the Blind		
38			
39	16. Independent Living Program & Program		
40	Oversight	3,880,429	3,880,429
41			
42	Division of Health Service Regulation		
43			
44	17. Adult Care Licensure Program	557,598	557,598
45			
46	18. Mental Health Licensure and		
47	Certification Program	266,158	266,158
48			
49	Division of Aging and Adult Services		
50			
51	19. Guardianship	3,825,443	3,825,443

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DHHS Administration

20. Division of Aging and Adult Services	743,284	743,284
21. Division of Social Services	1,042,894	1,042,894
22. Office of the Secretary/Controller's Office	639,167	639,167
23. Legislative Increases/Fringe Benefits	293,655	587,310
24. Division of Child Development and Early Education	13,878	13,878
25. Division of Mental Health, Developmental Disabilities, and Substance Use Services	28,325	28,325
26. Division of Health Service Regulation	258,960	258,960

TOTAL SOCIAL SERVICES BLOCK GRANT \$75,992,579 \$76,286,234

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**Local Program Expenditures****Division of Social Services**

01. Low-Income Energy Assistance Program (LIEAP)	\$67,836,069	\$67,836,069
02. Crisis Intervention Program (CIP)	45,214,330	45,214,330

Local Administration**Division of Social Services**

03. County DSS Administration	8,789,246	8,789,246
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DHHS Administration**Division of Social Services**

04. Administration	10,000	10,000
05. Energy Portal (FIS Transaction Fees)	25,000	25,000

Division of Central Management and Support

06. Office of the Secretary/Division of Information Resource Management (DIRM) (Accountable Results for Community Action (AR4CA) Replacement System)	166,750	166,750
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1			
2	07. Office of the Secretary/DIRM	278,954	278,954
3			
4	08. Office of the Secretary/Controller's Office	18,378	18,378
5			
6	09. NC FAST Development	627,869	627,869
7			
8	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
9			
10	Transfers to Other State Agencies		
11			
12	Department of Environmental Quality		
13			
14	11. Weatherization Program	13,220,309	13,220,309
15			
16	12. Heating Air Repair and Replacement		
17	Program (HARRP)	8,075,029	8,075,029
18			
19	13. Local Residential Energy Efficiency Service		
20	Providers – Weatherization	787,097	787,097
21			
22	14. Local Residential Energy Efficiency Service		
23	Providers – HARRP	437,276	437,276
24			
25	15. DEQ – Weatherization Administration	859,976	859,976
26			
27	16. DEQ – HARRP Administration	539,307	539,307
28			
29	Department of Administration		
30			
31	17. N.C. Commission on Indian Affairs	87,736	87,736
32			
33	TOTAL LOW-INCOME ENERGY		
34	ASSISTANCE BLOCK GRANT	\$148,303,649	\$148,303,649
35			
36	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
37			
38	Local Program Expenditures		
39			
40	Division of Child Development and Early Education		
41			
42	01. Child Care Services	\$289,070,072	\$289,070,072
43			
44	02. Smart Start Subsidy	7,392,654	7,392,654
45			
46	03. Transfer from TANF Block Grant		
47	for Child Care Subsidies	21,773,001	21,773,001
48			
49	04. Quality and Availability Initiatives		
50	(TEACH Program \$3,800,000)	61,980,526	61,980,526
51			

1	DHHS Administration		
2			
3	Division of Child Development and Early Education		
4			
5	05. DCDEE Administrative Expenses	9,710,886	9,710,886
6			
7	06. Indirect Cost	7,346	7,346
8			
9	Division of Social Services		
10			
11	07. Direct Deposit for Child Care Payments	5,000	5,000
12			
13	08. Local Subsidized Child Care		
14	Services Support	18,780,355	18,780,355
15			
16	Division of Central Management and Support		
17			
18	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
19			
20	10. DHHS Central Administration – DIRM		
21	Technical Services	979,762	979,762
22			
23	11. DHHS Central Administration	68,000	68,000
24			
25	Division of Child and Family Well-Being		
26			
27	12. Child Care Health Consultation Contracts	62,205	62,205
28			
29	TOTAL CHILD CARE AND DEVELOPMENT		
30	FUND BLOCK GRANT	\$411,280,123	\$411,280,123
31			
32	COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT		
33			
34	Local Program Expenditures		
35			
36	01. Mental Health Services – Child	\$2,477,666	\$2,477,666
37			
38	02. Mental Health Services – Adult/Child	19,690,452	19,690,452
39			
40	03. Mental Health Services – First		
41	Psychotic Symptom Treatment	5,416,756	5,416,756
42			
43	04. Child Behavioral Health (Division of Child		
44	and Family Well-Being)	5,246,350	5,246,350
45			
46	DHHS Administration		
47			
48	Division of Child and Family Well-Being		
49			
50	05. Administration	140,000	140,000
51			

1	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
2			
3	06. Crisis Services	2,877,047	2,877,047
4			
5	07. Administration	332,351	332,351
6			
7	08. Adult/Child Mental Health Services	350,150	350,150
8			
9	Division of Public Health		
10			
11	09. NC Detect – Behavioral Health ER	35,000	35,000
12			
13	TOTAL COMMUNITY MENTAL HEALTH SERVICES		
14	BLOCK GRANT	\$36,565,772	\$36,565,772
15			
16	SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES		
17	BLOCK GRANT		
18			
19	Local Program Expenditures		
20			
21	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
22			
23	01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
24			
25	02. Substance Abuse Prevention	20,245,927	20,245,927
26			
27	03. Substance Use Services – Treatment for		
28	Children/Adults		
29	(Healing Transitions, Inc. \$200,000;		
30	Triangle Residential Options for Substance		
31	Abusers, Inc., (TROSAs) \$3,225,000;		
32	First Step Farm of WNC, Inc. \$100,000;		
33	Addiction Recovery Care Association, Inc.,		
34	(ARCA) \$2,000,000)	45,176,849	45,176,848
35			
36	DHHS Program Expenditures		
37			
38	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
39			
40	04. Crisis Solutions Initiatives – Collegiate		
41	Wellness/Addiction Recovery	1,545,205	1,545,205
42			
43	05. Veterans Initiatives	250,000	250,000
44			
45	DHHS Administration		
46			
47	Division of Mental Health, Developmental Disabilities, and Substance Use Services		
48			
49	07. Administration	2,297,852	2,297,852
50			
51	08. Controlled Substance Reporting System	675,000	675,000

1			
2	TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY		
3	SERVICES BLOCK GRANT	\$72,190,833	\$72,190,832
4			
5	MATERNAL AND CHILD HEALTH BLOCK GRANT		
6			
7	Local Program Expenditures		
8			
9	Division of Child and Family Well-Being		
10			
11	01. Children's Health Services		
12	(Prevent Blindness \$575,000;		
13	Nurse-Family Partnership \$1,102,308)	\$11,321,889	\$11,321,889
14			
15	Division of Public Health		
16			
17	02. Women's and Children's Health Services		
18	(March of Dimes \$350,000; Sickle Cell		
19	Centers \$100,000; Teen Pregnancy Prevention		
20	Initiatives \$650,000; Perinatal & Neonatal Outreach		
21	Coordinator Contracts \$440,000; Mountain Area		
22	Pregnancy Services \$50,000)	3,609,392	3,609,392
23			
24	03. Oral Health	51,119	51,119
25			
26	04. Evidence-Based Programs in Counties		
27	With the Highest Infant Mortality Rates	1,727,307	1,727,307
28			
29	DHHS Program Expenditures		
30			
31	05. Children's Health Services	1,344,492	1,344,492
32			
33	06. Women's Health – Maternal Health	252,695	252,695
34			
35	07. Women's and Children's Health – Perinatal		
36	Strategic Plan Support Position	80,669	80,669
37			
38	08. State Center for Health Statistics	158,583	158,583
39			
40	09. Health Promotion – Injury and		
41	Violence Prevention	87,271	87,271
42			
43	DHHS Administration		
44			
45	10. Division of Public Health Administration	340,646	340,646
46			
47	11. Division of Child and Family Well-Being		
48	Administration	211,925	211,925
49			
50	TOTAL MATERNAL AND CHILD		
51	HEALTH BLOCK GRANT	\$19,185,988	\$19,185,988

1			
2	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
3			
4	Local Program Expenditures		
5			
6	01. Physical Activity and Prevention	\$3,081,442	\$3,081,442
7			
8	DHHS Program Expenditures		
9			
10	Division of Public Health		
11			
12	02. HIV/STD Prevention and		
13	Community Planning	135,063	135,063
14			
15	03. Oral Health Preventive Services	150,000	150,000
16			
17	04. Injury and Violence Prevention		
18	(Services to Rape Victims – Set-Aside)	217,935	217,935
19			
20	05. Performance Improvement and		
21	Accountability	560,182	560,182
22			
23	06. State Center for Health Statistics	48,000	48,000
24			
25	DHHS Administration		
26			
27	Division of Public Health		
28			
29	07. Division of Public Health	65,000	65,000
30			
31	TOTAL PREVENTIVE HEALTH AND HEALTH		
32	SERVICES BLOCK GRANT	\$4,257,622	\$4,257,622
33			
34	COMMUNITY SERVICES BLOCK GRANT		
35			
36	01. Community Action Agencies	\$22,862,029	\$20,244,923
37			
38	02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
39			
40	03. Office of Economic Opportunity	1,077,552	1,124,718
41			
42	04. Office of the Secretary/DIRM (Accountable Results for		
43	Community Action (AR4CA) Replacement System)	560,000	560,000
44			
45	05. Office of Economic Opportunity – Workforce		
46	Investment Opportunities Act (WIOA)	60,000	60,000
47			
48	TOTAL COMMUNITY SERVICES		
49	BLOCK GRANT	\$25,017,134	\$22,494,359
50			
51	GENERAL PROVISIONS		

1 **SECTION 9M.1.(b)** Information to be Included in Block Grant Plans. – The
2 Department of Health and Human Services shall submit a separate plan for each Block Grant
3 received and administered by the Department, and each plan shall include the following:

- 4 (1) A delineation of the proposed allocations by program or activity, including
5 State and federal match requirements.
- 6 (2) A delineation of the proposed State and local administrative expenditures.
- 7 (3) An identification of all new positions to be established through the Block
8 Grant, including permanent, temporary, and time-limited positions.
- 9 (4) A comparison of the proposed allocations by program or activity with two
10 prior years' program and activity budgets and two prior years' actual program
11 or activity expenditures.
- 12 (5) A projection of current year expenditures by program or activity.
- 13 (6) A projection of federal Block Grant funds available, including unspent federal
14 funds from the current and prior fiscal years.
- 15 (7) The required amount of maintenance of effort and the amount of funds
16 qualifying for maintenance of effort in the previous year delineated by
17 program or activity.

18 **SECTION 9M.1.(c)** Changes in Federal Fund Availability. – If the Congress of the
19 United States increases the federal fund availability for any of the Block Grants or contingency
20 funds and other grants related to existing Block Grants administered by the Department of Health
21 and Human Services from the amounts appropriated in this act, the Department shall allocate the
22 increase proportionally across the program and activity appropriations identified for that Block
23 Grant in this section. In allocating an increase in federal fund availability, the Office of State
24 Budget and Management shall not approve funding for new programs or activities not
25 appropriated in this act.

26 If the Congress of the United States decreases the federal fund availability for any of
27 the Block Grants or contingency funds and other grants related to existing Block Grants
28 administered by the Department of Health and Human Services from the amounts appropriated
29 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced
30 federal funding.

31 Notwithstanding the provisions of this subsection, for fiscal years 2023-2024 and
32 2024-2025, increases in the federal fund availability for the Temporary Assistance to Needy
33 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy
34 program to pay for child care and shall not be used to supplant State funds.

35 Prior to allocating the change in federal fund availability, the proposed allocation
36 must be approved by the Office of State Budget and Management. If the Department adjusts the
37 allocation of any Block Grant due to changes in federal fund availability, then a report shall be
38 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal
39 Research Division.

40 **SECTION 9M.1.(d)** Except as otherwise provided, appropriations from federal
41 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according
42 to the schedule enacted for State fiscal years 2023-2024 and 2024-2025, or until a new schedule
43 is enacted by the General Assembly.

44 **SECTION 9M.1.(e)** Except as otherwise provided in subsection (e1) of this section,
45 all changes to the budgeted allocations to the Block Grants or contingency funds and other grants
46 related to existing Block Grants administered by the Department of Health and Human Services
47 that are not specifically addressed in this section shall be approved by the Office of State Budget
48 and Management. The Office of State Budget and Management shall not approve funding for
49 new programs or activities not appropriated in this section. Additionally, if budgeted allocations
50 are decreased, the Office of State Budget and Management shall not approve any reduction of
51 funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the

1 Substance Use Prevention, Treatment, and Recovery Services Block Grant or (ii) Item 01 or 02
2 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall
3 consult with the Joint Legislative Oversight Committee on Health and Human Services for
4 review prior to implementing any changes. In consulting, the report shall include an itemized
5 listing of affected programs, including associated changes in budgeted allocations. All changes
6 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint
7 Legislative Oversight Committee on Health and Human Services and the Fiscal Research
8 Division. This subsection does not apply to Block Grant changes caused by legislative salary
9 increases and benefit adjustments.

10 **SECTION 9M.1.(e1)** The Department of Health and Human Services shall have the
11 authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in
12 the Maternal and Child Health Block Grant to maintain federal compliance and programmatic
13 alignment, so long as the realignment does not result in a reduction of funds designated for
14 subrecipients under subsection (a) of this section. The Department of Health and Human Services
15 is authorized to realign appropriated funds between the Maternal and Child Health Block Grant
16 categories as provided in this subsection without prior consultation with the Joint Legislative
17 Oversight Committee on Health and Human Services or without exceeding the total amount
18 appropriated for the items.

19 **SECTION 9M.1.(f)** Except as otherwise provided, the Department of Health and
20 Human Services shall have flexibility to transfer funding between the Temporary Assistance for
21 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant
22 so long as the total allocation for the line items within those Block Grants remains the same.
23

24 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

25 **SECTION 9M.1.(g)** The sum of eighty million ninety-three thousand five hundred
26 sixty-six dollars (\$80,093,566) for each year of the 2023-2025 fiscal biennium appropriated in
27 this act in TANF funds to the Department of Health and Human Services, Division of Social
28 Services, shall be used for Work First County Block Grants. The Division shall certify these
29 funds in the appropriate State-level services based on prior year actual expenditures. The Division
30 has the authority to realign the authorized budget for these funds among the State-level services
31 based on current year actual expenditures. The Division shall also have the authority to realign
32 appropriated funds from Work First Family Assistance for electing counties to the Work First
33 County Block Grant for electing counties based on current year expenditures so long as the
34 electing counties meet Maintenance of Effort requirements.

35 **SECTION 9M.1.(h)** The sum of eleven million three hundred eighty-seven thousand
36 one hundred ninety dollars (\$11,387,190) for each year of the 2023-2025 fiscal biennium
37 appropriated in this act to the Department of Health and Human Services, Division of Social
38 Services, in TANF funds for child welfare improvements shall be allocated to the county
39 departments of social services for hiring or contracting staff to investigate and provide services
40 in Child Protective Services cases; to provide foster care and support services; to recruit, train,
41 license, and support prospective foster and adoptive families; and to provide interstate and
42 post-adoption services for eligible families.

43 Counties shall maintain their level of expenditures in local funds for Child Protective
44 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,
45 the total expenditures from State and local funds for fiscal years 2023-2024 and 2024-2025 shall
46 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

47 **SECTION 9M.1.(i)** The sum of four million one thousand six hundred seventy-six
48 dollars (\$4,001,676) for each year of the 2023-2025 fiscal biennium appropriated in this act in
49 TANF funds to the Department of Health and Human Services, Special Children Adoption Fund,
50 shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation
51 with the North Carolina Association of County Directors of Social Services and representatives

1 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to
2 licensed public and private adoption agencies upon the adoption of children described in
3 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund
4 by participating agencies shall be used exclusively to enhance the adoption services program. No
5 local match shall be required as a condition for receipt of these funds.

6 **SECTION 9M.1.(j)** The sum of one million four hundred thousand dollars
7 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human
8 Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall
9 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the
10 outcomes for families and children involved in child welfare and (ii) enhance the provision of
11 services to families in their homes in the least restrictive setting.

12 **SECTION 9M.1.(k)** Of the three million five hundred thirty-eight thousand five
13 hundred forty-one dollars (\$3,538,541) allocated in this section in TANF funds to the Department
14 of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal
15 biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars
16 (\$500,000) in each year of the 2023-2025 fiscal biennium shall be used to provide services for
17 youth in foster care or the juvenile justice system.

18 **SOCIAL SERVICES BLOCK GRANT**

19 **SECTION 9M.1.(l)** The sum of nineteen million nine hundred five thousand eight
20 hundred forty-nine dollars (\$19,905,849) for the 2023-2024 fiscal year and the sum of nineteen
21 million eight hundred thirty-seven thousand three hundred eighty-eight dollars (\$19,837,388) for
22 the 2024-2025 fiscal year appropriated in this act in the Social Services Block Grant to the
23 Department of Health and Human Services, Division of Social Services, and the sum of thirteen
24 million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for the
25 2023-2024 fiscal year and the sum of thirteen million one hundred sixty-six thousand two
26 hundred forty-four dollars (\$13,166,244) for the 2024-2025 fiscal year transferred from funds
27 appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall
28 certify these funds in the appropriate State-level services based on prior year actual expenditures.
29 The Division has the authority to realign the authorized budget for these funds, as well as State
30 Social Services Block Grant funds, among the State-level services based on current year actual
31 expenditures.
32

33 **SECTION 9M.1.(m)** The sum of two hundred eighty-five thousand six hundred
34 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the
35 Department of Health and Human Services, Division of Social Services, for each fiscal year of
36 the 2023-2025 fiscal biennium shall be used to support various child welfare training projects as
37 follows:

- 38 (1) Provide a regional training center in southeastern North Carolina.
- 39 (2) Provide training for residential child caring facilities.
- 40 (3) Provide for various other child welfare training initiatives.

41 **SECTION 9M.1.(n)** The Department of Health and Human Services is authorized,
42 subject to the approval of the Office of State Budget and Management, to transfer Social Services
43 Block Grant funding allocated for departmental administration between divisions that have
44 received administrative allocations from the Social Services Block Grant.

45 **SECTION 9M.1.(o)** Social Services Block Grant funds appropriated for the Special
46 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

47 **SECTION 9M.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)
48 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025
49 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated
50 to the Department of Health and Human Services, Division of Social Services. The Division shall
51 allocate these funds to local departments of social services to replace the loss of Child Protective

1 Services State funds that are currently used by county governments to pay for Child Protective
2 Services staff at the local level. These funds shall be used to maintain the number of Child
3 Protective Services workers throughout the State. These Social Services Block Grant funds shall
4 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R
5 .0201(3) requiring a local match of twenty-five percent (25%).

6 **SECTION 9M.1.(q)** The sum of one million five hundred eighty-two thousand
7 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal
8 year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division
9 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds
10 are exempt from the provisions of 10A NCAC 71R .0201(3).

11 **SECTION 9M.1.(r)** The sum of three million eight hundred twenty-five thousand
12 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2023-2025 fiscal
13 biennium appropriated in this act in the Social Services Block Grant to the Department of Health
14 and Human Services, Division of Aging and Adult Services, shall be used for guardianship
15 services pursuant to Chapter 35A of the General Statutes. The Department may expend funds
16 allocated in this section to support existing corporate guardianship contracts during the
17 2023-2024 and 2024-2025 fiscal years.

18 **SECTION 9M.1.(s)** Of the two million one hundred thirty-eight thousand four
19 hundred four dollars (\$2,138,404) appropriated in this act in the Social Services Block Grant to
20 the Division of Aging and Adult Services for Adult Protective Services for each year of the
21 2023-2025 fiscal biennium, the sum of eight hundred ninety-three thousand forty-one dollars
22 (\$893,041) for each year of the 2023-2025 fiscal biennium shall be used to increase the number
23 of Adult Protective Services workers where these funds can be the most effective. These funds
24 shall be used to pay for salaries and related expenses and shall not be used to supplant any other
25 source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring
26 a local match of twenty-five percent (25%).

27 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

28 **SECTION 9M.1.(t)** The Division of Social Services shall have the authority to
29 realign appropriated funds between the State-level services Low-Income Energy Assistance
30 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative
31 Oversight Committee on Health and Human Services to ensure needs are effectively met without
32 exceeding the total amount appropriated for these State-level service items. Additional
33 emergency contingency funds received may be allocated for Energy Assistance Payments or
34 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight
35 Committee on Health and Human Services. Additional funds received shall be reported to the
36 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research
37 Division upon notification of the award. The Department of Health and Human Services shall
38 not allocate funds for any activities, including increasing administration, other than assistance
39 payments, without prior consultation with the Joint Legislative Oversight Committee on Health
40 and Human Services.

41 **SECTION 9M.1.(u)** The sum of sixty-seven million eight hundred thirty-six
42 thousand sixty-nine dollars (\$67,836,069) for each year of the 2023-2025 fiscal biennium
43 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of
44 Health and Human Services, Division of Social Services, shall be used for Energy Assistance
45 Payments for the households of (i) elderly persons age 60 and above with income up to one
46 hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for
47 services funded through the Division of Aging and Adult Services.

48 County departments of social services shall submit to the Division of Social Services
49 an outreach plan for targeting households with 60-year-old household members no later than
50 August 1 of each year. The outreach plan shall comply with the following:
51

- 1 (1) Ensure that eligible households are made aware of the available assistance,
2 with particular attention paid to the elderly population age 60 and above and
3 disabled persons receiving services through the Division of Aging and Adult
4 Services.
- 5 (2) Include efforts by the county department of social services to contact other
6 State and local governmental entities and community-based organizations to
7 (i) offer the opportunity to provide outreach and (ii) receive applications for
8 energy assistance.
- 9 (3) Be approved by the local board of social services or human services board
10 prior to submission.

11 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

12 **SECTION 9M.1.(v)** Payment for subsidized child care services provided with
13 federal TANF funds shall comply with all regulations and policies issued by the Division of Child
14 Development and Early Education for the subsidized child care program.

15 **SECTION 9M.1.(w)** If funds appropriated through the Child Care and Development
16 Fund Block Grant for any program cannot be obligated or spent in that program within the
17 obligation or liquidation periods allowed by the federal grants, the Department may move funds
18 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order
19 to use the federal funds fully.

20 **SECTION 9M.1.(x)** Of the sixty-one million nine hundred eighty thousand five
21 hundred twenty-six dollars (\$61,980,526) appropriated in this act in the Child Care and
22 Development Block Grant for each year of the 2023-2025 fiscal biennium to the Department of
23 Health and Human Services, Division of Child Development and Early Education, the sum of
24 one million three hundred fifty thousand dollars (\$1,350,000) for each year of the 2023-2025
25 fiscal biennium shall be used to establish 18 new positions.

26 **COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

27 **SECTION 9M.1.(y)** The sum of five million four hundred sixteen thousand seven
28 hundred fifty-six dollars (\$5,416,756) for each year of the 2023-2025 fiscal biennium
29 appropriated in this act in the Community Mental Health Services Block Grant to the Department
30 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and
31 Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom
32 Treatment.

33 **SECTION 9M.1.(z)** Of the funds appropriated in this act in the Community Mental
34 Health Services Block Grant to the Department of Health and Human Services, Division of
35 Mental Health, Developmental Disabilities, and Substance Use Services, for each fiscal year of
36 the 2023-2025 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars
37 (\$350,150) shall be used for three positions and cover operating costs focused on developing
38 pilot programs and implementing policy to improve services to transition-aged youth and adults
39 with serious mental illness or serious emotional disturbance.

40 **SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES** 41 **BLOCK GRANT**

42 **SECTION 9M.1.(aa)** Of the two million two hundred ninety-seven thousand eight
43 hundred fifty-two dollars (\$2,297,852) provided in this section in the Substance Use Prevention,
44 Treatment, and Recovery Services Block Grant for each year of the 2023-2025 fiscal biennium
45 to the Department of Health and Human Services, Division of Mental Health, Developmental
46 Disabilities, and Substance Use Services, for administration, the sum of nine hundred fifty-nine
47 thousand four hundred dollars (\$959,400) shall be used to support nine new positions.

1 **SECTION 9M.1.(bb)** Notwithstanding any other provision of law or provision of
2 the Committee Report described in Section 43.2 of S.L. 2022-74 to the contrary, the sum of one
3 million five hundred thousand dollars (\$1,500,000) in nonrecurring funds provided to Haywood
4 County and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring
5 funds provided to Madison County under the federal Substance Abuse Prevention and Treatment
6 Block Grant in Item 3 of Section 9L.1(a) and Section 9L.1(z2)(1) of S.L. 2021-180, as amended
7 in Section 9L.1 of S.L. 2022-74, for the 2022-2023 fiscal year for substance use treatment shall
8 remain available for expenditure in the 2023-2024 fiscal year.

9 10 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

11 **SECTION 9M.1.(cc)** If federal funds are received under the Maternal and Child
12 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42
13 U.S.C. § 710), for the 2023-2024 fiscal year or the 2024-2025 fiscal year, then those funds shall
14 be transferred to the State Board of Education to be administered by the Department of Public
15 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence
16 until marriage education program consistent with G.S. 115C-81.30. The Department of Public
17 Instruction shall carefully and strictly follow federal guidelines in implementing and
18 administering the abstinence education grant funds.

19 **SECTION 9M.1.(dd)** The sum of one million seven hundred twenty-seven thousand
20 three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child
21 Health Block Grant to the Department of Health and Human Services, Division of Public Health,
22 for each year of the 2023-2025 fiscal biennium shall be used for evidence-based programs in
23 counties with the highest infant mortality rates. The Division shall report on (i) the counties
24 selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the
25 number of women served, and (iv) any impact on the counties' infant mortality rate. The Division
26 shall report its findings to the House of Representatives Appropriations Committee on Health
27 and Human Services, the Senate Appropriations Committee on Health and Human Services, and
28 the Fiscal Research Division no later than December 31 of each year.

29 **SECTION 9M.1.(ee)** The sum of eighty thousand six hundred sixty-nine dollars
30 (\$80,669) allocated in this section in the Maternal and Child Health Block Grant to the
31 Department of Health and Human Services, Division of Public Health, Women and Children's
32 Health Section, for each fiscal year of the 2023-2025 fiscal biennium shall not be used to supplant
33 existing State or federal funds. This allocation shall be used for a Public Health Program
34 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic
35 Plan and provide staff support for the stakeholder work group.

36 **SECTION 9M.1.(ff)** At least ninety percent (90%) of the funds allocated for
37 Mountain Area Pregnancy Services, a nonprofit organization, in the Maternal and Child Health
38 Block Grant for each year of the 2023-2025 fiscal biennium shall be used for direct services.

39 **SECTION 9M.1.(gg)** Notwithstanding any provision of law to the contrary, the
40 Department of Health and Human Services, Division of Public Health, shall have the authority
41 to realign appropriated funds between the Maternal and Child Health Block Grant categories to
42 maintain federal compliance and programmatic alignment without exceeding the total amount
43 appropriated for the Maternal and Child Health Block Grant.

44 45 **PART X. AGRICULTURE AND CONSUMER SERVICES**

46 47 **LARGE ANIMAL HEALTH ENHANCEMENT FUND**

48 **SECTION 10.1.(a)** Funds appropriated in this act to the Department of Agriculture
49 and Consumer Services for the enhancement of large animal veterinary services in the State shall
50 be allocated to the Large Animal Healthcare Enhancement Fund created in Article 88 of Chapter

1 106 of the General Statutes, as enacted by subsection (b) of this section, for the purposes set forth
2 therein.

3 **SECTION 10.1.(b)** Chapter 106 of the General Statutes is amended by adding a new
4 Article to read:

5 "Article 88.

6 "Large Animal Healthcare Enhancement Act.

7 **"§ 106-1071. Title.**

8 This Article shall be known and may be cited as the "Large Animal Healthcare Enhancement
9 Act of 2023."

10 **"§ 106-1072. Definitions.**

11 The following definitions apply in this Article:

- 12 (1) Advisory Committee. – The Large Animal Healthcare Enhancement Advisory
13 Committee, as established by G.S. 106-1073.
14 (2) Authority. – The North Carolina Agricultural Finance Authority, as created
15 by G.S. 122D-4.
16 (3) Board. – The North Carolina Board of Agriculture, as created by G.S. 106-2.
17 (4) Commissioner. – The Commissioner of Agriculture.
18 (5) Department. – The Department of Agriculture and Consumer Services.
19 (6) Designated county. – A county in this State with a population of less than
20 100,000 people according to the latest decennial census.
21 (7) Fund. – The Large Animal Healthcare Enhancement Fund, as created by
22 G.S. 106-1074.
23 (8) Large animal veterinarian. – A person who is actively engaged in and is
24 licensed to practice veterinary medicine pursuant to Article 11 of Chapter 90
25 of the General Statutes and whose specialties include livestock, poultry, or
26 equine animals.
27 (9) Large animal veterinary medicine. – The practice of veterinary medicine, as
28 defined in G.S. 90-181, for livestock, poultry, or equine animals.

29 **"§ 106-1073. Advisory Committee.**

30 (a) Committee Established. – The Large Animal Healthcare Enhancement Advisory
31 Committee is established within the North Carolina Agricultural Finance Authority and shall
32 consist of membership as follows:

- 33 (1) The Commissioner of Agriculture or an employee of the Department
34 designated by the Commissioner, who shall serve as chair.
35 (2) The State Veterinarian or the State Veterinarian's designee.
36 (3) A member of the Food Animal Scholars Program steering and mentoring
37 committee.
38 (4) Two practicing large animal veterinarians, to be appointed by the
39 Commissioner. The veterinarians shall have different specialties in their
40 practice.
41 (5) Two representatives of the livestock industry, to be appointed by the
42 Commissioner. The representatives shall represent different segments of the
43 livestock industry.
44 (6) The Executive Director of the Authority or the Executive Director's designee,
45 who shall not be a voting member.

46 The Commissioner and the State Veterinarian may each designate one additional at-large
47 member of the Advisory Committee.

48 (b) Terms of Members. – Members of the Advisory Committee shall serve terms of four
49 years, beginning effective July 1 of the year of appointment.

1 (c) Vacancies. – Any appointment to fill a vacancy on the Commission created by the
2 resignation, dismissal, death, or disability of a member shall be made by the original appointing
3 authority and shall be for the balance of the unexpired term.

4 (d) Removal. – The appointing authority shall have the power to remove any member of
5 the Commission appointed by that authority from office for misfeasance, malfeasance, or
6 nonfeasance.

7 (e) Reimbursement. – The members of the Commission shall receive per diem and
8 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

9 (f) Meetings. – The Advisory Committee shall meet at least once every six months and
10 may meet more often upon the call of the chair. A majority of the members of the Commission
11 shall constitute a quorum for the transaction of business.

12 (g) Ethics. – Members of the Advisory Committee are public servants as defined by
13 G.S. 138A-3(70).

14 (h) Staff. – The staff of the Authority shall serve as staff to assist the Advisory Committee
15 in carrying out administrative functions in the discharge of its duties and responsibilities.

16 **"§ 106-1074. Large Animal Healthcare Enhancement Fund.**

17 (a) Fund Created. – The Large Animal Healthcare Enhancement Fund is created as a
18 special fund within the Department of Agriculture and Consumer Services. The Fund shall be
19 administered by the Authority. The purpose of the fund is to make grants to encourage veterinary
20 students to enter and stay in large animal veterinarian practice and to support large animal
21 veterinarian practices to enable them to better serve their designated counties.

22 (b) Fund Sources. – The Fund shall consist of any money appropriated to it by the General
23 Assembly and any money received from public or private sources. Unexpended, unencumbered
24 money in the Fund from sources other than appropriations from the General Assembly shall not
25 revert and shall remain available for expenditure in accordance with this section. The Authority
26 may use up to five percent (5%) of General Fund appropriations in each fiscal year for
27 administrative support.

28 (c) Grant Eligibility. – A large animal veterinarian who practices or plans to practice in
29 one or more designated counties may be eligible for a grant of up to twenty-five thousand dollars
30 (\$25,000) per fiscal year. Applicants shall apply in a format to be determined by the Advisory
31 Commission, but the application shall require the applicant to state the designated counties in
32 which the large animal veterinarian is practicing or plans to practice, the amount of funding
33 requested, and the approved use for which the applicant intends to use the funds. When
34 determining which applicants shall be awarded grant funds, the Advisory Committee shall
35 consider all of the following criteria:

36 (1) The geographic area of the State that an applicant serves or would serve and
37 the need for large animal veterinary services in that area of the State.

38 (2) The number of designated counties that an applicant serves or would serve.

39 (3) The number of different large animal veterinarian specialties in which the
40 applicant practices.

41 (4) The percentage of time the applicant devotes to large animal veterinary
42 services.

43 (5) Any additional criteria the Advisory Committee determines to be appropriate.

44 (d) Uses of Grant Funds. – The grant recipient may use the funds to support the recipient's
45 large animal veterinary practice, including any of the following:

46 (1) The repayment of educational loans related to the recipient's veterinary
47 degree.

48 (2) The purchase of equipment or technology for use in the recipient's large
49 animal veterinary practice.

1 (3) Any additional uses the Advisory Committee determines is appropriate to
2 promote and develop large animal veterinarians to practice in designated
3 counties.

4 (e) Limitations. –The Advisory Committee shall review applicants on an annual basis to
5 determine eligibility under the criteria developed under subsection (c) of this section. The
6 Advisory Committee shall also review each recipient of grant funds at the end of each fiscal year.
7 A recipient whose veterinary license expires, is revoked, or is suspended during the fiscal year
8 in which the grant is awarded, or who fails to practice large animal veterinary medicine in the
9 designated counties named in the recipient's application, shall repay the amount received from
10 the Fund.

11 (f) Report. – The Agricultural Finance Authority shall report no later than October 1 each
12 year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic
13 Resources and the Fiscal Research Division of the General Assembly regarding the
14 implementation of this section during the previous fiscal year. The report shall include a list of
15 the recipients of grants from the Fund for the previous fiscal year, the amount of the grants
16 received, how recipients used awarded grant funds, and whether any awarded funds were
17 required to be repaid by recipients."

18 **SECTION 10.1.(c)** The Agricultural Finance Authority, in consultation with the
19 Large Animal Healthcare Enhancement Advisory Committee established by G.S. 106-1073, as
20 enacted by subsection (b) of this section, shall adopt temporary rules to implement this section
21 as soon as practicable and shall concurrently begin adopting permanent rules to replace the
22 temporary rules.

23 **SECTION 10.1.(d)** This section is effective when it becomes law.

24 25 **NORTH CAROLINA AGRICULTURE MANUFACTURING AND PROCESSING** 26 **INITIATIVE**

27 **SECTION 10.2.(a)** Findings and Purpose. – The General Assembly finds that the
28 lack of capacity for value-added processing of agricultural commodities near the farms where
29 those commodities are produced in the State creates competitive disadvantages to North Carolina
30 farmers by imposing increased transportation costs to remote commodity processing facilities
31 and presenting economic barriers to farmers who wish to participate in the market for higher
32 profit margin processed food products. The General Assembly further finds that grants to increase
33 agricultural processing opportunities in the State will create jobs and increase local property tax
34 bases in this State, will benefit agricultural and farming operations in the State with decreased
35 costs and increased profit options, and are consistent with promoting agricultural operations, a
36 vital sector of the State's economy. The purpose of this section is to fund and promote the
37 establishment of value-adding agricultural manufacturing and food processing facilities across
38 the State to fill existing gaps in the processing of agricultural products and to create a diverse and
39 economically competitive array of high value-added goods and products manufactured in this
40 State from agricultural products grown or produced in this State.

41 **SECTION 10.2.(b)** Establishment. – There is created within the Department of
42 Agriculture and Consumer Services (Department), the North Carolina Agricultural
43 Manufacturing and Processing Initiative (NCAMPI). Funds allocated to NCAMPI by this section
44 will be used for the following activities:

45 (1) Up to five hundred thousand dollars (\$500,000) of funds in the first year of
46 the program for the Department to engage independent industry-recognized
47 experts to identify and assess opportunities to increase value-added processing
48 of commodities produced in the State and address categorical or geographical
49 gaps in agricultural manufacturing and processing. The Department shall use
50 a portion of the funds allocated by this subdivision up to one hundred thousand

1 dollars (\$100,000) to identify and assess opportunities and gaps for the dairy
2 industry in the State.

3 (2) Up to two hundred fifty thousand dollars (\$250,000) of the funds provided in
4 each year of the program for the Department to market and recruit agricultural
5 manufacturing and processing facilities to fill identified gaps in access to such
6 facilities by North Carolina farmers based on the assessment described in
7 subdivision (1) of this subsection.

8 (3) Remaining NCAMPI funds to provide grants to local governments and
9 nonprofit economic development entities to support the creation or expansion
10 of agricultural manufacturing facilities. Grant funds may be used for site
11 development, infrastructure costs (including water, wastewater, or
12 transportation improvements), building construction or rehabilitation costs, or
13 equipment. As a part of the application, applicants must demonstrate in a
14 manner determined by the Department that they have applied for or otherwise
15 sought other sources of applicable funding for the proposed project. New
16 facilities and expansions of existing facilities will be eligible for grants under
17 this subdivision. Shared-use facilities and incubators are ineligible for grants
18 under this subdivision. Before entering into a grant agreement, the Department
19 must find that the total benefits of the project to the State outweigh its
20 anticipated costs and render the grant appropriate for the project.

21 **SECTION 10.2.(c)** Administration of Initiative. – In consultation with the nonprofit
22 corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b),
23 the Department shall develop guidelines related to the administration of NCAMPI. The
24 guidelines shall require a finding that a grant under this section is necessary for the construction
25 or expansion of a facility to be used by a business entity (as that term is defined in G.S. 55-1-40)
26 that will engage in agricultural manufacturing or processing activities in this State. At least 20
27 days before the effective date of any guidelines or nontechnical amendments to the guidelines,
28 the Department shall publish the proposed guidelines on its website and provide notice to persons
29 who have requested notice of proposed guidelines. In addition, the Department shall accept oral
30 and written comments on the proposed guidelines and shall, in its discretion, consider those
31 comments before finalizing the guidelines. Guidelines adopted under this section shall not be
32 subject to the requirements of Article 2A of Chapter 150B of the General Statutes and shall
33 include all of the following:

- 34 (1) Criteria for evaluating grant applicants, including job creation, concentration
35 of production of the agricultural product the facility will process in proximity
36 to the proposed location, and reductions in (i) transportation costs and (ii)
37 estimated damage rates for agricultural products created as a result of greater
38 geographical proximity to the proposed manufacturing or processing facility.
- 39 (2) Criteria for determining grant eligibility, the amounts of awards, not to exceed
40 five million dollars (\$5,000,000) per facility, and the required cost-share for
41 grant recipients. The Department may consider the economic development tier
42 of the county of a grant recipient under G.S. 143B-437.08 in setting cost-share
43 amounts.

44 **SECTION 10.2.(d)** Report. – Until all funds allocated by this section have been
45 expended, the Department shall annually report no later than October 1 on NCAMPI activities
46 during the prior fiscal year to the chairs of the Joint Legislative Oversight Committee on
47 Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report
48 shall include, at a minimum, all of the following:

- 49 (1) Total amount of grants awarded.
50 (2) A list of award recipients and the amount awarded to each recipient.
51 (3) Matching funds required and provided by grant recipients.

- (4) Activities to ready sites and associated costs.
- (5) Any major employers located at an improved or acquired site.
- (6) Any unallocated amount for grants remaining in the NCAMPI Fund.
- (7) Assessment of additional remaining needs for agricultural manufacturing and processing facilities in the State.

SECTION 10.2.(e) Funding. – Of the funds appropriated from the interest earned in the State Fiscal Recovery Reserve to the Department of Agriculture and Consumer Services, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used for NCAMPI. Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, these funds shall not revert at the end of the fiscal year in which they are appropriated but shall remain available for the purposes set forth in this section. The Department may use up to five percent (5%) of the funds allocated by this section for administrative costs of program administration.

FARMERS APPRECIATION DAY FUNDS

SECTION 10.3. Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used as a directed grant for N.C. Grange Mutual Insurance Company, a nonprofit corporation, (NC Grange) to develop a plan to raise awareness of and promote the first annual North Carolina Farmers Appreciation Day. These funds shall be disbursed to NC Grange at the discretion of the Department upon the request of NC Grange for that purpose, and shall be subject to Section 5.3(b)(4) of this act.

ANIMAL WASTE FERTILIZER CONVERSION COST-SHARE PROGRAM

SECTION 10.4.(a) Funding. – Funds appropriated in this act to provide a directed grant to the NC Foundation for Soil and Water Conservation, Inc., a nonprofit corporation, shall be used to establish a cost-share program for statewide deployment of processes and technologies developed for conversion of animal waste to fertilizer through the Foundation's Innovative Livestock Waste Management programs.

SECTION 10.4.(b) Program. – The program shall provide cost-share grants for eligible projects with grant funding limited to one grant for eligible projects associated with any particular liquid animal waste management system. Application processes and criteria for the award of grants shall be determined by the Foundation.

SECTION 10.4.(c) Cost-Share. – Persons receiving grants under this section shall provide a match in cash or in-kind equivalents equal to one dollar (\$1.00) for every one dollar (\$1.00) distributed to them from the program.

SECTION 10.4.(d) Report. – The Foundation shall report no later than October 1 of each year regarding activities funded by this section during the previous fiscal year. The report shall include a list of projects funded, scope and location of each project, and the total quantity of liquid animal waste management system residual sludges converted to fertilizer or other soil additives during that year. The Foundation shall provide a final report no later than October 1, 2028, providing the data required by this section for the entire five years of the program.

SECTION 10.4.(e) Definitions. – The following definitions apply in this section:

- (1) Eligible entity. – Any person who owns or operates an anaerobic lagoon or other liquid animal waste management system treating animal waste from a livestock operation that generates sludge suitable for conversion into fertilizer products.
- (2) Eligible project. – Costs associated with the site engineering, permitting, acquisition, or installation of sludge collection and processing equipment

1 needed for production of fertilizers and other soil additives meeting applicable
2 State and federal requirements for use in agricultural operations.

3 (3) Foundation. – The NC Foundation for Soil and Water Conservation, Inc., a
4 nonprofit corporation.

5 (4) Livestock. – Cattle, sheep, swine, goats, farmed cervids, or bison.

6 (5) Person. – Any individual, trust, estate, partnership, receiver, association,
7 company, limited liability company, corporation, or other entity or group.

8 (6) Program. – The Animal Waste Fertilizer Conversion Cost-Share Program
9 created by this section.

10 **SECTION 10.4.(f)** Reversion. – Funds allocated in this section that are not expended
11 or encumbered by June 30, 2028, shall revert to the General Fund.

12 **SECTION 10.4.(g)** Administrative Expenses. – The Foundation may retain up to
13 four percent (4%) of the funds allocated by this section for its expenses in administering the
14 program.

15 16 **CUSTOM EXEMPT MEAT PROCESSING GRANTS**

17 **SECTION 10.6.(a)** Findings. – The General Assembly finds that small and
18 independent meat processors who serve small livestock producers are critical to meeting the
19 State's meat processing needs. The General Assembly further finds that financial assistance to
20 eligible facilities as defined in this section is necessary to assure their continued functioning.

21 **SECTION 10.6.(b)** Funding. – The Department of Agriculture and Consumer
22 Services (Department) shall use the following funds for the grant program established by this
23 section:

24 (1) Funds allocated to the Department for technical and administrative support of
25 the Meat and Seafood Processing Grant Program by Section 10.7 of S.L.
26 2021-180, as amended, that remain unencumbered and unexpended on the
27 date this act becomes law.

28 (2) Two hundred fifty thousand dollars (\$250,000) of the funds appropriated in
29 this act from the interest earned in the State Fiscal Recovery Reserve to the
30 Department.

31 **SECTION 10.6.(c)** Use of Funds. – Funds allocated by this section shall be used by
32 the Department to provide grants to eligible facilities to bring them into compliance with the
33 regulations of the Department and of the North Carolina Department of Health and Human
34 Services (DHHS). The following limitations and reservations apply:

35 (1) For purposes of grants under this section, an eligible facility is any meat
36 processing operation (including registered mobile slaughter units) operating
37 under the custom exemption from the requirements of Article 49B of Chapter
38 106 of the General Statutes with review by the Department's Meat and Poultry
39 Inspection Division (MPID) as set forth in G.S. 106-549.27(a)(2).

40 (2) The grants shall be available only to eligible facilities that were existing and
41 recognized as such by MPID on July 1, 2023.

42 (3) The grants may be used for conformance with applicable regulations and
43 technical assistance, including development of Hazard Analysis Critical
44 Control Point (HACCP) Plans.

45 (4) The Department may use up to three percent (3%) of the total funds allocated
46 in this section for administrative costs related to the disbursement of grants
47 under this section.

48 (5) Funds allocated by this section shall not revert, but remain available until
49 expended.

1 **SECTION 10.6.(d)** Grant Criteria. – The Department shall develop policies and
2 procedures for the disbursement of the grants authorized by this section that include, at a
3 minimum, the following:

- 4 (1) Prioritization. – The Department may prioritize projects that will create
5 additional jobs.
- 6 (2) Limitation. – Grants under this section shall not exceed thirty thousand dollars
7 (\$30,000) per grantee.
- 8 (3) Cost-sharing. – Recipients shall provide matching funds for a grant under this
9 section in the amount of one dollar (\$1.00) from non-State sources for every
10 two dollars (\$2.00) provided by the grant.
- 11 (4) Clawback. – If fixtures or equipment purchased with grant funds provided
12 under this Article are disposed of during a period of time as the Department
13 shall specify following the date the fixtures or equipment funded by this act
14 are placed in service, the grant recipient shall repay to the Department a
15 proportionate share of the grant funding received as the Department shall
16 specify. As used in this subdivision, the term "disposed of" includes discarded,
17 sold, taken out of service, or moved out of State.

18 **SECTION 10.6.(e)** Report. – The Department shall annually report no later than
19 October 1 until all funds have been expended to the Joint Legislative Oversight Committee on
20 Agriculture and Natural and Economic Resources and the Fiscal Research Division of the
21 General Assembly on the grants provided under this section during the prior fiscal year. The
22 report shall include, at a minimum, the total number and geographic location of applicants and
23 of grant recipients (including the county), a brief description of the project supported by the grant,
24 and any clawbacks made by the Department under subdivision (d)(4) of this section.
25

26 **LIVESTOCK FARMER SUPPORT IN FRENCH BROAD RIVER BASIN**

27 **SECTION 10.7.(a)** Funds appropriated in this act for the Agriculture Cost Share
28 Program for Nonpoint Source Pollution Control from the State Capital and Infrastructure Fund
29 shall be used to provide cost share assistance to farmers engaged in farming in the watershed of
30 the Upper French Broad River in Transylvania, Henderson, Buncombe, and Madison Counties
31 for the installation of fences, alternative livestock watering systems, pasture management, and
32 other measures deemed appropriate by the local Soil and Water Conservation District to keep
33 livestock out of existing streams and watercourses that constitute or drain into the Upper French
34 Broad River.

35 **SECTION 10.7.(b)** Funds used pursuant to subsection (a) of this section are subject
36 to the following requirements and limitations:

- 37 (1) All requirements and limitations set forth in G.S. 106-850(b), except the
38 description of eligible measures in G.S. 106-850(b)(5).
- 39 (2) In addition, applicants must demonstrate that the measures for which they seek
40 cost share assistance would mitigate or prevent stream impacts from livestock
41 in or adjacent to surface waters in the Upper French Broad River basin.

42 **SECTION 10.7.(c)** As a portion of the report required by G.S. 106-850(e), as
43 modified by subsection (d) of this section, the Soil and Water Conservation Commission shall
44 report on all funds used pursuant to subsection (a) of this section, including a brief description of
45 funded projects, their distribution across counties, and the amount of the cost share assistance
46 provided to each project.

47 **SECTION 10.7.(d)** G.S. 106-850(e) reads as rewritten:

48 "(e) The Soil and Water Conservation Commission shall report on or before January 31
49 of each year to the Environmental Review Commission, the Department of Agriculture and
50 Consumer ~~Services~~, Services, the Joint Legislative Oversight Committee on Agriculture and
51 Natural and Economic Resources, and the Fiscal Research Division. This report shall include a

list of projects that received State funding pursuant to the program, the results of the evaluations conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of each of these projects to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review ~~Commission~~ Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division~~ Division, with the reports required by G.S. 106-860(e) and ~~G.S. 139-60(d)~~ G.S. 139-60(d), as a single report."

SECTION 10.7.(e) Subsection (d) of this section is effective when it becomes law and applies to reports generated on or after that date.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Allocations. – Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2024, and June 30, 2025, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1. State Administration	\$1,560,286
2. Neighborhood Revitalization	7,521,789
3. Economic Development	13,482,687
4. Infrastructure	18,994,905
5. Rural Community Development	4,748,726

TOTAL COMMUNITY DEVELOPMENT

BLOCK GRANT – 2024 Program Year	\$46,308,393
2025 Program Year	\$46,308,393.

SECTION 11.1.(b) Availability Reduction. – If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Availability Increase. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) Reallocation. – The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

- (1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation

- 1 no later than 30 days after it was authorized and shall identify in the report the
2 emergency, the type of action taken, and how it was related to the emergency.
- 3 (2) If the State will lose federal block grant funds or receive less federal block
4 grant funds in the next fiscal year unless a reallocation is made, then the
5 Department of Commerce shall provide a written report to the Commission
6 on the proposed reallocation and shall identify the reason that failure to take
7 action will result in the loss of federal funds. If the Commission does not hear
8 the issue within 30 days of receipt of the report, the Department may take the
9 action without consulting the Commission.

10 **SECTION 11.1.(e) Report.** – By October 1, 2023, and September 1, 2024, the
11 Department of Commerce shall report to the chairs of the House of Representatives
12 Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of
13 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the
14 chairs of the Joint Legislative Economic Development and Global Engagement Oversight
15 Committee; and the Fiscal Research Division on the use of Community Development Block
16 Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- 17 (1) A discussion of each of the categories of funding, including information on
18 the statewide need in each category.
- 19 (2) Information on the number of applications that were received in each category
20 and the total dollar amount requested in each category.
- 21 (3) A list of grantees, including the grantee's name, county, category under which
22 the grant was funded, the amount awarded, and a narrative description of the
23 project.

24 **SECTION 11.1.(f) Neighborhood Revitalization.** – Funds allocated to the
25 Neighborhood Revitalization Category in subsection (a) of this section shall be made available
26 as grants for eligible activities listed in this subsection. The funds available for grants under this
27 category may be used for all of the following, subject to the national objectives and eligible
28 activities allowed under guidance issued by the United States Department of Housing and Urban
29 Development (HUD):

- 30 (1) Essential repairs to prevent abandonment and deterioration of housing in
31 low- and moderate-income neighborhoods.
- 32 (2) Demolition and rehabilitation of buildings and improvements.
- 33 (3) Public improvements, including parks, streets, sidewalks, and water and sewer
34 lines.

35 **SECTION 11.1.(g) Economic Development.** – Funds allocated to the Economic
36 Development Category in subsection (a) of this section shall be made available as grants for
37 eligible activities listed in this subsection. The funds available for grants under this category may
38 be used for all of the following, subject to the national objectives and eligible activities allowed
39 under guidance issued by HUD:

- 40 (1) Acquisition of real property.
- 41 (2) Demolition and rehabilitation of buildings and improvements.
- 42 (3) Removal of material and architectural barriers.
- 43 (4) Public improvements, including parks, streets, sidewalks, and water and sewer
44 lines.
- 45 (5) Loans and grants to public or private nonprofit entities for construction and
46 rehabilitation activities.
- 47 (6) Assistance to private, for-profit entities for economic development.
- 48 (7) Technical assistance to public or nonprofit entities for neighborhood
49 revitalization or economic development activities.
- 50 (8) Assistance to for-profit and nonprofit entities to facilitate economic
51 development activities.

1 **SECTION 11.1.(h)** Infrastructure. – For purposes of this section, eligible activities
2 under the Infrastructure Category in subsection (a) of this section shall be defined as provided in
3 the HUD State Administered Community Development Block Grant definition of the term
4 "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated
5 to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other
6 category.

7 **SECTION 11.1.(i)** Rural Community Development. – Funds allocated for the Rural
8 Community Development Category in subsection (a) of this section shall be made available as
9 grants for eligible activities listed in this subsection. These funds shall provide grants that support
10 community development and comprehensive growth projects to be awarded by the Department
11 of Commerce. The Rural Community Development Category will provide grants to units of local
12 government in development tier one and development tier two areas, as defined in
13 G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other
14 area to support projects that promote broad-based community development activities, increased
15 local investment and economic growth, and stronger and more viable rural neighborhoods. In
16 awarding grants under this section, preference shall be given to projects in development tier one
17 areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be
18 used for all of the following, subject to the national objectives and eligible activities allowed
19 under guidance issued by HUD:

- 20 (1) Essential repairs to prevent abandonment and deterioration of housing in
21 low- and moderate-income neighborhoods.
- 22 (2) Public improvements, including parks, streets, sidewalks, and water and sewer
23 lines.
- 24 (3) Public facilities, including neighborhood and community facilities and
25 facilities for individuals with special needs.
- 26 (4) Public services, including employment, crime prevention, and energy
27 conservation.
- 28 (5) Assistance to private, for-profit entities for economic development.
- 29 (6) Technical assistance to public or nonprofit entities for neighborhood
30 revitalization or economic development activities.
- 31 (7) Assistance to for-profit and nonprofit entities to facilitate economic
32 development activities.

33 **SECTION 11.1.(j)** Deobligated Funds. – Throughout each year, deobligated funds
34 arise in the various funding categories and program years of the Community Development Block
35 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being
36 cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in
37 the CDBG program may vary from year to year based upon the amount of State-appropriated
38 funds allocated and the amount of eligible in-kind funds identified. To allow the Department of
39 Commerce and the Department of Environmental Quality to quickly deploy deobligated and
40 surplus federal administrative funds as they are identified throughout the program year, the
41 following shall apply to the use of deobligated CDBG funds and surplus federal administrative
42 funds:

- 43 (1) All surplus federal administrative funds shall be divided proportionally
44 between the Departments of Commerce and Environmental Quality and shall
45 be used as provided in subdivisions (2) and (3) of this subsection.
- 46 (2) All deobligated funds allocated to the Department of Commerce and any
47 surplus federal administrative funds, as provided for in subdivision (1) of this
48 subsection, may be used by the Department for all of the following:
 - 49 a. To issue grants in the CDBG Economic Development or
50 Neighborhood Revitalization Program Category.

- 1 b. For providing training and guidance to local governments relative to
- 2 the CDBG program, its management, and administrative requirements.
- 3 c. For any other purpose consistent with the Department's administration
- 4 of the CDBG program if an equal amount of State matching funds is
- 5 available.
- 6 (3) All deobligated funds allocated to the Department of Environmental Quality
- 7 and any surplus federal administrative funds, as provided for in subdivision
- 8 (1) of this subsection, may be used by the Department for all of the following:
- 9 a. To issue grants in the CDBG Infrastructure Category.
- 10 b. For any other purpose consistent with the Department's administration
- 11 of the CDBG program if an equal amount of State matching funds is
- 12 available.

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

SECTION 11.2.(a) The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

- 17 (1) By September 1 of each year, and more frequently as requested, report to the
- 18 chairs of the Joint Legislative Oversight Committee on Agriculture and
- 19 Natural and Economic Resources; the chairs of the House of Representatives
- 20 Appropriations Committee on Agriculture and Natural and Economic
- 21 Resources; the chairs of the Senate Appropriations Committee on Agriculture,
- 22 Natural, and Economic Resources; and the Fiscal Research Division on prior
- 23 State fiscal year program activities, objectives, and accomplishments and prior
- 24 State fiscal year itemized expenditures and fund sources. If State funds are
- 25 used to provide matching funds for competitive grants from the federal
- 26 government or a nongovernmental entity, the report should include a list and
- 27 description of the grants that are awarded.
- 28 (2) Provide to the chairs of the Joint Legislative Oversight Committee on
- 29 Agriculture and Natural and Economic Resources; the chairs of the House of
- 30 Representatives Appropriations Committee on Agriculture and Natural and
- 31 Economic Resources; the chairs of the Senate Appropriations Committee on
- 32 Agriculture, Natural, and Economic Resources; and the Fiscal Research
- 33 Division a copy of the entity's annual audited financial statement within 30
- 34 days of issuance of the statement.

SECTION 11.2.(b) The following entities shall comply with the requirements of subsection (a) of this section:

- 37 (1) North Carolina Biotechnology Center.
- 38 (2) High Point Market Authority.
- 39 (3) RTI International.
- 40 (4) National Institute for Minority Economic Development.
- 41 (5) Carolina Small Business Development Fund.

NC BIOTECHNOLOGY CENTER

SECTION 11.3.(a) Except for the funds appropriated in subsection (b) of this section, funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the 2023-2025 biennium shall be allocated for the following purposes in the following proportions:

- 48 (1) Twenty-one percent (21%) for job creation, including funding for the
- 49 AgBiotech Initiative, economic and industrial development, and related
- 50 activities.

1 (2) Sixty-five percent (65%) for science and commercialization, including
2 science and technology development, Centers of Innovation, business and
3 technology development, education and training, and related activities.

4 (3) Fourteen percent (14%) for Center operations, including administration,
5 professional and technical assistance and oversight, corporate
6 communications, human resource management, financial and grant
7 administration, legal, and accounting.

8 **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of
9 Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each
10 fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina
11 agricultural technology companies.

12 **SECTION 11.3.(c)** The Center shall not use any of the recurring funds allocated in
13 subsection (b) of this section for administrative costs and shall report on the expenditure of those
14 funds each year pursuant to Section 11.2 of this act.

15 **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over
16 funding and distribution of grants.

17 **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in
18 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this
19 section if, in the judgment of Center management, the reallocation will advance the mission of
20 the Center.

21 **NC BIOTECHNOLOGY CENTER PROFIT SHARING MODIFICATION**

22 **SECTION 11.4.** The Attorney General's Office and the North Carolina
23 Biotechnology Center (the Center) shall renegotiate the memorandum of understanding entered
24 into pursuant to Section 20.8 of S.L. 2001-424, and its amendments, to provide that the Center is
25 required to pay the State fifty percent (50%) of only those net profits that exceed one million
26 dollars (\$1,000,000).

27 **MODIFICATION FOR GOLDEN LEAF**

28 **SECTION 11.5.** G.S. 143-712 reads as rewritten:

29 **"§ 143-712. Articles of incorporation; reporting.**

30 The Attorney General shall draft articles of incorporation for the Golden LEAF Foundation
31 to enable the Golden LEAF Foundation to carry out its mission as set out in the Consent Decree.
32 The articles of incorporation shall provide for the following:

- 33 ~~(1) Consultation; reporting. — The Golden LEAF Foundation shall consult with~~
34 ~~the Joint Legislative Commission on Governmental Operations prior to the~~
35 ~~board of directors (i) adopting bylaws and (ii) adopting the annual operating~~
36 ~~budget. Reporting. — The Golden LEAF Foundation shall also report on its~~
37 ~~programs and activities to the Joint Legislative Oversight Committee on~~
38 ~~Agriculture and Natural and Economic Resources, and the Joint Legislative~~
39 ~~Economic Development and Global Engagement Oversight Committee on or~~
40 ~~before September 15 of each fiscal year and more frequently as requested by~~
41 ~~any of these entities. The report shall include all of the following information:~~
42 a. Grants made in the prior fiscal year, including the amount, term, and
43 purpose of the grant.
44 b. Outcome data collected by the Golden LEAF Foundation, including
45 the number of jobs created.
46 c. Cumulative grant data by program and by county.
47 d. Unaudited actual administrative expenses and grants made in the prior
48 fiscal year.
49
50

e. Current fiscal year budget, planned activities, and goals for the current fiscal year.

The Golden LEAF Foundation shall also provide to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee an itemized report of its administrative expenses for the previous fiscal year by September 15 of each year, a copy of its annual audited financial statement for the previous fiscal year within 30 days of having received an audit report from an independent auditor, and a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing.

(1a) Amendment of articles of incorporation. – The Golden LEAF Foundation may periodically amend its articles of incorporation to maintain conformity with the provisions of this Article and any other act of the General Assembly. Subject to the conditions set forth in G.S. 55A-10-02, 55A-10-05, 120-76.1, and Article XIV of the Articles of Incorporation, the Golden LEAF Foundation shall consult with the Joint Legislative Commission on Governmental Operations prior to submitting articles of amendment to the Secretary of State.

...."

RAPID RECOVERY LOAN TECHNICAL CORRECTIONS

SECTION 11.5A.(a) Section 4.2 of S.L. 2020-4, as amended by Section 1.6 of S.L. 2020-97, Section 20.11 of S.L. 2022-6, and Section 11.12 of S.L. 2022-74, reads as rewritten:

"**SECTION 4.2.(a)** Program. – Of the funds allocated in subdivision (45) of Section 3.3 of this act, Golden LEAF shall provide grants to entities for the purpose of making emergency loans to assist small businesses with business needs during periods of economic hardship occasioned by the COVID-19 pandemic. It is the intent of the General Assembly for an equitable portion of funds allocated in this section to be used for the benefit of historically underutilized small businesses. The following shall apply to the program and loans made under the program:

...

(5) Except as provided in subdivision (9a) of this subsection, the term of the loan shall not exceed ~~444~~168 months and shall be amortized over the term of the loan.

...

(9a) A lender, as authorized by Golden LEAF, may take prudent and commercially reasonable efforts to remedy a default, a likelihood of default, or bankruptcy filing by a business, including restructuring the terms of a loan and entering into settlement agreements, provided ~~that~~that, if a loan is restructured, the following requirements are met:

- a. The interest rate is not reduced below prime rate.
- b. The term of the loan is not extended by more than 36 months.

...

"SECTION 4.2.(b) Definitions. – For purposes of this section, the following definitions apply:

...

(4) Net loan funds. – The total loan fund allocation authorized in subdivision (45) of Section 3.3 of this act less (i) the amount used in accordance with subdivision (a)(3a) of this section, (ii) the maximum amount allowed under applicable federal law or guidance for the cost of administering the loans made under the program, (iii) the State's loan funds that are not recaptured, ~~and~~(iv) expenses incurred to recapture loan ~~funds recaptured, and (iv) funds, and (v)~~ funds, and (v)

1 an amount equal to the amount of non-State funds provided as matching funds
2 pursuant to subsection (c) of this section.

3"

4 **SECTION 11.5A.(b)** This section is effective when this act becomes law.

5
6 **GOLDEN LEAF SHELL BUILDING PILOT PROGRAM**

7 **SECTION 11.7.(a)** Of the funds appropriated in this act to the Department of
8 Commerce for the 2023-2024 fiscal year, the nonrecurring sum of ten million dollars
9 (\$10,000,000) shall be allocated to Golden LEAF (Long-Term Economic Advancement
10 Foundation), Inc., (Golden LEAF), a nonprofit corporation, for a pilot program to provide grants
11 to increase the number of available, publicly owned industrial buildings suitable for new or
12 expanding businesses, other than retail, entertainment, or sports projects. Governmental entities
13 and charitable nonprofit entities located in Ashe, Bladen, Columbus, Franklin, Halifax, Robeson,
14 and Scotland Counties are eligible to apply for funding under the program. It is the intent of the
15 General Assembly that funds be awarded equitably among the eligible counties; however, Golden
16 LEAF shall consider the merits and competitiveness of applications received when making
17 awards which may result in differences in total amounts awarded among counties. Awards shall
18 be prioritized based on the number of appropriate sites in a community and the number of
19 available shell buildings. Funds allocated in this section must be encumbered by December 31,
20 2025. Golden LEAF may use up to one percent (1%) of the funds allocated in this section for
21 administration of the program and shall establish guidelines providing for administration of the
22 program. Those guidelines shall include the following provisions, which shall apply to each grant
23 under the program:

- 24 (1) Funds for shell buildings can only be used for (i) identifying potential
25 industrial sites, (ii) grading, clearing, and other site preparation activities, and
26 (iii) planning, design, and other preconstruction and construction activities for
27 shell buildings.
28 (2) Grants awarded shall require a match in the amount of one dollar (\$1.00) of
29 non-State funds for every three State dollars (\$3.00).
30 (3) Grant awards may not exceed two million five hundred thousand dollars
31 (\$2,500,000).
32 (4) Grants may only be awarded for shell building projects owned by an entity
33 eligible to apply for funding and reasonably anticipated to result in the
34 creation of new jobs.
35 (5) A wage standard, if any, deemed appropriate or beneficial for the purpose of
36 the program, as determined in the sole discretion of Golden LEAF.

37 **SECTION 11.7.(b)** Golden LEAF shall include the pilot program in the report
38 required pursuant to G.S. 143-712 until the year following the year in which all funds have been
39 expended. The information provided for the pilot program shall include, at a minimum, the
40 number of shell buildings built, the number of shell buildings that remain vacant and the length
41 of time they have been vacant, the number of shell buildings that have been occupied and the
42 name of the company that occupied them, and the number of jobs based in the shell buildings
43 that have been occupied. Funds allocated under this section are not subject to the provisions of
44 G.S. 143C-6-23.

45
46 **NASCAR ALL-STAR RACE FUNDING CLARIFICATION**

47 **SECTION 11.8.(a)** Funds appropriated in this act from the projected interest in the
48 State Fiscal Recovery Reserve to the Department of Commerce (the "Department") for the
49 NASCAR All-Star Race at the North Wilkesboro Speedway, LLC, may be used for repairs,
50 renovations, and other capital improvements at the speedway if the Department enters into an
51 agreement with the grant recipient to host one NASCAR Series race at the speedway, which shall

1 be in addition to the 2023 All-Star Race, before the end of the 2028 race season. These funds
2 may be used by the grant recipient to cover expenditures made prior to the effective date of this
3 act.

4 **SECTION 11.8.(b)** If the grant recipient receives funds pursuant to subsection (a)
5 of this section but does not host one additional NASCAR Series race at the speedway, in addition
6 to the 2023 All-Star Race, before the end of the 2028 race season, the grant recipient must forfeit
7 the grant awarded under this section and is liable for the amounts received.

8 **SECTION 11.8.(c)** No later than December 1, 2023, the Department shall report on
9 the use of such funds to the chairs of the Joint Legislative Oversight Committee on Agriculture
10 and Natural and Economic Resources and the Joint Legislative Economic Development and
11 Global Engagement Oversight Committee, and to the Fiscal Research Division.

12 NCINNOVATION

13 **SECTION 11.9.(a)** Chapter 143 of the General Statutes is amended by adding a new
14 Article to read:

15 "Article 76B.

16 "NCInnovation.

17 "§ 143-728. NCInnovation.

18 (a) Findings. – The General Assembly of North Carolina finds the following:

19 (1) North Carolina is competing with other states for the ability to commercialize
20 innovations resulting from in-State, world-class higher education research
21 institutions.

22 (2) By fully optimizing the commercialization of those innovations, the State has
23 opportunities for creating new jobs and new companies and achieving greater
24 economic prosperity, particularly in rural areas.

25 (3) Other states have successfully used a public-private partnership model to
26 harness innovation efforts from research universities so as to create jobs, to
27 accelerate commercial opportunities, and to support the commercial growth
28 and scale of emerging technologies.

29 (4) North Carolina will benefit from similar efforts to accelerate
30 commercialization of theoretical and applied science and inventions stemming
31 from the efforts and activities of its higher education research institutions.

32 (b) Purpose. – The purpose of this section is to establish a framework whereby the State
33 may provide funds to be used by a nonprofit corporation, acting on behalf of and for the primary
34 benefit of the State, to establish and support a network of regional innovation hubs, to better
35 leverage the high technology research and development capabilities of its higher education
36 research institutions, and to provide funding to bridge the gap between such research and
37 development capabilities and the application and commercialization of the same, and to support
38 such commercialization and application, along with resulting emerging technologies, to promote
39 the welfare of the people of the State and to maximize the economic growth in the State.

40 (c) Endowment. – NCInnovation is approved to receive funds from the State for the
41 purposes and on the terms and conditions set forth in this Article.

42 (d) Requirements. – In order to receive the endowment and retain State funds, all of the
43 following requirements must be met:

44 (1) NCInnovation shall adhere to the following governance provisions related to
45 its governing board:

46 a. The board shall be composed of 13 voting members as follows: four
47 members appointed by the General Assembly upon recommendation
48 of the Speaker of the House of Representatives, four members
49 appointed by the General Assembly upon recommendation of the
50 President Pro Tempore of the Senate, and the remaining members
51

- 1 elect as provided in the bylaws of NCInnovation. The directors shall
2 hold staggered four-year terms and shall elect their own chair from
3 among their number. Appointing and electing authorities shall ensure
4 that appointed and elected members have expertise and experience in
5 one or more of the following areas: research, development, product
6 commercialization, entrepreneurial business development, and capital
7 formation.
- 8 b. NCInnovation shall comply with the limitations on lobbying set forth
9 in section 501(c)(3) of the Internal Revenue Code.
- 10 c. No State employee or elected official may serve on the board.
- 11 d. The board shall meet at least quarterly at the call of its chair.
- 12 e. The amount of State funds that may be used for the annual salary of
13 any one officer or employee of NCInnovation shall not exceed the
14 greater of (i) one hundred forty thousand dollars (\$140,000) or (ii) the
15 amount most recently set by the General Assembly in a Current
16 Operations Appropriations Act.
- 17 f. Members of the board may not be compensated for their services. The
18 amount of State funds that may be used to provide per diems and
19 allowances to a member of the board engaged in carrying out the
20 purposes and requirements of this Article shall not exceed the amount
21 provided in G.S. 138-5.
- 22 (2) NCInnovation shall amend its articles of incorporation to enable
23 NCInnovation to carry out the purposes and requirements of this Article. The
24 articles of incorporation, as amended, shall provide for the following:
- 25 a. Consultation; reporting. – NCInnovation shall consult with the Joint
26 Legislative Commission on Governmental Operations prior to the
27 board of directors adopting bylaws or any amendment to its bylaws.
28 NCInnovation shall also report on its programs and activities to the
29 Joint Legislative Commission on Governmental Operations, the Joint
30 Legislative Economic Development and Global Engagement
31 Oversight Committee, and the Fiscal Research Division on or before
32 September 15 of each fiscal year and more frequently as requested by
33 any of these entities. The report shall include all of the following
34 information:
- 35 1. Every expenditure for establishing and supporting a network
36 of regional innovation hubs and every award of grants, funds,
37 or other support by NCInnovation in the prior fiscal year. This
38 information shall include, at a minimum, the recipient, amount,
39 term, and purpose of the award.
- 40 2. Outcome data collected by NCInnovation, including the
41 number of jobs created.
- 42 3. Cumulative regional innovation hub network expenditure and
43 funding award data by program and by county.
- 44 4. An unaudited report, itemized by category, of overhead and
45 administrative costs for the previous fiscal year.
- 46 5. Current fiscal year budget, planned activities, and goals for the
47 current fiscal year.
- 48 6. Developed performance metrics for recipients of funding and
49 support by NCInnovation.
- 50 7. A detailed explanation of how annual salaries are determined,
51 including base pay schedules and any additional salary

1 amounts or bonuses that may be earned as a result of job
2 performance. The explanation shall include the means used by
3 NCInnovation to foster employee efforts in rural and
4 low-income areas in the State.

5 NCInnovation shall also provide to the Joint Legislative
6 Commission on Governmental Operations, the Joint Legislative
7 Economic Development and Global Engagement Oversight
8 Committee, and the Fiscal Research Division (i) a copy of its annual
9 audited financial statement for the previous fiscal year within 30 days
10 of having received an audit report from an independent auditor and (ii)
11 a copy of its annual federal income tax return for the previous fiscal
12 year within 30 days of filing. In addition, the State Auditor may
13 perform audits of NCInnovation pursuant to Article 5A of Chapter 147
14 of the General Statutes to ensure that funds are being managed in
15 accordance with the provisions of this Article.

16 b. Transfer of assets. – NCInnovation shall not dispose of assets pursuant
17 to G.S. 55A-12-02 without the approval of the General Assembly.

18 c. Charter repeal. – The charter of NCInnovation may be repealed at any
19 time by the General Assembly pursuant to Section 1 of Article VIII of
20 the North Carolina Constitution. NCInnovation shall not amend its
21 articles of incorporation without the approval of the General
22 Assembly.

23 d. Dissolution. – NCInnovation may be dissolved pursuant to Chapter
24 55A of the General Statutes or by the General Assembly. Upon
25 dissolution, (i) all funds, other than excluded amounts and interest
26 earned on excluded amounts, and (ii) all assets acquired with State
27 funds shall be transferred to the General Fund.

28 (3) NCInnovation shall act on behalf of, and perform its duties for the benefit of,
29 the State. Where those duties involve the distribution of investment income,
30 NCInnovation shall (i) consult with the North Carolina Collaboratory
31 (Collaboratory), established under G.S. 116-255, for purposes of making
32 determinations regarding terms and amounts of distributions and (ii) use the
33 Collaboratory to manage the distributions. NCInnovation shall, at a minimum,
34 perform the following duties:

35 a. Establish and support a network of regional innovation hubs by doing
36 one or more of the following:

37 1. Establishing four university research hubs, each located in
38 areas of the State where regional collaboration between
39 academic, industrial, and capital formation networks are at or
40 below average in comparison to the rest of the State.

41 2. Providing full-time, colocated educational liaisons, business
42 consultants, and technology transfer consultants in each
43 university research hub established for the purposes of (i)
44 building new and strengthening existing relationships between
45 senior educational and regional industry leaders to facilitate
46 ongoing engagement within and among regional networks and
47 (ii) creating communication and information exchange
48 between regional networks to identify areas of potential
49 collaboration, filling needs, and otherwise maximizing
50 complementary research, development, and
51 commercialization.

- 1 3. Conducting analysis of research activities, capacities, and
 2 capabilities of each higher education research institution in
 3 each university research hub in light of commercial innovation
 4 needs in the hub, including (i) identifying specific strengths
 5 and gaps that could benefit from regional collaboration, (ii)
 6 identifying existing patents and research and, where
 7 applicable, how the patents or research might have commercial
 8 application for industry needs, and (iii) creating a strategic plan
 9 to guide future investments and identify resources or
 10 infrastructure required to implement and apply patents and
 11 research into commercialized innovation.
- 12 4. Providing the results of, and associated guidance concerning,
 13 conducted analyses to assist connecting hub-specific
 14 capabilities with regional commercial needs and to ensure
 15 applied research investments are aligned with regional
 16 strengths, capabilities, and commercial opportunities.
- 17 5. Funding, supporting, and facilitating the development of
 18 partnerships and building capacity between regional industries
 19 and higher education research institutions.
- 20 6. Drafting guidance for researchers to use in prioritizing targeted
 21 commercial opportunities and leveraging identified research
 22 strengths.
- 23 7. Soliciting applications for grants to commercialize or develop
 24 the capability to commercialize applied research opportunities.
- 25 b. Award grants, funds, and other resources to higher education research
 26 institutions under programs designed to do any of the following:
- 27 1. Provide capacity building to (i) expand applied research
 28 federal grant scouting and (ii) provide project management and
 29 support for researchers engaged in collaborations between
 30 such institutions.
- 31 2. Support technology development, start-up support, and
 32 licensing assistance.
- 33 3. Pursue intellectual property protections, including patent
 34 prosecution.
- 35 4. Provide direct, non-dilutive funding designed to advance
 36 research and development to proof of commercial viability.
- 37 5. Furnish additional support services after proof of commercial
 38 viability designed to assist researchers at such institutions in
 39 attaining, from sources other than NCInnovation, venture
 40 capital and capital formation.
- 41 c. Protect the use of State funds by requiring, as a condition of awarding
 42 funds or providing support, that the recipient, for a minimum of five
 43 years, (i) have its headquarters and principal place of business in the
 44 State and (ii) be organized under the laws of this State for any
 45 commercialization resulting from or furthered by, in whole or part,
 46 such funds or support. NCInnovation may receive from a recipient
 47 neither future earnings or revenue of any kind nor equity or ownership
 48 interests of any kind.
- 49 (4) NCInnovation shall contract with an independent investment manager to
 50 manage and invest the endowment for the purpose of generating investment
 51 income. The contract shall establish the annual compensation for the

1 investment manager, including any management fee, which shall reflect
2 asset-based pricing using a tiered structure, with an overall blended rate not to
3 exceed 15 basis points. Amounts paid pursuant to this subdivision are
4 overhead and administrative costs of NCInnovation. The contract shall require
5 that the investment manager disclose to NCInnovation any interest that it or
6 an owner, stockholder, partner, officer, director, member, employee, or agent
7 of the investment manager has in a recipient of investment income from
8 NCInnovation to the extent the investment manager is aware of such
9 recipients. The activities and investments of the investment manager are not
10 subject to the reporting requirements of this Article.

11 (5) NCInnovation may draw from, distribute, and otherwise expend investment
12 income, including, without limitation, to make funding awards and establish
13 or support a network of regional innovation hubs, in accordance with this
14 Article, and such activities are subject to the reporting requirements of this
15 Article. NCInnovation shall develop criteria for and notify the Joint
16 Legislative Commission on Governmental Operations regarding each
17 program NCInnovation will use to advance the purposes of this Article prior
18 to using investment income for the program. NCInnovation shall provide a
19 copy of materials describing each program to the Fiscal Research Division
20 within 15 days of finalizing the program.

21 (6) NCInnovation shall have received from fundraising efforts and sources, other
22 than State funds, commitments to donate at least twenty-five million dollars
23 (\$25,000,000) in private funds for support of its operations. The minimum
24 commitment amount required by this subdivision must be received within five
25 years of the receipt of any portion of the endowment.

26 (7) NCInnovation shall adopt, publish, and provide to the Joint Legislative
27 Commission on Governmental Operations a resolution or policy regarding
28 conflicts of interest to guide actions by the governing board members, officers,
29 and employees of NCInnovation in the performance of their duties and to
30 prevent such persons from benefiting from or holding an equity position in
31 any intellectual property, licensing, or business entity supported or funded by
32 NCInnovation. The conflict of interest policy shall contain, at a minimum, that
33 no subject person of NCInnovation may take any official action or use the
34 subject person's official position to profit in any manner the subject person,
35 the subject person's immediate family, a business with which the subject
36 person or the subject person's immediate family has a business association, or
37 a client of the subject person or the subject person's immediate family with
38 whom the subject person, or the subject person's immediate family, has an
39 existing business relationship. No subject person shall attempt to profit from
40 a proposed project lead resulting from commercialization of, or business
41 formation resulting from, research if the profit is greater than that which would
42 be realized by other persons living in the area where the project lead is located.
43 If the profit under this subdivision would be greater for the subject person than
44 other persons living in the area where the project lead is located, not only shall
45 the subject person abstain from voting on that issue, but, once the conflict of
46 interest is apparent, the subject person shall not discuss the project lead with
47 any other subject person except to state that a conflict of interest exists. Under
48 this subdivision, a subject person is presumed to profit if the profit would be
49 realized by the subject person, the subject person's immediate family, a
50 business with which the subject person or the subject person's immediate
51 family has a business association, or a client of the subject person or the

1 subject person's immediate family with whom the subject person or the subject
2 person's immediate family has an existing business relationship with a
3 company that is the subject of a proposed project lead. No subject person, in
4 contemplation of official action by the subject person, or in reliance on
5 information that was made known to the subject person in the subject person's
6 official capacity and that has not been made public, shall (i) acquire a
7 pecuniary interest in any property, transaction, or enterprise or gain any
8 pecuniary benefit that may be affected by such information or official action
9 or (ii) intentionally aid another to do any of the above acts. As used in this
10 subdivision, the following terms mean:

- 11 a. Board. – The governing board of NCInnovation.
12 b. Board member. – A member of the board.
13 c. Business association. – A director, employee, officer, or partner of a
14 business entity, or owner of more than ten percent (10%) interest in
15 any business entity.
16 d. Immediate family. – Spouse, children, parents, brothers, and sisters.
17 e. Official action. – Actions taken in connection with the subject person's
18 duties, including, but not limited to, voting on matters before the
19 board, discussing investment matters with other subject persons in an
20 effort to further the matter after the conflict of interest has been
21 discovered, or taking actions in the course and scope of the position as
22 a subject person and actions leading to or resulting in profit.
23 f. Profit. – Receive monetary or economic gain or benefit, including an
24 increase in value whether or not recognized by sale or trade.
25 g. Subject person. – A board member, officer, or employee of
26 NCInnovation.

27 (8) NCInnovation shall adopt, publish, and provide to the Joint Legislative
28 Commission on Governmental Operations a resolution or policy regarding
29 gifts to guide actions by the governing board members, officers, and
30 employees of NCInnovation in the performance of their duties. The gift policy
31 required by this subdivision shall, at a minimum, prohibit an employee,
32 officer, or member of the board of NCInnovation from knowingly accepting
33 a gift from a person whom the employee, officer, or member of the board
34 knows or has reason to know (i) is seeking to do business of any kind in the
35 State or (ii) has financial interests that may be substantially and materially
36 affected, in a manner distinguishable from the public generally, by the
37 performance or nonperformance of official duties of the employee, officer, or
38 member of the board. This prohibition shall not apply to either of the
39 following:

- 40 a. Gifts given to the employee, officer, or member of the board where the
41 gift is food or beverages, transportation, lodging, entertainment, or
42 related expenses associated with responsibilities or duties the
43 employee, officer, or member of the board is responsible for
44 conducting on behalf of NCInnovation, provided (i) the employee,
45 officer, or member of the board did not solicit the gift and did not
46 accept the gift in exchange for the performance or nonperformance of
47 corporate duties and (ii) the employee, officer, or member of the board
48 reports electronically to the corporation within 30 days of receipt of
49 the gift, including a description and value of the gift and a description
50 of how the gift contributed to responsibilities or duties on behalf of
51 NCInnovation.

- 1 b. Gifts of personal property valued at less than one hundred dollars
2 (\$100.00) given to the employee, officer, or member of the board in
3 the commission of corporate duties if the gift is given as a personal gift
4 in another country as part of an overseas trade mission and the giving
5 and receiving of such personal gifts is considered a customary protocol
6 in the other country.
- 7 (9) NCInnovation shall maintain separate accounting records for and separate
8 accounts for State funds and excluded amounts and shall not commingle State
9 funds and excluded amounts. NCInnovation shall maintain records and
10 accounts according to generally accepted accounting principles.
- 11 (10) NCInnovation shall specifically and separately report on incidences where a
12 person, including a related member of a person, has made a reported
13 contribution and has received funds or support from NCInnovation.
14 NCInnovation shall include the record in the report required to be filed
15 pursuant to this section.
- 16 (11) NCInnovation shall limit the use of State funds for the severance pay of the
17 chief executive officer and other officers of the nonprofit corporation to no
18 more than the salary limitation contained in subdivision (1) of this subsection.
- 19 (12) NCInnovation complies with the following:
- 20 a. State funds shall not be used to hire a lobbyist.
- 21 b. No State funds may be used for overhead and administrative costs. It
22 is the intent of the General Assembly (i) to make a determination of
23 the appropriate maximum amount of investment income that may be
24 used for overhead and administrative costs based on observed costs
25 occurring within the first three years of receipt of the endowment, (ii)
26 to allow for that maximum amount to be used for those purposes in
27 subsequent years, and (iii), at that time, to require NCInnovation to
28 prioritize the use of excluded amounts for overhead and administrative
29 costs to the extent practicable.
- 30 c. Only excluded amounts may be used for any of the following: (i)
31 alcohol, (ii) first-class airfare, (iii) charter flights, (iv) holiday parties
32 or similar social gatherings, and (v) any meeting, whether a formal
33 public meeting or an informal retreat, located outside of the State.
- 34 (e) Benefits. – An officer, employee, or member of a governing board of NCInnovation
35 is not a State employee, is not covered by Chapter 126 of the General Statutes, and is not entitled
36 to State-funded employee benefits, including membership in the Teachers' and State Employees'
37 Retirement System and the State Health Plan for Teachers and State Employees.
- 38 (f) Use of Funds. – NCInnovation shall comply with the following:
- 39 (1) Endowment. – The endowment may be used solely to produce investment
40 income by an independent investment manager, as provided in this Article.
- 41 (2) Investment income. – Investment income may be used for the following:
- 42 a. Establishing and supporting a network of regional innovation hubs.
- 43 b. Awarding grants, funds, and other resources to advance duties owed
44 by NCInnovation under this Article.
- 45 c. Any other purpose expressly and specifically allowed for investment
46 income in this Article.
- 47 (3) State funds. – State funds may not be used for lobbying purposes.
- 48 (4) Excluded amounts. – Excluded amounts may not be invested with the
49 endowment.
- 50 (g) Applicable Laws. – NCInnovation is subject to the requirements of (i) Chapter 132 of
51 the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Notwithstanding

1 the provisions of this subsection, public records relating to programs, recipients, and projects
2 funded by NCInnovation may be withheld so long as their inspection, examination, or copying
3 would, as determined in the sole discretion of NCInnovation, frustrate the purpose for which such
4 public records were created or would result in the harmful dissemination of confidential
5 intellectual property of a recipient; however, the provisions of this subsection allowing public
6 records to be withheld no longer apply as soon as that frustration or harmful dissemination ceases,
7 and NCInnovation shall disclose as soon as practicable, and within 25 business days, public
8 records from that time.

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

10 (1) Endowment. – Funds provided to NCInnovation by the State upon meeting
11 the requirements set forth in this section and any future funds NCInnovation
12 receives from the State.

13 (2) Excluded amounts. – Any funds raised by NCInnovation through fundraising
14 efforts and returns or earnings of any kind resulting directly or indirectly from
15 investment of such funds.

16 (3) Higher education research institution. – A postsecondary constituent
17 institution of The University of North Carolina, as defined in G.S. 116-2, or a
18 community college, as defined in G.S. 115D-2.

19 (4) Investment income. – Returns and earnings of any kind resulting directly or
20 indirectly from investment of the endowment by an independent investment
21 manager as allowed by this Article.

22 (5) NCInnovation. – NCInnovation, Inc., a North Carolina nonprofit corporation
23 under section 501(c)(3) of the Internal Revenue Code, provided it has its
24 headquarters and principal place of business in the State and meets the
25 requirements of this Article necessary to receive and retain the endowment.

26 (6) State funds. – The endowment and investment income."

27 **SECTION 11.9.(b)** Notwithstanding the provisions of Article 76B of Chapter 143
28 of the General Statutes, NCInnovation may use up to fifty million dollars (\$50,000,000) of the
29 endowment as investment income in the 2023-2024 fiscal year and ninety million dollars
30 (\$90,000,000) of the endowment as investment income in the 2024-2025 fiscal year, as those
31 terms are defined in G.S. 143-728, as enacted by subsection (a) of this section. Funds not used
32 for purposes allowed in this section at the end of the fiscal year for which the allowance is made
33 shall be returned to and used in conformity with the endowment, as provided in Article 76B of
34 Chapter 143 of the General Statutes.

35 Notwithstanding the provisions of Article 76B of Chapter 143 of the General Statutes,
36 investment income earned on the endowment during the 2023-2025 fiscal biennium shall be
37 retained and invested with the endowment. To the extent that funds are used from the endowment
38 in accordance with this section, NCInnovation shall replenish such funds in the future from
39 investment income to the extent practicable in the reasonable discretion of the board, balancing
40 the amount of investment income and NCInnovation's performance of the purposes of this
41 section.

42 **EDPNC MARKETING FUNDING EXTENSION**

43 **SECTION 11.10.** Section 11.4(b) of S.L. 2022-74 reads as rewritten:

44 **"SECTION 11.4.(b)** There is appropriated from the Economic Development Project
45 Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the
46 nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the
47 sum of sixty million dollars (\$60,000,000) to be used for the following purposes in the following
48 amounts:
49

50 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing of the
51 State.

1 (2) Thirty million dollars (\$30,000,000) for business marketing of the State.
 2 Of the funds allocated in subdivisions (1) and (2) of this subsection, the nonprofit corporation
 3 shall use no more than twenty million dollars (\$20,000,000) for each purpose by June 30, 2023,
 4 and the remainder of the funds allocated by this section by ~~December 31, 2024.~~ June 30, 2025.
 5 The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this
 6 section for administrative costs."
 7

8 **EIC FUNDING APPROVAL FOR MEGASITES PROGRAM/MODIFICATIONS TO**
 9 **MEGASITES PROGRAM**

10 **SECTION 11.11.(a)** Of the funds appropriated from the Economic Development
 11 Project Reserve established in Section 2.2 of this act to the Department of Commerce
 12 (Department) to be allocated to the nonprofit corporation with which the Department contracts
 13 pursuant to G.S. 143B-431.01(b), the sum of one hundred seven million eight hundred thousand
 14 dollars (\$107,800,000) shall be used by the nonprofit corporation as follows:

- 15 (1) Ten million dollars (\$10,000,000) in nonrecurring funds for the 2023-2024
 16 fiscal year to be used to support local governments or a partnership of local
 17 governments in conducting due diligence as described in subdivision (4a) of
 18 Section 11.11(a) of S.L. 2022-74, as amended by subsection (b) of this section.
 19 (2) Ninety-seven million eight hundred thousand dollars (\$97,800,000) in
 20 nonrecurring funds for the 2024-2025 fiscal year, to be used for purposes
 21 consistent with the megasites readiness program established in Section 11.11
 22 of S.L. 2022-74.

23 **SECTION 11.11.(b)** Section 11.11 of S.L. 2022-74 reads as rewritten:

24 "**SECTION 11.11.(a)** Purpose. – It is in the best economic and developmental interests of
 25 the State to support the development of megasites to ensure the State's ongoing competitiveness
 26 for major manufacturing opportunities, ~~including including, but not limited to,~~ the aerospace,
 27 automotive, clean energy, food processing, semiconductor, and life science industries. The
 28 purpose of this section is to establish a competitive grant program serving to do the following:

- 29 (1) Identify and evaluate up to ~~five~~ seven megasites for preferred development
 30 and marketing.
 31 (2) ~~Enable~~ Assist local governments or a partnership of local governments to ~~to~~
 32 acquire in the acquisition of a newly identified or existing megasite.
 33 (3) Support local governments or a partnership of local governments to ~~install~~
 34 analyze, plan, install, or upgrade public infrastructure, including publicly
 35 owned water, gas, and sewer systems, transportation infrastructure, and the
 36 electrical utility lines necessary to meet the needs of prospective employers
 37 for megasites.
 38 (4) Support local governments or a partnership of local governments to fund
 39 on-site preparation, including clearing, grading, or other related expenses for
 40 megasites.
 41 (4a) Support local governments or a partnership of local governments in
 42 conducting due diligence, including, but not limited to, the following: site
 43 characteristics, preliminary engineering reports for water and wastewater
 44 provision to the site, assessments related to road and highway infrastructure
 45 to serve the site, and other assessments as needed.
 46 (5) Facilitate coordination between the economic development ~~entities and~~
 47 entities, the North Carolina Department of Environmental ~~Quality~~ Quality,
 48 and the North Carolina Department of Transportation to expedite ~~any~~
 49 ~~environmental~~ needs related to timely site development.

50 **"SECTION 11.11.(b)** Fund Established. – There is created in the Department a special fund
 51 to be known as the North Carolina Megasite Fund for grants awarded by EDPNC for purposes

1 consistent with this section. EDPNC shall be responsible for administering the program. The
 2 provisions prohibiting EDPNC from awarding of grants contained in G.S. 143B-431.01 do not
 3 apply to the Fund.

4 "SECTION 11.11.(c) Definitions. – The following definitions apply in this section:

5 ...

6 (5) Megasite. – A parcel of contiguous property consisting of more than 1,000
 7 acres that is viable for industrial development and listed in the report produced
 8 pursuant to subsection ~~(d)~~(g) of this section.

9 "SECTION 11.11.(d) Allocation. – EDPNC shall allocate monies in the Fund on the
 10 following basis:

11 (1) The first one million dollars (\$1,000,000) appropriated to the Fund for
 12 engaging a national site selection firm through a competitive bid process to
 13 produce a report evaluating sites in the State and determining the ~~five~~seven
 14 megasites best positioned for advanced manufacturing site selection searches
 15 conducted by major employers.

16 ...

17 "SECTION 11.11.(f) Agreements Required. – Monies may be disbursed from the Fund only
 18 in accordance with agreements that are (i) entered into between EDPNC and a local government
 19 or a government ~~partnership~~ partnership and (ii) approved by the Economic Investment
 20 Committee established pursuant to G.S. 143B-437.54. The agreement must include all of the
 21 performance criteria, remedies, and other safeguards required to secure the assistance provided
 22 to ready the megasite for a major employer and must require EDPNC to recapture a proportionate
 23 amount of assistance provided under this section for failure by a local government or government
 24 partnership to meet and maintain the megasite for availability for the purposes for which the
 25 assistance was provided.

26"

27 SECTION 11.11.(c) G.S. 132-6 reads as rewritten:

28 "§ 132-6. **Inspection, examination and copies of public records.**

29 ...

30 (d1) Notwithstanding the provisions of subsections (a) and (b) of this section, public
 31 records relating to the potential location, evaluation, and acquisition of a qualifying site may be
 32 withheld so long as their inspection, examination, or copying would frustrate the purpose for
 33 which such public records were created, including increasing costs of acquisition. Once (i) the
 34 land comprising a qualifying site has been acquired or on which options have been secured or
 35 (ii) the qualifying site is evaluated but ultimately deemed unsuitable for further development, the
 36 provisions of this subsection allowing public records to be withheld by the agency no longer
 37 apply. Once the provisions of this subsection no longer apply, the agency shall disclose as soon
 38 as practicable, and within 25 business days, public records requested for the qualifying site that
 39 are not otherwise made confidential by law. For purposes of this subsection, a qualifying site is
 40 a megasite or selectsite for which State funding for identification, evaluation, and acquisition is
 41 approved by the Economic Investment Committee from the North Carolina Megasite Fund or
 42 North Carolina Selectsite Fund.

43"

44 SECTION 11.11.(d) Subsection (c) of this section is effective when it becomes law.

45
 46 **SELECTSITE READINESS PROGRAM**

47 SECTION 11.12.(a) Funds appropriated by Section 11.4 of S.L. 2022-74 to the
 48 Department of Commerce (Department) and allocated to the nonprofit corporation with which
 49 the Department contracts pursuant to G.S. 143B-431.01(b) that remain unspent as of June 30,
 50 2023, shall be transferred to the North Carolina Selectsite Fund established in subsection (c) of
 51 this section to be used for purposes consistent with subdivision (e)(1) of this section. Of the funds

1 appropriated from the Economic Development Project Reserve established in Section 2.2 of this
2 act to the Department to be allocated to the nonprofit corporation with which the Department
3 contracts pursuant to G.S. 143B-431.01(b), the sum of ten million dollars (\$10,000,000) in
4 nonrecurring funds for the 2024-2025 fiscal year shall be used to support local governments or a
5 partnership of local governments in conducting due diligence as described in subdivision (b)(5)
6 of this section.

7 **SECTION 11.12.(b)** Purpose. – It is in the best economic and developmental
8 interests of the State to support the development of selectsites to ensure the State's ongoing
9 competitiveness for major manufacturing opportunities, including, but not limited to, the
10 aerospace, automotive, clean energy, food processing, semiconductor, and life science industries.
11 The purpose of this section is to establish a competitive grant program serving to do the
12 following:

- 13 (1) Identify and evaluate up to 15 selectsites of less than 1,000 acres for preferred
14 development and marketing.
- 15 (2) Assist local governments or a partnership of local governments in the
16 acquisition of a newly identified or existing selectsite.
- 17 (3) Support local governments or a partnership of local governments to analyze,
18 plan, install, or upgrade public infrastructure, including publicly owned water,
19 gas, and sewer systems; transportation infrastructure; and the electrical utility
20 lines necessary to meet the needs of prospective employers for selectsites.
- 21 (4) Support local governments or a partnership of local governments to fund
22 on-site preparation, including clearing, grading, or other related expenses for
23 selectsites.
- 24 (5) Support local governments or a partnership of local governments in
25 conducting due diligence, including, but not limited to, the following: site
26 characteristics, preliminary engineering reports for water and wastewater
27 provision to the site, assessments related to road and highway infrastructure
28 to serve the site, and other assessments as needed.
- 29 (6) Facilitate coordination between the economic development entities and the
30 North Carolina Department of Environmental Quality and the North Carolina
31 Department of Transportation to expedite needs related to timely site
32 development.

33 **SECTION 11.12.(c)** Fund Established. – There is created in the Department a special
34 fund to be known as the North Carolina Selectsite Fund for grants awarded by the Economic
35 Development Partnership of North Carolina (EDPNC) for purposes consistent with this section.
36 EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC
37 from the awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

38 **SECTION 11.12.(d)** Definitions. – The definitions in Section 11.11(c) of S.L.
39 2022-74 apply in this section. For purposes of this section, a "selectsite" is a parcel of contiguous
40 property consisting of less than 1,000 acres that is viable for industrial development and listed in
41 the report pursuant to subsection (h) of this section. For purposes of this section, "Fund" is the
42 North Carolina Selectsite Fund.

43 **SECTION 11.12.(e)** Allocation. – EDPNC shall allocate monies in the Fund on the
44 following basis:

- 45 (1) Unspent funds transferred pursuant to subsection (a) of this section shall be
46 used for engaging a national site selection firm through a competitive bid
47 process to produce a report identifying and evaluating 15 selectsites for
48 preferred development and marketing, of which seven must be less than 500
49 acres and of which an additional two must be less than 100 acres.
- 50 (2) Funds appropriated to the Fund for local government grants shall be allocated
51 for the purposes outlined in subdivisions (b)(2), (b)(3), (b)(4), and (b)(5) of

1 this section for selectsites determined pursuant to subdivision (1) of this
2 subsection. EDPNC shall prioritize local government grants that have the
3 greatest potential to reduce the time for site readiness and reduce the risk of
4 unforeseen conditions that could affect the site viability for advanced
5 manufacturing projects. EDPNC shall base the grant amount on total
6 development needs for the selectsite, prior investment in the selectsite by one
7 or more local governments, the ability of one or more local governments to
8 invest in the selectsite, and the ability and level of participation promised by
9 the local government in exchange for a grant from the Fund. Monies may only
10 be granted for, and used to acquire, a selectsite for which (i) one or more local
11 governments have a binding option or offer to purchase and (ii) all basic due
12 diligence has been completed, including, but not limited to, boundary surveys,
13 title searches, State Historic Preservation Office reviews, and wetlands
14 delineation.

15 **SECTION 11.12.(f) Matching Funds.** – If a grant is awarded that includes site
16 acquisition assistance, the local governments to which a grant is awarded shall provide the
17 remainder of the cost of purchasing the selectsite not provided by the grant.

18 **SECTION 11.12.(g) Agreements Required.** – Monies may be disbursed from the
19 Fund only in accordance with agreements entered into between EDPNC and a local government
20 or a government partnership. The agreement must include all of the performance criteria,
21 remedies, and other safeguards required to secure the assistance provided to ready the selectsite
22 for a major employer and must require EDPNC to recapture a proportionate amount of assistance
23 provided under this section for failure by a local government or government partnership to meet
24 and maintain the selectsite for availability for the purposes for which the assistance was provided.

25 **SECTION 11.12.(h) Reporting.** – EDPNC shall file an annual report to the
26 Department on or before April 1 of each year. The annual report prepared will document the total
27 amount of grants awarded, matching funds required, activities to ready selectsites and associated
28 costs, any major employers locating at an improved or acquired selectsite, and the unallocated
29 amount for grants remaining in the Fund. The Department shall prepare and file on or before
30 May 1 of each year with the Senate Appropriations Committee on Agriculture, Natural, and
31 Economic Resources; the House of Representatives Appropriations Committee on Agriculture
32 and Natural and Economic Resources; the Joint Legislative Economic Development and Global
33 Engagement Oversight Committee; the Office of State Budget and Management; and the Fiscal
34 Research Division a consolidated report for the preceding fiscal year concerning the information
35 required by this section.

36 **SECTION 11.12.(i) Program Guidelines.** – EDPNC shall develop guidelines related
37 to the administration of this program. At least 20 days before the effective date of any guidelines
38 or nontechnical amendments to the guidelines, EDPNC shall publish the proposed guidelines on
39 its website and provide notice to persons who have requested notice of proposed guidelines. In
40 addition, EDPNC must accept oral and written comments on the proposed guidelines and shall,
41 in its discretion, consider such comments before finalizing the guidelines during the 15 business
42 days beginning on the first day that EDPNC has completed these notifications. Guidelines
43 adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B
44 of the General Statutes.

45 **SHELLFISH GROWERS LOAN PROGRAM MODIFICATION**

46 **SECTION 11.13.(a) G.S. 113-211 reads as rewritten:**

47 **"§ 113-211. Shellfish Growers Loan Program.**

48 (a) **Definitions.** – For purposes of this section, the following definitions apply:

49 (1) Applicable federal rate. – The minimum interest rate that the Internal Revenue
50 Service sets and adjusts monthly for private loans.
51

- 1 (1a) Department. – The Department of Commerce.
- 2 (2) Governmental crop insurance. – Insurance coverage through the United States
- 3 Department of Agriculture Noninsured Crop Disaster Assistance Program.
- 4 (3) ~~Prime rate. – The interest rate that a commercial bank holds out as its lowest~~
- 5 ~~rate for a loan with less than a 36-month term to its most creditworthy~~
- 6 ~~borrowers.~~
- 7 ...
- 8 (b) Program. – There is established the Shellfish Growers Loan Program to be
- 9 administered by the Rural Center. The program shall provide a revolving source of low-interest
- 10 working capital and equipment loans to emerging and existing small shellfish growers in this
- 11 State. Funds credited to the program are available in perpetuity and must be used only to provide
- 12 loans to eligible businesses or for administrative expenses as allowed in this section.
- 13 (c) Loans. – The following shall apply to the program and loans made under the program:
- 14 (1) A loan provided under the program shall have a fixed interest rate that is equal
- 15 to the ~~prime~~ applicable federal rate plus two and one-quarter percent (2.25%)
- 16 and shall be amortized over the term of the loan. For the purposes of each
- 17 loan, the qualifying lender shall use the applicable federal interest rate that
- 18 aligns with the term of the loan and shall match the applicable federal rate for
- 19 the month in which the qualifying business receives the loan.
- 20 ...
- 21 (2) A working capital loan shall have a term of at least 12 months and shall not
- 22 exceed ~~24~~ 72 months.
- 23 (3) An equipment loan shall have a term of at least 12 months and shall not exceed
- 24 ~~60~~ 72 months.
- 25 ...
- 26 (7) Loans are made pursuant to an agreement with a qualifying business that
- 27 includes at least the following:
- 28 ...
- 29 e. A provision requiring proof that the qualifying business ~~possesses~~
- 30 ~~current~~ has submitted a completed application for governmental crop
- 31 insurance to protect from disasters.
- 32 f. A provision allowing for losses from disasters in excess of
- 33 governmental crop insurance coverage on loans made to the qualifying
- 34 business to be covered by the program funds up to the remaining
- 35 unpaid principal loaned to the qualifying business but not repaid at the
- 36 time of the loss.
- 37 "

38 **SECTION 11.13.(b)** The qualifying lender shall seek to renegotiate the interest rate
 39 for any loans already disbursed or agreed to regarding loans that are already issued on or before
 40 the date this section becomes law, if the new interest rate at that time is lower than the interest
 41 rate currently agreed to between the qualifying lender and qualifying business.

42 **SECTION 11.13.(c)** This section is effective when it becomes law.

43
 44 **NORTH CAROLINA INNOVATION COUNCIL**

45 **SECTION 11.14.(a)** G.S. 169-1(b)(14) reads as rewritten:

46 "(14) Waiver. – A document issued pursuant to this Chapter that allows a ~~person~~

47 sandbox participant to temporarily test an innovative product or service on a

48 limited basis without otherwise being subject to the same licensing or

49 authorization provisions of the laws of this State or in full compliance with

50 the laws of this State."

51 **SECTION 11.14.(b)** G.S. 169-3 reads as rewritten:

1 **"§ 169-3. Regulatory sandbox program established; innovation waivers; limitations.**

2 (a) Notwithstanding any other provision of law, a person who makes an innovative
3 product or service available to consumers in the regulatory sandbox may be granted a waiver of
4 specified requirements imposed by statute or ~~rule, or portions thereof, if these statutes or rules~~
5 ~~do not currently permit the product or service to be made available to consumers.~~rule.

6 (b) A waiver under subsection (a) of this section shall be no broader than necessary to
7 accomplish the purposes set forth in this ~~Aet, Chapter,~~ Chapter, as determined by the applicable State
8 agency.

9 (c) A waiver is valid for the duration of participation in the regulatory sandbox, not to
10 exceed 24 months from the date of admission into the regulatory sandbox program unless an
11 extension is granted.

12 (d) Unless otherwise provided in this Chapter, nothing in this section shall limit or affect
13 the authority of any State agency or otherwise alter existing State law."

14 **SECTION 11.14.(c)** G.S. 169-4(a) reads as rewritten:

15 "(a) The North Carolina Innovation Council is established. ~~The purpose of the Innovation~~
16 ~~Council is to~~ The Council shall be administratively housed in the Department of Commerce. The
17 purpose, powers, and duties of the Council are as follows:

18 (1) To support innovation, investment, and job creation within North Carolina by
19 encouraging participation in the regulatory ~~sandbox,~~ sandbox created by this
20 Chapter.

21 (2) ~~The Council is empowered to~~ To set standards, principles, guidelines, and
22 policy priorities for the types of innovations that the regulatory sandbox
23 program will support.

24 (3) ~~The Council shall~~ To be responsible for admission into the regulatory sandbox
25 program and for assigning selected participants to the applicable State agency.

26 (4) To adopt rules further implementing this Chapter, including, but not limited
27 to:

28 a. The operation, supervision, managing, and communication of the
29 regulatory sandbox under this Chapter;

30 b. The information required and the process for receiving, reviewing,
31 accepting, and denying applications to the regulatory sandbox;

32 c. Establishing conditions of the waiver; and

33 d. The termination or removal of any participant from the regulatory
34 sandbox."

35 **SECTION 11.14.(d)** G.S. 169-5 reads as rewritten:

36 **"§ 169-5. Regulatory assistance; technical assistance; nonprofit organizations.**

37 A designated nonprofit organization which has been duly authorized by the Office of the
38 Secretary of State shall be recognized as partners that may help sandbox applicants navigate the
39 regulatory sandbox application process. Certain participating nonprofit organizations may also
40 assist sandbox participants with the design and implementation of products and services during
41 the regulatory sandbox program period. Nonprofit organizations wishing to assist regulatory
42 sandbox applicants and participants shall submit an application to the Innovation Council for
43 approval. Such organizations shall additionally be empowered to explore, provide input, analyze,
44 and make recommendations to the Council with respect to innovations and the application of
45 innovative technologies that would additionally provide benefit to the State, its consumers, and
46 its industry. The Innovation Council may also remove a previously approved nonprofit partner
47 at its discretion. Selection, denial, or removal of a nonprofit under this section is exempt from
48 the contested case process provided in Chapter 150B of the General Statutes.

49 Nothing shall prevent a nonprofit applicant from reapplying to assist sandbox applicants
50 under this section after the nonprofit application is denied. Any nonprofit partner removed may

1 not reapply to be a nonprofit partner of the Innovation Council for a period of two years, or within
2 such time as the Council may approve."

3 **SECTION 11.14.(e)** G.S. 169-6 reads as rewritten:

4 "**§ 169-6. Regulatory sandbox applications.**

5 ...

6 (c1) Upon receipt of an application for the regulatory sandbox, the Innovation Council
7 shall first determine if the application is within the jurisdiction of the Council. If the application
8 is not within the Innovation Council's jurisdiction, the Council shall deny the application.
9 Approval of an applicant into the regulatory sandbox shall be by a simple majority vote of the
10 Innovation Council at a duly noticed public hearing.

11 ...

12 (e) The Innovation Council may deny an application in its discretion, provided defined
13 reasons are given for the action. A denial may be resolved with an applicant through the informal
14 procedures specified in G.S. 150B-22; however, no applicant shall be entitled to convert any
15 dispute unresolved by informal procedures into a contested case, nor shall any applicant be
16 entitled to judicial review under Article 4 of Chapter 150B of the General Statutes. Nothing shall
17 prevent an applicant from reapplying for entry to the regulatory sandbox under this ~~Chapter~~
18 section after the application is denied as long as if the applicant has taken action to address the
19 reasons for denial given by the applicable State agency."

20 **SECTION 11.14.(f)** G.S. 169-7 reads as rewritten:

21 "**§ 169-7. Regulatory sandbox requirements; procedures.**

22 (a) Upon approval of an applicant's application for entry into the regulatory sandbox, the
23 applicant will have a period of 24 months ~~after the date of approval~~ to test the innovative product
24 or service. The Council may revoke the waiver if the applicant fails to meet any of the conditions
25 of the waiver. Innovations tested within the regulatory sandbox must be offered only to
26 consumers who are residents of the State, except for any innovative products or services
27 associated with a money transmitter, in which case only the physical presence of the consumer
28 in the State at the time of the transaction may be required. The Council, in coordination with the
29 applicable State agency ~~agency,~~ may, on a case by case basis, specify ~~the maximum number of~~
30 ~~consumers permitted to receive an~~ reporting requirements and limits or restrictions on the
31 innovative product or service. The sandbox participant ~~participant,~~ the Council, and the
32 applicable State agency may agree, by mutual agreement, to extend the 24-month sandbox period
33 or to increase the ~~applicable cap in terms of numbers of consumers or dollar limits, for the~~
34 ~~particular product or service,~~ specified limits, if applicable. The Innovation Council or applicable
35 State agency has discretion to publish a list of sandbox participants or a public notice of the
36 existence of any innovation waivers. Consumer contracts shall not bind sandbox participants to
37 provide service more than 90 days past the sandbox period, provided that the applicable State
38 agency may require the sandbox participant to provide the services beyond the 90-day period as
39 may be necessary to prevent consumer harm, as set forth in subsections (d) and (e) of this section.
40 Sandbox participants shall include in all consumer contracts and renewals that all services may
41 be terminated according to this Chapter and waiver.

42 (b) A sandbox participant may be required to post a consumer protection bond, or
43 alternatively, a deposit of cash or readily marketable securities, with the applicable State agency
44 in an amount determined by ~~it,~~ the applicable State agency, as security for potential losses
45 suffered by consumers. This security may be cancelled or refunded when the ~~waiver has expired~~
46 ~~or when the~~ applicable State agency has determined that ~~any~~ all consumer claims have been
47 satisfied, or four years after the waiver expires, whichever is later. ~~sooner.~~

48 (c) Not later than 30 days before the end of the sandbox period, a sandbox participant
49 may request an extension of not more than 12 months for the purpose of obtaining a license or
50 other authorization required by law. The applicable State agency shall grant or deny a request for
51 an extension by the end of the sandbox period. The Innovation Council and the applicable State

1 agency shall provide for an expedited process for an innovative product or service that is
2 substantially similar to a product or service for which a waiver has previously been granted.

3 (d) At the end of the sandbox period, the sandbox participant shall submit a final report
4 in a manner and format prescribed by the applicable State agency. If the sandbox participant
5 cannot obtain regulatory compliance within 90 days following the expiration of the sandbox
6 period, the participant shall wind down operations with existing consumers within 90 days after
7 the conclusion of the sandbox period, ~~except that the sandbox participant may (i) collect and~~
8 ~~receive money owed by the consumer based on agreements made before conclusion of the~~
9 ~~sandbox period, (ii) take necessary legal actions, and (iii) take such other actions that are~~
10 ~~authorized by the applicable State agency, as directed by the applicable State agency.~~ If a sandbox
11 participant has ongoing duties after the expiration date of the sandbox regulatory waiver, the
12 sandbox participant shall continue to fulfill only those duties or arrange for ~~another person or~~
13 ~~entity to fulfill those duties after the date the waiver terminates.~~ a third party, acceptable to the
14 applicable State agency, to fulfill those duties after the date the waiver terminates, provided that
15 the sandbox participant shall remain liable for any consumer harm resulting from its sandbox
16 participation or winding down regardless of whether a third party assists in the winding down.

17 (e) If a sandbox participant's business objectives fail before the end of the testing period,
18 the sandbox participant must notify the applicable State agency and take such actions as directed
19 by the applicable State agency to ensure consumers have not been harmed as a result of the
20 sandbox participant's participation in the sandbox or its innovative product or service.

21 (f) Each instance where a sandbox participant fails to comply with any requirement of
22 subsections (d) and (e) of this section is a separate violation of G.S. 75-1.1. This provision is in
23 addition to, and not in lieu of, any other causes of action or relief available to consumers, the
24 applicable State agency, the Innovation Council, or the Attorney General for violation of this
25 section."

26 **SECTION 11.14.(g)** G.S. 169-8 reads as rewritten:

27 "**§ 169-8. Consumer protections.**

28 ...

29 (b) Prior to offering an innovative product or service to consumers, a sandbox participant
30 shall make all of the following disclosures to consumers:

- 31 (1) The name and contact information of the sandbox participant.
- 32 (2) That the innovative product or service is authorized pursuant to the regulatory
33 sandbox for a temporary testing period.
- 34 (3) That neither the State of North Carolina nor any of the applicable State
35 agencies endorses or recommends the innovative product or service and is not
36 subject to any liability for losses or damages caused by the product or service.
- 37 (4) That the consumer may contact the applicable State agency, including the
38 Office of the Attorney General, to file complaints, notices of suspected legal
39 violations, or other comments relating to the innovative product or service
40 being tested and provide the consumer with the requisite agency telephone
41 number and website address or other contact information where complaints or
42 other comments may be filed.

43 (b1) All disclosures to consumers must be in a clear and conspicuous format in both
44 English and Spanish.

45 (c) ~~Any other~~ A sandbox participant shall make any other statements or additional
46 disclosures that may be required by the ~~relevant~~ applicable State agency or by regulation to
47 further the purposes of this Chapter.

48 (d) Nothing in this ~~aet~~ Chapter affects the applicable State agency's exercise of its
49 authority with respect to the efficacy of an innovative ~~insurance~~ product or service or limits the
50 ability of an applicable State agency to ensure the financial capability of a sandbox participant
51 transacting business with consumers."

1 **SECTION 11.14.(h)** G.S. 169-10 reads as rewritten:

2 "**§ 169-10. Privacy; confidentiality of records.**

3 (a) The Innovation Council or applicable State agency may collect personal information
4 that is relevant and necessary to accomplish a lawful purpose. The Innovation Council or
5 applicable State agency may not disclose personal information without the consent of the subject
6 of the information, or unless required by law or regulation.

7 (b) Documents, materials, or other information in the possession of the applicable State
8 agency that are obtained by, or disclosed to, that agency or any other person in the course of
9 filing for review and approval of an innovative product or service under this ~~Act~~Chapter are not
10 public records under Chapter 132 of the General Statutes, and except in actions brought for a
11 violation of G.S. 169-7, are confidential and privileged, are not subject to a subpoena or
12 discovery, and are inadmissible in evidence in any civil action. The Council or the applicable
13 State agency may also use the documents, materials, or other information in the furtherance of
14 any regulatory or legal action brought as part of their official duties or this Chapter.

15 (c) Nothing in this section shall prohibit a sandbox participant, upon approval of the
16 applicable State agency, from disclosing information to an insurance carrier for the purpose of
17 obtaining insurance coverage required for participation in the sandbox program; provided,
18 however, that the insurance carrier must agree in writing to maintain the confidentiality of the
19 information."

20 **SECTION 11.14.(i)** Chapter 169 of the General Statutes is amended by adding a
21 new section to read:

22 "**§ 169-13. Executive Director; appointment.**

23 (a) The Innovation Council shall appoint an Executive Director for a renewable term of
24 two years with compensation to be determined by the Office of State Human Resources.

25 (b) The Executive Director shall serve at the pleasure of the Council, with the position
26 being exempt from Chapter 126 of the General Statutes, the State Human Resources Act.

27 (c) The Executive Director shall be responsible for encouraging participation in the
28 regulatory sandbox and for staffing, administration, and execution of the decisions and orders of
29 the NC Innovation Council and shall perform such other responsibilities as may be assigned by
30 the NC Innovation Council."

31 **SECTION 11.14.(j)** Effective July 1, 2023, there is created the position of Executive
32 Director of the North Carolina Innovation Council, who shall perform all duties imposed by
33 statute and such duties as may be assigned by the North Carolina Innovation Council.

34 **AGRIBUSINESS ECONOMIC DEVELOPMENT IN NORTH CAROLINA**

35 **SECTION 11.15.(a)** Of the funds appropriated in this act from the General Fund to
36 the Department of Commerce (the "Department"), the Department shall allocate to the nonprofit
37 corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) (the
38 "Corporation") the nonrecurring sum of five hundred thousand dollars (\$500,000) for the
39 2023-2024 fiscal year to be used to conduct comprehensive research and data collection,
40 including surveys, interviews, market analysis, and utilization of technology capabilities such as
41 aerial drones, satellites, and aircraft, to gather information about agribusiness opportunities,
42 challenges, and potential growth areas related to agribusiness economic development in North
43 Carolina.

44 **SECTION 11.15.(b)** The Corporation may contract with a third-party entity to
45 conduct data collection activities involving the use of aerial drones, satellites, and aircraft for
46 research and data collection purposes consistent with subsection (a) of this section. The
47 Corporation shall use the funds allocated in subsection (a) of this section for the purposes
48 specified therein by June 30, 2025.

49 **SECTION 11.15.(c)** No later than September 15 of each year, the Department, in
50 collaboration with the Corporation and any third-party entity with which the Corporation
51

1 contracts, if applicable, shall submit a report detailing the prior State fiscal year's expenditure of
2 funds allocated under this section and the results of all research and data collection conducted
3 under this section to the chairs of the Joint Legislative Oversight Committee on Agriculture and
4 Natural and Economic Resources and the Fiscal Research Division.

5
6 **EMPLOYEE CLASSIFICATION AND COMPENSATION EXEMPTIONS FOR**
7 **UTILITIES COMMISSION AND PUBLIC STAFF**

8 **SECTION 11.16.(a)** G.S. 62-14 reads as rewritten:

9 **"§ 62-14. Commission staff; structure and function.**

10 (a) The Commission is authorized and empowered to employ hearing examiners; court
11 reporters; a chief clerk and deputy clerk; a commission attorney and assistant commission
12 attorney; transportation and pipeline safety inspectors; and such other professional,
13 administrative, technical, and clerical personnel as the Commission may determine to be
14 necessary in the proper discharge of the Commission's duty and responsibility as provided by
15 law. The chairman shall organize and direct the work of the Commission staff.

16 (b) The salaries and compensation of all such personnel shall be fixed in the manner
17 provided by law for fixing and regulating salaries and compensation by other State
18 ~~agencies~~ agencies, except that the Commission and its employees are exempt from the
19 classification and compensation rules established by the State Human Resources Commission
20 pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work,
21 vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer;
22 G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay
23 programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

24 (c) The chairman, within allowed budgetary limits and as allowed by law, shall authorize
25 and approve travel, subsistence and related expenses of such personnel, incurred while traveling
26 on official business."

27 **SECTION 11.16.(b)** G.S. 62-15 reads as rewritten:

28 **"§ 62-15. Office of executive director; Public Staff, structure and function.**

29 (a) There is established in the Commission the office of executive director, whose salary
30 and longevity pay shall be the same as that fixed for members of the Commission. "Service" for
31 purposes of longevity pay means service as executive director of the Public Staff. The executive
32 director shall be appointed by the Governor subject to confirmation by the General Assembly by
33 joint resolution. The name of the executive director appointed by the Governor shall be submitted
34 to the General Assembly on or before May 1 of the year in which the term of his office begins.
35 The term of office for the executive director shall be six years, and the initial term shall begin
36 July 1, 1977. The executive director may be removed from office by the Governor in the event
37 of his incapacity to serve; and the executive director shall be removed from office by the
38 Governor upon the affirmative recommendation of a majority of the Commission, after
39 consultation with the Joint Legislative Oversight Committee on Agriculture and Natural and
40 Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and
41 Economic Resources, and the chairs of the House of Representatives Appropriations Committee
42 on Agriculture and Natural and Economic Resources of the General Assembly. In case of a
43 vacancy in the office of executive director for any reason prior to the expiration of his term of
44 office, the name of his successor shall be submitted by the Governor to the General Assembly,
45 not later than four weeks after the vacancy arises. If a vacancy arises in the office when the
46 General Assembly is not in session, the executive director shall be appointed by the Governor to
47 serve on an interim basis pending confirmation by the General Assembly.

48 (b) There is established in the Commission a Public Staff. The Public Staff shall consist
49 of the executive director and such other professional, administrative, technical, and clerical
50 personnel as may be necessary in order for the Public Staff to represent the using and consuming
51 public, as hereinafter provided. All such personnel shall be hired, supervised, and directed by the

1 executive director, as provided by law. The Public Staff shall not be subject to the supervision,
2 direction, or control of the Commission, the chairman, or members of the Commission.

3 (c) Except for the executive director, the salaries and compensation of all such personnel
4 shall be fixed in the manner provided by law for fixing and regulating salaries and compensation
5 by other State ~~agencies~~-agencies, except that the Public Staff and its employees are exempt from
6 the classification and compensation rules established by the State Human Resources Commission
7 pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work,
8 vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer;
9 G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay
10 programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

11"

12 **SECTION 11.16.(c)** G.S. 126-5(c11) reads as rewritten:

13 "(c11) The following are exempt from (i) the classification and compensation rules
14 established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4);
15 (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii)
16 G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies
17 to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter
18 126 of the General Statutes, except for G.S. 126-7.1:

19 (1) The Office of the Commissioner of Banks and its employees.

20 (2) The following employees of the Department of Natural and Cultural
21 Resources:

22 a. Director and Associate Directors of the North Carolina Museum of
23 History.

24 b. Program Chiefs and Curators.

25 c. Regional History Museum Administrators and Curators.

26 d. North Carolina Symphony.

27 e. Director, Associate Directors, and Curators of Tryon Palace.

28 f. Director, Associate Directors, and Curators of Transportation
29 Museum.

30 g. Director and Associate Directors of the North Carolina Arts Council.

31 h. Director, Assistant Directors, and Curators of the Division of State
32 Historic Sites.

33 (3) Employees of the Department of Information Technology (DIT), and
34 employees in all agencies, departments, and institutions with similar
35 classifications as DIT employees, who voluntarily relinquish annual longevity
36 payments, relinquish any claim to longevity pay, voluntarily relinquish any
37 claim to career status or eligibility for career status as approved by the State
38 Chief Information Officer and the Director of the Office of State Human
39 Resources (OSHR).

40 (4) Employees of the Utilities Commission and the Commission's Public Staff."

41 42 **MODIFY QUALIFYING HIGH-YIELD ECONOMIC DEVELOPMENT PROJECTS**

43 **SECTION 11.17.(a)** Section 11.13 of S.L. 2022-74, as amended by Section 20(a) of
44 S.L. 2022-75, reads as rewritten:

45 "**SECTION 11.13.(a)** Provided (i) the condition regarding election in Section 11.19(c) of
46 S.L. 2021-180 imposed on the manufacturer is met and (ii) the manufacturer agrees to, no later
47 than December 31, 2034, both create at least 4,500 eligible and expansion positions in, and invest
48 at least four billion seven hundred million dollars (\$4,700,000,000) in private funds in, this State,
49 there is appropriated from the Economic Development Project Reserve established in Section 2.2
50 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year
51 the sum of two hundred twenty-five million dollars (\$225,000,000). Private funds, as used in this

1 section, do not include funds received from or reimbursed by the State. The Department shall
 2 allocate the funds appropriated in this section as follows:

- 3 (1) One hundred seventy-five million dollars (\$175,000,000) for reimbursement
 4 of costs incurred by the manufacturer for purposes listed in Section 11.19(c)
 5 of S.L. 2021-180. Funds appropriated in this subsection are subject to
 6 proportionate recapture based on the performance shortfall relative to the (i)
 7 total four billion seven hundred million dollar (\$4,700,000,000) investment
 8 and (ii) total 4,500 job creation requirements in the event the manufacturer
 9 fails to meet the preceding requirements.

10"

11 **SECTION 11.17.(b)** This section is effective when it becomes law.

12
 13 **SPORTS WAGERING TECHNICAL CORRECTIONS**

14 **SECTION 11.18.(a)** G.S. 143B-437.111(4), as enacted by Section 2 of S.L. 2023-42,
 15 reads as rewritten:

- 16 "(4) Major event. – An entertainment, musical, political, sporting, or theatrical
 17 event that satisfies the following conditions:
 18 a. The event is either of the following:
 19 1. Held at (i) a sports facility ~~facility~~ or (ii) an indoor venue that
 20 is not a sports facility but that hosts sporting events and is
 21 designed to host 22,000 or more live spectators.
 22 2. Sponsored by the National Association for Stock Car Racing,
 23 the Ladies Professional Golf Association, the Professional
 24 Golfers' Association of America, the PGA Tour, or the United
 25 States Golf Association.
 26 b. The event is not held more often than annually.
 27 c. The location of the event is determined by a site selection organization
 28 through a competitive process.
 29 d. The site selection organization considered multiple sites located
 30 outside of the State for the event.
 31 e. The site selection organization selected a site within this State as the
 32 sole location for the event."

33 **SECTION 11.18.(b)** G.S. 18C-901 reads as rewritten:

34 **"§ 18C-901. Definitions.**

35 As used in this Article, the following definitions apply:

36 ...

- 37 (4) Covered services. – Any service creating sports wagering markets and
 38 determination of sports wager outcomes that involves the operation,
 39 management, or control of sports wagers authorized by this Article. The term
 40 shall not include any of the following:
 41 a. Payment processing and similar financial services.
 42 b. Customer identity, age verification, and geolocation services.
 43 c. Streaming or other video and data that does not include the
 44 determination of odds or line information.
 45 d. Telecommunications, internet service providers, and other similar
 46 services not specifically designed for sports wagering.
 47 e. Other goods or services not specifically designed for use in connection
 48 with sports wagering.
 49 f. Odds or line information provided by a sports wagering supplier to an
 50 interactive sports wagering operator or to a service provider.
 51 g. Sports wagering platforms.

1 ...
 2 (10d) Motorsports facility. – A motorsports racetrack in this State that meets either
 3 of the following criteria:
 4 a. It annually hosts more than one National Association for Stock Car
 5 Auto Racing national touring race.
 6 b. It hosted at least one National Association for Stock Car Auto Racing
 7 All-Star Race occurring after January 1, 2022.

8 ...
 9 (12d) Professional golf tournament. – A professional sports event played in this
 10 State that is governed by an American governing body of the highest level of
 11 professional golf and has more than 50,000 live spectators anticipated to
 12 attend based on similar prior sporting events.

13 ...
 14 (13d) Professional sports team. – A team in this State that competes in the highest
 15 level of any of the following professional sports:
 16 a. Baseball.
 17 b. Men's Soccer.
 18 c. Basketball.
 19 d. Football.
 20 e. Ice Hockey.
 21 f. Women's Soccer.

22 ...
 23 (17) Sports facility. – Any of the following:
 24 a. ~~A motorsports facility that annually hosts more than one National~~
 25 ~~Association for Stock Car Auto Racing national touring race facility.~~
 26 b. A facility that hosts a professional golf tournament with more than
 27 50,000 live spectators anticipated to attend based on similar prior
 28 ~~tournaments tournament.~~
 29 c. A facility that is the home location of a professional sports team that
 30 ~~competes in any of the following professional leagues:~~
 31 1. ~~Major League Baseball.~~
 32 2. ~~Major League Soccer.~~
 33 3. ~~National Basketball Association.~~
 34 4. ~~National Football League.~~
 35 5. ~~National Hockey League.~~
 36 6. ~~National Women's Soccer League team.~~

37"

38 **SECTION 11.18.(c)** G.S. 18C-902(a) reads as rewritten:

39 "(a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes,
 40 sports wagering on sporting events as authorized by this Article shall not be considered unlawful.
 41 All sports wagering authorized under this Article shall be placed via an interactive account or at
 42 a place of public accommodation and shall be initiated and received within this State except as
 43 provided in G.S. 18C-928. The interactive sports wagering operator shall comply with all of the
 44 following:

- 45 (1) Ensure that the registered player is located within the State, and not present
 46 on Indian lands within the State, when placing any sports wager, by utilizing
 47 geofencing.
- 48 (2) Monitor and block attempts to place unauthorized sports wagers."

49 **SECTION 11.18.(d)** G.S. 18C-904 reads as rewritten:

50 **"§ 18C-904. Interactive sports wagering license.**

1 (a) It shall be unlawful for any person to offer or accept sports wagers on sporting events
2 in this State without a valid interactive sports wagering license. Except as provided in
3 G.S. 18C-928, the Commission shall ~~authorize no more than 12~~ only license interactive sports
4 wagering operators who have a written designation agreement in accordance with G.S. 18C-905
5 to offer and accept sports wagers on sporting events, which shall include any of the following:

- 6 (1) Professional sports.
- 7 (2) College sports.
- 8 (3) Electronic sports.
- 9 (4) Amateur sports.
- 10 (5) Any other event approved by the Commission in accordance with this Article.

11 (b) The Commission shall review and issue interactive sports wagering licenses to
12 qualified applicants. The applicant shall complete and submit an application on a form prescribed
13 by the Commission and a licensing fee of one million dollars (\$1,000,000). If the application is
14 denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which
15 shall be used by the Commission to offset associated expenses in reviewing the application.

16 (c) The application shall set forth all of the following:

- 17 (1) The proposed initial business plan, including ~~the~~ all of the following:
 - 18 a. The range of contemplated types and modes of sports wagering.
 - 19 b. The name and address of the registered agent in this State of all parties
20 to the written designation agreement.
 - 21 c. The name, address, and other contact information of the person listed
22 as the authorized representative in the written designation agreement.
- 23 (2) The proposed measures to address age and identity verification and
24 geolocation requirements.
- 25 (3) The proposed internal controls that will prevent ineligible persons from
26 participating in sports wagering.
- 27 (4) A documented history of working to prevent compulsive gambling, including
28 training programs for its employees.
- 29 (5) A written information security program detailing information security
30 governance and the designation of a chief security officer or equivalent.
- 31 (6) The proposed sports wagering brand that the applicant plans to hold out to the
32 public displaying its sports wagering platform.
- 33 (7) Any personal information the Commission may deem necessary concerning
34 the applicant's key persons.
- 35 (8) A documented history ~~of job~~ of economic investment in this State, including
36 all of the following:
 - 37 a. Job creation in this State and a plan for continued job creation in this
38 State.
 - 39 b. Commitment to improve or maintain buildings or infrastructure to
40 further the tourism and entertainment industries in this State.
 - 41 c. Support of nonprofit and educational organizations in this State.
 - 42 d. Willingness to partner with State and local governments to achieve
43 common goals of improving quality of life in this State through
44 economic development.
- 45 (9) A documented history of capital investment in this State and a plan for
46 continued capital investment in this State.
- 47 (10) ~~A documented history of partnership with a sports facility, if any, and the~~
48 ~~intentions of that partnership to offer the placement of sports wagers at a place~~
49 ~~of public accommodation in accordance with this Article.~~ copy of the written
50 designation agreement.
- 51 (11) Any other information the Commission may deem necessary.

1 (d) Information provided to the Commission under subdivisions (8) through (10) of
 2 subsection (c) of this section are informational in nature and ~~intended to~~ may be used for any of
 3 the following purposes by the Commission:

4 (1) To provide additional insight regarding applicants who intend to operate a
 5 place of public accommodation.

6 (2) To evaluate an applicant's potential to maximize revenue to this State.
 7 ...

8 ~~(g) The Commission shall grant or deny all applications under this section. The grounds~~
 9 ~~for denial of an interactive sports wagering license shall be the same as in G.S. 18C-906(g). If~~
 10 ~~there are more qualified applicants than the number of interactive sports wagering operators~~
 11 ~~authorized under subsection (a) of this section, the Commission shall select the best qualified~~
 12 ~~applicants, taking into consideration the following factors:~~

13 ~~(1) The contents of the application submitted in accordance with this section.~~

14 ~~(2) The extent to which the applicant demonstrates past experience, financial~~
 15 ~~viability, compliance with applicable laws and regulations in other~~
 16 ~~jurisdictions, and success with sports wagering operations in other~~
 17 ~~jurisdictions.~~

18 ~~(3) The extent to which the applicant is able to meet the duties of an interactive~~
 19 ~~sports wagering operator.~~

20 ~~(4) The amount of gross wagering revenue and associated tax revenue that an~~
 21 ~~applicant is projected to generate.~~

22 ~~(5) The extent to which the applicant, or an affiliate of the applicant, will create~~
 23 ~~jobs in conjunction with sports wagering in this State.~~

24 ~~(6) The extent to which the applicant, or an affiliate of the applicant, has made~~
 25 ~~capital investments in this State, and the timing of such capital investments.~~

26 ~~(7) The extent to which the applicant, or an affiliate of the applicant, has a plan to~~
 27 ~~open and operate a place of public accommodation in accordance with this~~
 28 ~~Article.~~

29 ~~(8) Any other factors the Commission deems relevant.~~
 30 ...

31 (k) Each interactive sports wagering operator shall promptly report all of the following
 32 to the Commission:

33 (1) All criminal or disciplinary proceedings commenced against that interactive
 34 sports wagering operator in connection with its operations to the Commission.
 35 operations.

36 (2) ~~Each interactive sports wagering operator shall promptly report to the~~
 37 ~~Commission all~~ All changes in key persons, and all persons. All new key
 38 persons shall consent to a background investigation.

39 (3) Any breach, discontinuance, or other cessation of the written designation
 40 agreement.

41"

42 **SECTION 11.18.(e)** Article 9 of Chapter 18C of the General Statutes is amended by
 43 adding a new section to read:

44 **"§ 18C-905. Written designation agreements.**

45 (a) In order to qualify as an interactive sports wagering operator, the applicant shall be a
 46 party to a written designation agreement with one of the following:

47 (1) A professional sports team.

48 (2) The owner or operator of one of the following:

49 a. A motorsports facility.

50 b. A facility that hosts a professional golf tournament annually.

(3) A sports governing body that annually within the calendar year sanctions more than one National Association for Stock Car Auto Racing national touring race in the State.

(4) A sports governing body that annually within the calendar year sanctions more than one professional golf tournament.

(b) Each of the persons listed in subsection (a) of this section may enter into a written designation agreement with only one interactive sports wagering operator or applicant for licensure as an interactive sports wagering operator.

(c) In accordance with G.S. 18C-926, places of public accommodation associated with a sports facility shall be operated solely by the interactive sports wagering operator with whom the person listed in subsection (a) of this section entered into the written designation agreement.

(d) A copy of the written designation agreement shall be included with the application for licensure or renewal as an interactive sports wagering operator. The Commission shall be immediately notified of the following with respect to the written designation agreement:

(1) Any modifications, changes, or alterations.

(2) Any breach, discontinuance, or other cessation."

SECTION 11.18.(f) G.S. 18C-906 reads as rewritten:

"§ 18C-906. Applications for service provider licenses.

(a) It shall be unlawful for any person to provide covered services to any interactive sports wagering operator in this State without a valid service provider license. ~~An interactive sports wagering operator who provides covered services in-house shall not be required to have a service provider license in addition to the interactive sports wagering operator license. The holder of a service provider license shall be deemed to also hold a sports wagering supplier license under this Article for services, goods, software, or components provided in-house.~~

...

(g) Grounds for denial of a license may include the following:

(1) The applicant is unable to satisfy the requirements under this Article.

(2) The applicant or any key person is not of good character, honesty, or integrity.

(3) The applicant's or any key person's prior activities, criminal record, reputation, or associations indicate any of the following:

a. A potential threat to the public interest.

b. The potential to impede the regulation of sports wagering.

c. The potential of promoting unfair or illegal activities in the conduct of sports wagering.

(4) The applicant or any key person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.

(5) The applicant or any key person knowingly fails to comply with the provisions of this Article or any requirements of the Commission.

(6) The applicant or any key person was convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.

(7) Any revocation, suspension, or denial of the applicant's or key person's license, certification, or registration to conduct sports wagering, other forms of gambling activity, or a covered service issued by any other jurisdiction.

(8) The applicant has defaulted on any obligation or debt owed to this State.

(9) Any breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905.

...."

SECTION 11.18.(g) G.S. 18C-907(a) reads as rewritten:

1 "(a) The Commission may issue a sports wagering supplier license to a sports wagering
2 supplier. A person not providing covered services need not be licensed as an interactive sports
3 wagering operator or as a service provider."

4 **SECTION 11.18.(h)** G.S. 18C-908(a) reads as rewritten:

5 "(a) ~~Any~~ Except as provided in this subsection, an interactive sports wagering operator's
6 license issued pursuant to this Article shall be valid for five years, expire upon the earlier of five
7 years or the breach, discontinuance, or other cessation of the written designation agreement
8 required under G.S. 18C-905. All other licenses issued pursuant to this Article shall be valid for
9 five years."

10 **SECTION 11.18.(i)** G.S. 18C-910(a) is amended by adding the following new
11 subdivisions to read:

12 "(11) Notify the Commission of any breach, discontinuance, or other cessation of
13 the written designation agreement required under G.S. 18C-905.

14 "(12) Notify the Commission of any modifications, changes, or alterations to the
15 written designation agreement required under G.S. 18C-905.

16 "(13) Notify the Commission of any contract entered into under
17 G.S. 18C-926(f)(2)."

18 **SECTION 11.18.(j)** G.S. 18C-926 reads as rewritten:

19 "**§ 18C-926. Places of public accommodation.**

20 (a) Permanent places of public accommodation for the purpose of placing sports wagers
21 may be associated with each sports facility. ~~Each sports facility may partner with one interactive~~
22 ~~sports wagering operator to provide places of public accommodation facility, in accordance with~~
23 this section and as specified in the written designation agreement.

24 ...

25 (f) Notwithstanding subsections (a) through (c) of this section, ~~if temporary places of~~
26 public accommodation may be established by only one of the following means:

27 (1) If a permanent place of public accommodation is not located at the sports
28 facility as defined in G.S. 18C-901(17)b. that hosts the professional golf
29 tournament, G.S. 18C-901(17)b., no more than one temporary place of public
30 accommodation may be established at the that sports facility as defined in
31 G.S. 18C-901(17)b. during the professional golf tournament. tournament by
32 the interactive sports wagering operator that has entered into a written
33 designation agreement with that sports facility.

34 (2) The owner or operator of a facility hosting a professional golf event played in
35 this State that has more than 50,000 live spectators anticipated to attend based
36 on similar prior golf events may contract with no more than one interactive
37 sports wagering operator to establish and operate no more than one temporary
38 place of public accommodation during the professional golf event. The
39 interactive sports wagering operator shall immediately notify the Commission
40 of any contract entered into under this subdivision as if it were a written
41 designation agreement.

42 (f1) The temporary place of public accommodation established under subsection (f) of this
43 section need not comply with local ordinances under Chapter 160D of the General Statutes. For
44 purposes of this subsection, section, "temporary" shall mean opening no more than five calendar
45 days prior to the professional golf tournament or event and closing no later than five calendar
46 days after the professional golf tournament. tournament or event.

47 "

48 **SECTION 11.18.(k)** Section 7 of S.L. 2023-42 reads as rewritten:

49 "~~SECTION 7.~~ **SECTION 7.(a)** The Commission shall establish guidance to parties
50 regulated by the provisions of Articles 9 and 10 of Chapter 18C of the General Statutes, as
51 enacted by this act. Such guidance shall address the application of Article 9 of Chapter 18C of

1 the General Statutes, as enacted by this act, to electronic sports with due consideration to the key
2 role of game publishers as creators of the underlying video game. When adopting rules under
3 G.S. 18C-1025, as enacted by this act, the Commission shall adopt rules providing guidance on
4 the issuance, denial, suspension, or revocation of a license provided under Article 10 of Chapter
5 18C of the General Statutes as well as guidance on the operation of advance deposit account
6 wagering by ADW licensees. The Commission may adopt rules prior to January 8, 2024,
7 however, no rule may become effective until on or after that date.

8 **"SECTION 7.(b)** The Commission may accept and issue applications for licensure in
9 accordance with Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act,
10 prior to January 8, 2024, ~~in order that licensees may begin operations on January 8, 2024. If more~~
11 ~~than 12 completed interactive sports wagering operator applications are received, the~~
12 ~~Commission shall select based upon the criteria set forth in G.S. 18C 904(g), as enacted by this~~
13 ~~act, and notify the qualified applicants it determines will best serve the public interest in~~
14 ~~maximizing revenue to the State, while preserving the integrity of sports wagering and ensuring~~
15 ~~accountability and preserving the public trust in licensed sports wagering activities. or the date~~
16 identified by the Commission in accordance with this section. No license issued by the
17 Commission shall become effective prior to January 8, 2024, however, sports wagering shall not
18 be authorized in the State until a date identified by the Commission, which shall occur as soon
19 as practicable and may be no later than ~~12 months after the date this act becomes law.~~June 15,
20 2024."

21 **SECTION 11.18.(I)** Subsections (b) through (j) of this section become effective
22 January 8, 2024, the remainder of this section is effective when it becomes law.

23 24 **PART XII. ENVIRONMENTAL QUALITY**

25 26 **SHALLOW DRAFT FUND DIRECTED GRANTS**

27 **SECTION 12.1.(a)** Funds appropriated in S.L. 2021-180 from the Shallow Draft
28 Navigation Channel and Aquatic Weed Fund to the Department of Environmental Quality for the
29 dredging of Walden Pond Lake in Union County shall be transferred to the Office of State Budget
30 and Management to provide a grant to Union County for the same purposes with no cost-share
31 requirement under G.S. 143-215.73F(c) and shall remain available until expended.

32 **SECTION 12.1.(b)** Of the funds appropriated in this act for the Shallow Draft
33 Navigation Channel and Aquatic Weed Fund, the sum of one million five hundred ninety-eight
34 thousand dollars (\$1,598,000) in nonrecurring funds for the 2023-2024 fiscal year and three
35 hundred thousand dollars (\$300,000) in nonrecurring funds for the 2024-2025 fiscal year shall
36 be transferred to the Office of State Budget and Management for directed grants to the following
37 entities and shall remain available until expended:

- 38 (1) Three hundred thousand dollars (\$300,000) in each year of the 2023-2025
39 fiscal biennium to the Lake Gaston Weed Control Council, to be used for a
40 multiyear project to treat *lyngbya* spp., a cyanobacteria, in Lake Gaston.
- 41 (2) Fifty thousand dollars (\$50,000) in the 2023-2024 fiscal year to the Town of
42 Tabor City, to be used for aquatic weed control in Lake Tabor.
- 43 (3) Seven hundred thousand dollars (\$700,000) in the 2023-2024 fiscal year to
44 Union County, to be used for the dredging of Walden Pond Lake.
- 45 (4) Five hundred forty-eight thousand dollars (\$548,000) in the 2023-2024 fiscal
46 year to the Town of Robbins, to be used for a reservoir dredging project and
47 hydro mapping survey.

48 **SECTION 12.1.(c)** Funds allocated by this section (i) shall not have a cost-share
49 requirement under G.S. 143-215.73F(c) and (ii) shall not apply toward the aquatic weed control
50 project limitation set forth in G.S. 143-215.73F(b)(2).

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.2.(a) Allocation. – Funds appropriated in this act for each year of the 2023-2025 fiscal biennium from the Clean Water and Drinking Water Reserve to the Department of Environmental Quality (Department) for the Water Infrastructure Fund are allocated as follows:

- (1) Ten million dollars (\$10,000,000) to the Viable Utility Reserve to be used for the purposes set forth in G.S. 159G-34.5.
- (2) Sixteen million one hundred sixty-nine thousand eight hundred fifty-one dollars (\$16,169,851) to the Local Assistance for Stormwater Infrastructure Investments Fund established in Section 12.14(a) of S.L. 2021-180. These funds shall be used to provide grants to eligible entities as defined in Section 12.14 of S.L. 2021-180 for projects that will improve or create infrastructure for controlling stormwater quantity and quality.
- (3) One billion nine hundred seventy-three million eight hundred thirty thousand one hundred forty-nine dollars (\$1,973,830,149) to the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems as provided in this section.

SECTION 12.2.(b) Limitation Not Applicable. – The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by subdivision (a)(3) of this section.

SECTION 12.2.(c) Reversion of Unneeded Funds. – Funds in excess of the amounts needed for the projects listed in subsection (e) of this section may be used by the Department for other water and sewer infrastructure projects eligible for funding from the Drinking Water Reserve or the Wastewater Reserve and subject to the applicable directives set forth in this section. Reverted funds may also be used for grants to conduct project engineering, design, or other preconstruction activities by a local government or public entity eligible for grants from the same Reserve as the reverting local government or public entity.

SECTION 12.2.(d) Choice of Funding. – The Department may exchange projects funded from the State Fiscal Recovery Fund in S.L. 2021-180 and S.L. 2022-74 with projects awarded grant funding from other funding sources to meet the deadline for expenditure of State Fiscal Recovery Funds set forth in applicable federal law and guidance.

SECTION 12.2.(e) Projects. – Of the funds allocated by subsection (a) of this section for project grants, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

- (1) Two hundred thousand dollars (\$200,000) to the Village of Alamance.
- (2) Seventeen million three hundred thousand dollars (\$17,300,000) to the City of Albemarle.
- (3) Five million one hundred twenty-two thousand five hundred eighty-six dollars (\$5,122,586) to Alexander County to be distributed as follows:
 - a. Two million six hundred twenty-two thousand five hundred eighty-six dollars (\$2,622,586) for the Bethlehem water tank.
 - b. Two million five hundred thousand dollars (\$2,500,000) for water line extensions.
- (4) Seven hundred eighty-seven thousand dollars (\$787,000) to the Town of Andrews.
- (5) Nine million dollars (\$9,000,000) to the Town of Angier.
- (6) Six million dollars (\$6,000,000) to Anson County for a regional water or wastewater project.
- (7) Seven million dollars (\$7,000,000) to the City of Archdale.
- (8) Four million one hundred seventy thousand five hundred dollars (\$4,170,500) to the City of Asheboro.

- 1 (9) Two million nine hundred thousand dollars (\$2,900,000) to the Town of
2 Autryville. Nine hundred thousand dollars (\$900,000) of this allocation shall
3 be used for stormwater improvements.
- 4 (10) Three million dollars (\$3,000,000) to the Town of Ayden.
- 5 (11) Nine hundred sixty-five thousand dollars (\$965,000) to the Village of Bald
6 Head Island.
- 7 (12) Fourteen million dollars (\$14,000,000) to the Town of Beech Mountain.
- 8 (13) Ten million dollars (\$10,000,000) to the City of Belmont.
- 9 (14) Sixteen million dollars (\$16,000,000) to the Town of Benson.
- 10 (15) Two million two hundred fifty thousand dollars (\$2,250,000) to the Town of
11 Bermuda Run.
- 12 (16) Fifteen million dollars (\$15,000,000) to Bladen County. Five million dollars
13 (\$5,000,000) of this allocation shall be used for water or wastewater projects
14 related to the Live, Work, Play Project.
- 15 (17) Fourteen million dollars (\$14,000,000) to the Town of Bladenboro.
- 16 (18) One hundred twenty-five thousand dollars (\$125,000) to the Town of
17 Boardman.
- 18 (19) Three million seven hundred thousand dollars (\$3,700,000) to the Town of
19 Boone.
- 20 (20) Three million dollars (\$3,000,000) to the Town of Boonville.
- 21 (21) One million three hundred fifty thousand dollars (\$1,350,000) to the Town of
22 Bostic. One hundred fifty thousand dollars (\$150,000) of this allocation shall
23 be used for stormwater infrastructure.
- 24 (22) Thirteen million dollars (\$13,000,000) to the City of Brevard.
- 25 (23) One million one hundred sixty-nine thousand five hundred dollars
26 (\$1,169,500) to the Town of Bridgeton.
- 27 (24) Thirty-five million dollars (\$35,000,000) to Brunswick County.
- 28 (25) Ten million six hundred thousand dollars (\$10,600,000) to the Town of
29 Burgaw.
- 30 (26) Five hundred thousand dollars (\$500,000) to Burke County for a water and
31 wastewater study, planning, and mapping in eastern Burke County.
- 32 (27) Six million dollars (\$6,000,000) to the City of Burlington. Five hundred
33 thousand dollars (\$500,000) of this allocation shall be used to treat PFAS
34 contamination.
- 35 (28) Sixty-nine million six hundred thousand dollars (\$69,600,000) to the Cabarrus
36 County Water and Sewer Authority. Eleven million dollars (\$11,000,000) of
37 this allocation shall be used for the design and construction of the Muddy
38 Creek Wastewater Treatment Plant Expansion project.
- 39 (29) Ten million dollars (\$10,000,000) to Camden County.
- 40 (30) One million dollars (\$1,000,000) to the Town of Cameron.
- 41 (31) One million eight hundred thousand dollars (\$1,800,000) to the Town of
42 Candor.
- 43 (32) Thirty-eight million dollars (\$38,000,000) to the Town of Canton.
- 44 (33) Thirty-five million dollars (\$35,000,000) to the Cape Fear Public Utility
45 Authority to be used as follows:
 - 46 a. Eighteen million dollars (\$18,000,000) for drinking water extensions
47 to unserved communities in New Hanover County impacted by PFAS.
 - 48 b. Seventeen million dollars (\$17,000,000) for municipal consolidation
49 and regionalization of water and sewer systems in New Hanover
50 County impacted by PFAS.
- 51 (34) Ten million dollars (\$10,000,000) to the Town of Carthage.

- 1 (35) Twenty million dollars (\$20,000,000) to Catawba County for service
2 extensions to Sherrills Ford.
- 3 (36) One million six hundred fifty thousand dollars (\$1,650,000) to the City of
4 Cherryville.
- 5 (37) Eight million dollars (\$8,000,000) to the Chimney Rock Village.
- 6 (38) Thirty million dollars (\$30,000,000) to Chowan County.
- 7 (39) Eighteen million two hundred seventy thousand dollars (\$18,270,000) to the
8 City of Claremont for the Lyle Creek Sewer Project.
- 9 (40) Twenty million two hundred fifty thousand dollars (\$20,250,000) to the Town
10 of Clayton. Six million dollars (\$6,000,000) of this allocation shall be used to
11 improve, upgrade, or reroute the Arbors, Starmount, Liberty-West Main
12 Street, Little Creek, and Clayton-Raleigh pump stations.
- 13 (41) Four million two hundred ninety thousand dollars (\$4,290,000) to Cleveland
14 County Water for water treatment sedimentation basins.
- 15 (42) Five million dollars (\$5,000,000) to the City of Clinton.
- 16 (43) Eight hundred thousand dollars (\$800,000) to the Town of Columbus.
- 17 (44) Fifteen million six hundred twenty thousand dollars (\$15,620,000) to
18 Columbus County.
- 19 (45) Two million five hundred forty-eight thousand five hundred dollars
20 (\$2,548,500) to the Town of Connelly Springs.
- 21 (46) Twelve million five hundred thousand dollars (\$12,500,000) to the
22 Contentnea Metropolitan Sewage District.
- 23 (47) Sixteen million dollars (\$16,000,000) to Currituck County to be distributed as
24 follows:
- 25 a. Six million dollars (\$6,000,000) for the Mainland Water Treatment
26 Plant project.
- 27 b. Ten million dollars (\$10,000,000) for the Moyock water or wastewater
28 system.
- 29 (48) Two million dollars (\$2,000,000) to the Town of Dallas.
- 30 (49) Twenty-five million dollars (\$25,000,000) to Davidson County.
- 31 (50) Two million dollars (\$2,000,000) to the Town of Denton.
- 32 (51) Two million five hundred fifty thousand dollars (\$2,550,000) to the Town of
33 Dobbins Heights.
- 34 (52) One million five hundred fifty thousand dollars (\$1,550,000) to the Town of
35 Dobson.
- 36 (53) Seven million one hundred thousand dollars (\$7,100,000) to the City of Dunn.
- 37 (54) Seven million dollars (\$7,000,000) to the City of Eden.
- 38 (55) Fourteen million two hundred thousand dollars (\$14,200,000) to Edgecombe
39 County.
- 40 (56) Nine million dollars (\$9,000,000) to the City of Elizabeth City.
- 41 (57) Six million five hundred thousand dollars (\$6,500,000) to the Town of Elkin.
- 42 (58) One million dollars (\$1,000,000) to the Town of Ellenboro.
- 43 (59) Two million dollars (\$2,000,000) to the Town of Elon.
- 44 (60) Five hundred thousand dollars (\$500,000) to the Town of Erwin for a
45 stormwater development plan.
- 46 (61) Twenty million dollars (\$20,000,000) to the Town of Eureka.
- 47 (62) Twelve million dollars (\$12,000,000) to the Fayetteville Public Works
48 Commission.
- 49 (63) Four million five hundred seventy-eight thousand dollars (\$4,578,000) to the
50 Town of Forest City.

- 1 (64) Twenty million dollars (\$20,000,000) to Forsyth County to expand water and
2 wastewater services to the southeastern part of the County.
- 3 (65) Four million six hundred thousand dollars (\$4,600,000) to the Town of Four
4 Oaks.
- 5 (66) Twenty-eight million six hundred thousand dollars (\$28,600,000) to the Town
6 of Fuquay-Varina for a conveyance line project.
- 7 (67) Twenty-eight million three hundred twenty-six thousand three hundred sixty
8 dollars (\$28,326,360) to the City of Gastonia. Four million three hundred
9 twenty-six thousand three hundred sixty dollars (\$4,326,360) of this allocation
10 shall be used for the Apple Creek Corporate Park sewer upgrade.
- 11 (68) Ten million one hundred forty-five thousand dollars (\$10,145,000) to Gates
12 County. Nine million one hundred forty-five thousand dollars (\$9,145,000) of
13 this allocation shall be used for a water or wastewater project for the Town of
14 Gatesville.
- 15 (69) [reserved]
- 16 (70) Two million dollars (\$2,000,000) to the Town of Gibsonville to be distributed
17 as follows:
- 18 a. One million dollars (\$1,000,000) for an elevated water tank.
- 19 b. One million dollars (\$1,000,000) for the NC Highway 61 water line
20 connector.
- 21 (71) Five million dollars (\$5,000,000) to the City of Goldsboro.
- 22 (72) Four hundred sixty thousand dollars (\$460,000) to the Town of Goldston.
- 23 (73) Two million dollars (\$2,000,000) to the Goldston/Gulf Sanitary District.
- 24 (74) Seven million dollars (\$7,000,000) to the City of Greensboro to be distributed
25 as follows:
- 26 a. Five million five hundred thousand dollars (\$5,500,000) for water and
27 wastewater improvements serving the town of Pleasant Garden.
- 28 b. One million five hundred thousand dollars (\$1,500,000) for the
29 extension of water and wastewater service to Peacehaven Community
30 Farm.
- 31 (75) One million two hundred thousand dollars (\$1,200,000) to the Town of
32 Halifax.
- 33 (76) Five million dollars (\$5,000,000) to the City of Hamlet.
- 34 (77) Seven million two hundred fifty thousand dollars (\$7,250,000) to the Handy
35 Sanitary District.
- 36 (78) Twenty-five million seven hundred ninety-three thousand two hundred dollars
37 (\$25,793,200) to Harnett County to be distributed as follows:
- 38 a. Ten million seven hundred ninety-three thousand two hundred dollars
39 (\$10,793,200) for sewer system upgrades to the Buies Creek-Coats
40 Connector.
- 41 b. Fifteen million dollars (\$15,000,000) for a wastewater treatment plant
42 expansion.
- 43 (79) Three million five hundred thousand dollars (\$3,500,000) to the City of
44 Havelock.
- 45 (80) Two hundred thousand dollars (\$200,000) to the City of Henderson.
- 46 (81) Fourteen million seven hundred fifty thousand dollars (\$14,750,000) to the
47 City of Hendersonville.
- 48 (82) Four million three hundred thousand dollars (\$4,300,000) to the Town of
49 Hertford to be distributed as follows:
- 50 a. One million three hundred thousand dollars (\$1,300,000) to increase
51 water capacity.

- 1 b. Three million dollars (\$3,000,000) for water and wastewater projects
2 related to the Marine Industrial Park.
- 3 (83) Fifteen million dollars (\$15,000,000) to the City of Hickory for the Highway
4 321 water and wastewater project.
- 5 (84) Five million dollars (\$5,000,000) to the Town of Highlands.
- 6 (85) One million two hundred thousand dollars (\$1,200,000) to Hoke County.
- 7 (86) Two million dollars (\$2,000,000) to the Town of Holden Beach.
- 8 (87) Fifteen million four hundred thousand dollars (\$15,400,000) to the Town of
9 Holly Springs for the conveyance line project.
- 10 (88) Two hundred fifty thousand dollars (\$250,000) to the Town of Hookerton.
- 11 (89) One million dollars (\$1,000,000) to the Town of Jackson.
- 12 (90) Twenty million dollars (\$20,000,000) to Johnston County.
- 13 (91) Ten million seven hundred thousand dollars (\$10,700,000) to Jones County to
14 be distributed as follows:
- 15 a. Nine million five hundred thousand dollars (\$9,500,000) for water
16 treatment plant expansion.
- 17 b. One million two hundred thousand dollars (\$1,200,000) for regional
18 water system valve additions.
- 19 (92) Eight million dollars (\$8,000,000) to the Town of Kenansville.
- 20 (93) Eight hundred sixty thousand two hundred seventy-five dollars (\$860,275) to
21 the Town of Kenly.
- 22 (94) Thirty-nine million three hundred eighty-five thousand dollars (\$39,385,000)
23 to the City of Kings Mountain.
- 24 (95) Four million dollars (\$4,000,000) to the Town of Lake Waccamaw.
- 25 (96) Two million five hundred thousand dollars (\$2,500,000) to the Town of
26 Landis.
- 27 (97) Three million five hundred thousand dollars (\$3,500,000) to the Town of
28 Lansing.
- 29 (98) Twenty million dollars (\$20,000,000) to the City of Laurinburg to be
30 distributed as follows:
- 31 a. Two million five hundred thousand dollars (\$2,500,000) for the
32 McColl Road water line replacement.
- 33 b. Seven million five hundred thousand dollars (\$7,500,000) for raw
34 water system expansion.
- 35 c. Ten million dollars (\$10,000,000) for wastewater treatment plant
36 renovations.
- 37 (99) Seventeen million dollars (\$17,000,000) to the City of Lenoir for the
38 Valdese-Lenoir water interconnection.
- 39 (100) Two million dollars (\$2,000,000) to the City of Lexington.
- 40 (101) Eleven million sixty-two thousand five hundred dollars (\$11,062,500) to the
41 Town of Lillington.
- 42 (102) Eleven million four hundred fifty thousand dollars (\$11,450,000) to Lincoln
43 County. One million four hundred fifty thousand dollars (\$1,450,000) of this
44 allocation shall be used for the Lincoln County water line extension.
- 45 (103) Three hundred thirty-one thousand four hundred two dollars (\$331,402) to the
46 Town of Linden.
- 47 (104) Fifteen million dollars (\$15,000,000) to the Town of Littleton.
- 48 (105) Ten million dollars (\$10,000,000) to the City of Locust.
- 49 (106) One million five hundred thousand dollars (\$1,500,000) to the Town of Love
50 Valley.

- 1 (107) Eight million two hundred fifty thousand dollars (\$8,250,000) to the City of
2 Lowell.
- 3 (108) Thirty million dollars (\$30,000,000) to the Lower Cape Fear Water and Sewer
4 Authority.
- 5 (109) Four million five hundred thousand dollars (\$4,500,000) to the Town of
6 Madison.
- 7 (110) Eighteen million dollars (\$18,000,000) to Madison County.
- 8 (111) Six million dollars (\$6,000,000) to the City of Marion.
- 9 (112) Four million dollars (\$4,000,000) to the Town of Marshville for a regional
10 water or wastewater project.
- 11 (113) Four million dollars (\$4,000,000) to the Town of Mayodan for the wastewater
12 treatment plant.
- 13 (114) Four million dollars (\$4,000,000) to McDowell County.
- 14 (115) Three million dollars (\$3,000,000) to the City of Mebane.
- 15 (116) One million one hundred thousand dollars (\$1,100,000) to the Town of
16 Mocksville.
- 17 (117) Eight million dollars (\$8,000,000) to Montgomery County.
- 18 (118) Fifteen million dollars (\$15,000,000) to Moore County.
- 19 (119) Three million six hundred thousand dollars (\$3,600,000) to the Town of
20 Mooresville.
- 21 (120) Thirteen million five hundred sixty thousand dollars (\$13,560,000) to the City
22 of Morganton.
- 23 (121) Two million dollars (\$2,000,000) to the City of Mount Airy.
- 24 (122) Ten million dollars (\$10,000,000) to the City of Mount Holly for the
25 Riverbend Preserve water extension.
- 26 (123) One million dollars (\$1,000,000) to the Town of Mount Pleasant for South
27 Skyland Drive, Senateeca Drive, and Allman Road service line extensions.
- 28 (124) Four million three hundred thousand dollars (\$4,300,000) to the Town of
29 Murfreesboro.
- 30 (125) Four hundred thousand dollars (\$400,000) to the Town of Murphy.
- 31 (126) Seventeen million twenty-two thousand five hundred one dollars
32 (\$17,022,501) to Nash County.
- 33 (127) Forty-five million dollars (\$45,000,000) to New Hanover County. Fifteen
34 million dollars (\$15,000,000) of this allocation shall be used for water and
35 wastewater projects related to Blue Clay Business Park.
- 36 (128) One hundred fifteen thousand nine hundred seventy-five dollars (\$115,975) to
37 the Town of Newport.
- 38 (129) Twelve million dollars (\$12,000,000) to the City of Newton.
- 39 (130) One million five hundred thousand dollars (\$1,500,000) to the Town of
40 Newton Grove.
- 41 (131) Eighteen million six hundred thousand dollars (\$18,600,000) to Northampton
42 County.
- 43 (132) Four million five hundred thousand dollars (\$4,500,000) to the Town of Oak
44 Ridge for the municipal water system.
- 45 (133) One million fifty thousand dollars (\$1,050,000) to the Town of Old Fort.
- 46 (134) Five million dollars (\$5,000,000) to the Onslow Water and Sewer Authority.
- 47 (135) Five million five hundred thousand dollars (\$5,500,000) to the Town of
48 Oriental.
- 49 (136) Ten million dollars (\$10,000,000) to the City of Oxford for the Kerr Lake
50 Regional Water project.
- 51 (137) Five million dollars (\$5,000,000) to Pamlico County.

- 1 (138) Nine million three hundred ten thousand dollars (\$9,310,000) to Pasquotank
2 County.
- 3 (139) Fourteen million dollars (\$14,000,000) to the Town of Pembroke.
- 4 (140) One million five hundred thousand dollars (\$1,500,000) to the Town of Pilot
5 Mountain.
- 6 (141) One million seven hundred fifty thousand dollars (\$1,750,000) to the Town of
7 Pine Level.
- 8 (142) Five million two hundred thousand dollars (\$5,200,000) to the Town of
9 Pinebluff.
- 10 (143) Six hundred thousand dollars (\$600,000) to Pitt County for water and
11 wastewater projects for Pitt County Schools.
- 12 (144) Two million five hundred twenty thousand dollars (\$2,520,000) to the Town
13 of Princeton.
- 14 (145) Nine million five hundred thousand dollars (\$9,500,000) to the City of
15 Raeford.
- 16 (146) Five million one hundred fifty thousand dollars (\$5,150,000) to the City of
17 Randleman.
- 18 (147) Eighty-five million thirty-four thousand three hundred eleven dollars
19 (\$85,034,311) to Randolph County.
- 20 (148) Five million dollars (\$5,000,000) to the Town of Ranlo.
- 21 (149) One million six hundred thousand dollars (\$1,600,000) to the City of
22 Reidsville for the Piedmont and Annie Penn wastewater outfalls.
- 23 (150) Sixteen million dollars (\$16,000,000) to Richmond County to be distributed
24 as follows:
- 25 a. Twelve million dollars (\$12,000,000) for water and wastewater
26 projects related to economic development.
- 27 b. Four million dollars (\$4,000,000) for water and wastewater projects.
- 28 (151) Nine million three hundred ninety-three thousand dollars (\$9,393,000) to the
29 Town of River Bend.
- 30 (152) One million three hundred ninety-five thousand dollars (\$1,395,000) to the
31 Town of Robbinsville.
- 32 (153) Eight million five hundred forty-five thousand dollars (\$8,545,000) to
33 Robeson County.
- 34 (154) Thirteen million dollars (\$13,000,000) to the City of Rockingham.
- 35 (155) Fifty-four million five hundred fifty thousand dollars (\$54,550,000) to
36 Rockingham County to be distributed as follows:
- 37 a. Ten million dollars (\$10,000,000) for water and wastewater projects
38 along U.S. 220.
- 39 b. Twenty-three million five hundred fifty thousand dollars
40 (\$23,550,000) for water and wastewater projects.
- 41 c. Twenty-one million dollars (\$21,000,000) for the extension of water
42 services from Reidsville toward the unincorporated community of
43 Ruffin.
- 44 (156) One million eight hundred ninety-four thousand four hundred ten dollars
45 (\$1,894,410) to the Town of Ronda.
- 46 (157) Ten million dollars (\$10,000,000) to the Town of Rosman.
- 47 (158) Twenty-six million dollars (\$26,000,000) to the City of Roxboro.
- 48 (159) Three million six hundred thirty thousand dollars (\$3,630,000) to the Town of
49 Rutherfordton.
- 50 (160) Two million five hundred thousand dollars (\$2,500,000) to the Town of
51 Salemburg.

- 1 (161) Two million three hundred four thousand eight hundred seventy-eight dollars
2 (\$2,304,878) to the City of Saluda.
- 3 (162) Ten million one hundred nineteen thousand three hundred twenty dollars
4 (\$10,119,320) to Sampson County to be distributed as follows:
5 a. Four million one hundred nineteen thousand three hundred twenty
6 dollars (\$4,119,320) for water lines near the landfill.
7 b. Six million dollars (\$6,000,000) for two wells and treatment in the
8 southern part of the county.
- 9 (163) Seven million five hundred thousand dollars (\$7,500,000) to the City of
10 Sanford to be distributed as follows:
11 a. Two million five hundred thousand dollars (\$2,500,000) for the
12 development, operation, and management of the Siler City Wastewater
13 project.
14 b. Five million dollars (\$5,000,000) for the Grace School and Fire
15 Department sewer line.
- 16 (164) Two million six hundred eighty-seven thousand four hundred thirty-nine
17 dollars (\$2,687,439) to the Town of Sedalia to extend the sewer lines.
- 18 (165) Twelve million eight hundred thousand dollars (\$12,800,000) to the Town of
19 Selma.
- 20 (166) Twelve million four hundred sixty-one thousand five hundred dollars
21 (\$12,461,500) to the City of Shelby.
- 22 (167) Seventy-five million two hundred fifty thousand dollars (\$75,250,000) to the
23 Town of Siler City. Two million five hundred thousand dollars (\$2,500,000)
24 of this allocation shall be used for construction of an elevated water tank
25 associated with an economic development project.
- 26 (168) Six million two hundred fifty thousand dollars (\$6,250,000) to the Town of
27 Smithfield.
- 28 (169) Four million two hundred twenty-two thousand five hundred dollars
29 (\$4,222,500) to the Town of Snow Hill.
- 30 (170) Five million dollars (\$5,000,000) to the South Granville Water and Sewer
31 Authority.
- 32 (171) Three million dollars (\$3,000,000) to the Town of Spring Hope.
- 33 (172) Three hundred thousand dollars (\$300,000) to the Town of Spring Lake.
- 34 (173) Two million five hundred thousand dollars (\$2,500,000) to the Town of
35 Spruce Pine.
- 36 (174) Two million five hundred thousand dollars (\$2,500,000) to the Town of St.
37 Pauls.
- 38 (175) One million dollars (\$1,000,000) to the Town of Stanley.
- 39 (176) Two million dollars (\$2,000,000) to Stanly County for water and wastewater
40 projects for Juneberry Ridge.
- 41 (177) Two million six hundred thousand dollars (\$2,600,000) to the Town of
42 Stantonsburg for a well water project and water line replacement.
- 43 (178) Ten million dollars (\$10,000,000) to the Town of Star.
- 44 (179) Three million dollars (\$3,000,000) to the City of Statesville for water and
45 wastewater projects pertaining to economic development.
- 46 (180) Fifteen million dollars (\$15,000,000) to the Stokes County Water and Sewer
47 Authority.
- 48 (181) Four million seven hundred thousand dollars (\$4,700,000) to the Town of
49 Stoneville to be distributed as follows:
50 a. Two million dollars (\$2,000,000) for water and wastewater lines along
51 U.S. 220 West.

- 1 b. Two million seven hundred thousand dollars (\$2,700,000) for water
2 system improvements.
- 3 (182) Twenty million dollars (\$20,000,000) to the Town of Surf City.
- 4 (183) Four million dollars (\$4,000,000) to the City of Thomasville.
- 5 (184) Ten million dollars (\$10,000,000) to Transylvania County.
- 6 (185) Four million five hundred thousand dollars (\$4,500,000) to the City of Trinity.
- 7 (186) Fourteen million dollars (\$14,000,000) to the Town of Troutman. Four million
8 dollars (\$4,000,000) of this allocation shall be used for the connection of the
9 Duck Creek sewer outfall line to the City of Statesville's Third Creek
10 Wastewater Treatment Plant.
- 11 (187) Two million two hundred thirty-three thousand five hundred dollars
12 (\$2,233,500) to the Town of Tryon.
- 13 (188) Twenty-seven million five hundred thousand dollars (\$27,500,000) to Union
14 County to be distributed as follows:
- 15 a. Twenty-six million dollars (\$26,000,000) for sewer expansion.
- 16 b. One million five hundred thousand dollars (\$1,500,000) for the
17 Waxhaw graywater system project.
- 18 (189) Seven million dollars (\$7,000,000) to the Town of Valdese for the
19 Valdese-Lenoir water interconnection.
- 20 (190) Four million dollars (\$4,000,000) to Vance County.
- 21 (191) One hundred sixty-five thousand fifty-two dollars (\$165,052) to the Town of
22 Wade.
- 23 (192) Five million dollars (\$5,000,000) to Warren County.
- 24 (193) Fifteen million dollars (\$15,000,000) to the Town of Weaverville.
- 25 (194) Eight hundred thousand dollars (\$800,000) to the Town of Weldon.
- 26 (195) Seven hundred twenty-six thousand one hundred fifty dollars (\$726,150) to
27 the Town of West Jefferson.
- 28 (196) Six million nine hundred thirty thousand dollars (\$6,930,000) to Wilkes
29 County for the extension of water and wastewater services to the airport.
- 30 (197) Twenty-three million five hundred fifty thousand dollars (\$23,550,000) to the
31 City of Wilson. One million fifty thousand dollars (\$1,050,000) of this
32 allocation shall be used for repair of the Lake Wilson dam.
- 33 (198) Two million dollars (\$2,000,000) to Wilson County.
- 34 (199) Twelve million dollars (\$12,000,000) to the Town of Wingate.
- 35 (200) Three million eight hundred thirty thousand dollars (\$3,830,000) to the Town
36 of Woodland.
- 37 (201) Eight million dollars (\$8,000,000) to the Town of Wrightsville Beach.
- 38 (202) Two hundred eighty-nine thousand two hundred dollars (\$289,200) to the
39 Town of Yadkinville.
- 40 **SECTION 12.2.(f)** Other Grants. – Of the funds allocated by subsection (a) of this
41 section for project grants, the Department of Environmental Quality shall transfer the sum of
42 thirty-six million three hundred thirty thousand five hundred ninety dollars (\$36,330,590) to the
43 Office of State Budget and Management to provide a grant to the following entities for the
44 purposes specified:
- 45 (1) Three million dollars (\$3,000,000) for a directed grant to Barton College for
46 water or wastewater projects.
- 47 (2) Twelve million three hundred sixty thousand five hundred ninety dollars
48 (\$12,360,590) for a grant to the Burke Partnership for Economic
49 Development, Inc., to install water and wastewater at the Western NC
50 Megasite.

- 1 (3) Five hundred thousand dollars (\$500,000) for a directed grant to the
2 Catawba-Wateree Water Management Group.
- 3 (4) One million dollars (\$1,000,000) for a directed grant to Cleveland County
4 Water for improvements on the property of Cleveland County Water
5 necessary to accommodate construction of the Stagecoach Greenway
6 Recreation Trail.
- 7 (5) Two hundred fifty thousand dollars (\$250,000) for a directed grant to Craven
8 County for a backup generator for the water plant.
- 9 (6) Two million dollars (\$2,000,000) for a directed grant to the Eastern Band of
10 Cherokee Indians for water or wastewater infrastructure.
- 11 (7) Four hundred thousand dollars (\$400,000) for a directed grant to the Friends
12 of Camp Kirkwood, Inc.
- 13 (7a) Five hundred thousand dollars (\$500,000) for a directed grant to the
14 Aeronautics Authority of the City of Henderson for a water line extension.
- 15 (8) Four hundred fifty thousand dollars (\$450,000) for a directed grant to the
16 Town of Hookerton to repay a USDA loan.
- 17 (9) Four hundred seventy thousand dollars (\$470,000) for a directed grant to
18 McDowell County to address drainage issues.
- 19 (10) Fifteen million dollars (\$15,000,000) for a directed grant to the City of Mount
20 Holly to decommission a wastewater treatment plant.
- 21 (11) Four hundred thousand dollars (\$400,000) for a directed grant to the Young
22 Men's Christian Association of Southeastern North Carolina, Inc.

23 **SECTION 12.2.(g)** Siler City Project Directive. – The following limitations and
24 conditions apply to the funds allocated by subsection (e) of this section to the Town of Siler City:

- 25 (1) Up to fifteen percent (15%) of the funds may be used at any time after the
26 effective date of this act for permitting, project design and engineering, and
27 other preconstruction activities.
- 28 (2) The remainder of the funds shall not be disbursed by the Department of
29 Environmental Quality until the Town of Siler City and the City of Sanford
30 have entered into an agreement regarding operation of the Town of Siler City
31 wastewater improvements funded by this act.
- 32 (3) The limitation set forth in this subsection shall not apply to funds allocated to
33 the Town of Siler City for the construction of an elevated water tank
34 associated with an economic development project.

35 **SECTION 12.2.(h)** Funding Reallocation. – Of the funds allocated to the
36 Department of Environmental Quality from the Clean Water and Drinking Water Reserve by
37 Section 2.2(p) of S.L. 2022-74, as amended, the sum of three million dollars (\$3,000,000) shall
38 be reallocated to the Office of State Budget and Management to be used to provide a directed
39 grant to the Town of Walnut Cove for an administration building.

40 **SECTION 12.2.(i)** Funding Reduction. – The allocation to the Town of Walnut Cove
41 for water and sewer infrastructure projects set forth in Section 12.9(e)(86) of S.L. 2022-74, as
42 amended, is reduced by three million dollars (\$3,000,000).

43 **SECTION 12.2.(j)** Staffing. – The Secretary may create new positions to assist the
44 Department in executing projects funded by the State Fiscal Recovery Fund and the Water
45 Infrastructure Fund if State and federal funds are available to support those positions. The new
46 positions created in this section shall be based upon availability of State and federal funds and
47 are exempt from the provision of the State Human Resources Act, Chapter 126 of the General
48 Statutes, except Articles 6 and 7 of that Chapter.

49 **SECTION 12.2.(k)** Administrative Costs. – The Department may use three percent
50 (3%) of the funds allocated in this section for administrative costs. The Department shall not

1 charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the
2 set-aside of administrative costs authorized by this subsection.

3 **SECTION 12.2.(I)** Report. – The Department shall include in the report required by
4 G.S. 159G-26 the status of projects funded under this section. This report may be provided in
5 tabular or summary form and need not include information beyond that described in
6 G.S. 159G-26(b)(4).

8 VIABLE UTILITY RESERVE AMENDMENTS

9 **SECTION 12.3.(a)** G.S. 159G-35(c) reads as rewritten:

10 "(c) Viable Utility Reserve. – The Local Government Commission and the Authority shall
11 jointly develop evaluation criteria for grants from the Viable Utility Reserve. Criteria shall also
12 be developed concerning distressed units for which the Local Government Commission has
13 exercised its authority under Article 11 of Chapter 159 of the General Statutes to assume control,
14 in whole or in part, of the financial affairs of an applicant. These evaluation criteria shall be used
15 to review applications and award grants as provided in G.S. 159G-39."

16 **SECTION 12.3.(b)** G.S. 159G-36(d)(2) reads as rewritten:

17 "(2) Grants for the purpose set forth in G.S. 159-32(d)(6) to any single local
18 government unit shall not ~~(i) exceed seven hundred fifty thousand dollars~~
19 ~~(\$750,000) in any fiscal year and (ii) be awarded for more than three~~
20 ~~consecutive fiscal years.~~"

22 PROHIBIT CAP AND TRADE REQUIREMENTS FOR CO2 EMISSIONS

23 **SECTION 12.5.(a)** Article 21B of Chapter 143 of the General Statutes is amended
24 by adding a new section to read:

25 "**§ 143-215.107E. Prohibit cap and trade requirements for carbon dioxide (CO2) emissions.**

26 Neither the Governor, nor any of the agencies of the State, including the Utilities
27 Commission, the Department of Environmental Quality, and the Environmental Management
28 Commission, may require an electric public utility, as defined in G.S. 62-126.3(7), or persons
29 who operate an electric generating facility the primary purpose of which is for the person's own
30 use and not for the primary purpose of producing electricity for sale to or for the public for
31 compensation, to participate in a program that requires such utilities to obtain allowances to offset
32 their CO2 emissions, commonly characterized as emissions cap-and-trade programs, CO2 budget
33 trading programs, or cap-and-invest initiatives. In addition, the Governor and the Department are
34 expressly prohibited from entering into any agreement with other states obligating North
35 Carolina's participation in any program requiring acquisition of allowances to offset CO2
36 emissions by such utilities."

37 **SECTION 12.5.(b)** This section is effective when it becomes law.

39 PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW 40 MOTOR VEHICLES

41 **SECTION 12.6.(a)** Article 21B of Chapter 143 of the General Statutes is amended
42 by adding a new section to read:

43 "**§ 143-215.107F. Prohibit requirements for control of emissions from new motor vehicles.**

44 Notwithstanding any authorization granted under 42 U.S.C. § 7507, no agency of the State,
45 including the Department of Environmental Quality, the Environmental Management
46 Commission, the Department of Transportation, or the Department of Administration, may adopt
47 and enforce standards relating to control of emissions from new motor vehicles or new motor
48 vehicle engines, including requirements that mandate the sale or purchase of "zero-emission
49 vehicles," or electric vehicles as defined in G.S. 20-4.01. The prohibitions of this section shall
50 not be construed to effect requirements for the vehicle emissions testing and maintenance
51 program established pursuant to G.S. 143-215.107A."

1 **SECTION 12.6.(b)** This section is effective when it becomes law.

2
3 **REDUCE EMISSIONS INSPECTIONS REQUIREMENTS**

4 **SECTION 12.7.(a)** G.S. 20-183.2(b) reads as rewritten:

5 "(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with
6 this Part if it meets all of the following requirements:

7 ...

8 (3) ~~It is (i) a vehicle with a model year within 20 years of the current year and~~
9 ~~older than the three most recent model years or (ii) a vehicle with a model year~~
10 ~~within 20 years of the current year and has 70,000 miles or more on its~~
11 ~~odometer.~~

12 (3a) It is a vehicle with a model year within 20 years of the current year and earlier
13 than the 2017 model year.

14 "

15 **SECTION 12.7.(b)** G.S. 143-215.107A(c) reads as rewritten:

16 "(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in ~~the~~
17 ~~following counties: Alamance, Buncombe, Cabarrus, Cumberland, Davidson, Durham, Forsyth,~~
18 ~~Franklin, Gaston, Guilford, Iredell, Johnston, Lincoln, Mecklenburg, New Hanover, Randolph,~~
19 ~~Rowan, Union, and Wake.~~ Mecklenburg County."

20 **SECTION 12.7.(c)** No later than one year after this section becomes law, the
21 Department of Environmental Quality shall prepare and submit to the United States
22 Environmental Protection Agency for approval by that agency a proposed North Carolina State
23 Implementation Plan amendment based on the change to the motor vehicle emissions testing
24 program provided in this section.

25 **SECTION 12.7.(d)** Subsections (a) and (b) of this section become effective on the
26 first day of a month that is 60 days after the Secretary of the Department of Environmental
27 Quality certifies to the Revisor of Statutes that the United States Environmental Protection
28 Agency has approved an amendment to the North Carolina State Implementation Plan submitted
29 as required by subsection (c) of this section and applies to motor vehicles inspected, or due to be
30 inspected, on or after that date. The Secretary shall provide this notice of approval along with the
31 effective date of this section on its website and by written or electronic notice to emissions
32 inspection mechanic license holders, emissions inspection station licensees, and self-inspector
33 licensees in the county where motor vehicle emissions inspection requirements are removed by
34 this section. The remainder of this section is effective when it becomes law.

35
36 **DAM SAFETY EMERGENCY FUND/OVERTOPPING STUDIES**

37 **SECTION 12.8.** G.S. 143-215.32A reads as rewritten:

38 "**§ 143-215.32A. Dam Safety Emergency Fund.**

39 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund
40 within the Department, as set forth in this section. The Fund shall be used to defray expenses
41 incurred by the Department in developing and implementing an emergency dam safety remedial
42 ~~plan, plan and assessing overtopping risk for high hazard and intermediate hazard dams.~~

43 (b) Eligible Expenses. – The Fund may be used for ~~expenses incurred in developing the~~
44 following expenses:

45 (1) Developing and implementing an emergency dam safety remedial plan that
46 has been approved by the Department, including expenses incurred to contract
47 with any third party for services related to plan development or
48 implementation.

49 (2) Performing overtopping studies for dams categorized by the Department as
50 high hazard or intermediate hazard for which the Department currently has no
51 or inadequate overtopping risk information.

1 (c) Conditions for Use. – These funds shall be used upon the Department's determination
2 that sufficient funds or corrective action cannot be obtained from other sources without incurring
3 a delay that would significantly increase the threat to life or risk of damage to property or the
4 environment.

5 (d) Cost Recovery. – Costs of site investigation and the development and implementation
6 of an emergency dam safety remedial plan, including attorney's fees and other expenses of
7 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate
8 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to
9 reimburse the Dam Safety Emergency Fund.

10 (e) Standards for Funded Activities. – Emergency dam safety remedial plan development
11 and implementation activities and overtopping studies shall be conducted in accordance with
12 standards set forth in G.S. 143-215.29."
13

14 DISCHARGES OF HIGHLY TREATED WASTEWATER

15 SECTION 12.9.(a) G.S. 143-215.1 is amended by adding a new subsection to read:

16 "(c8) Permitted Discharges of Highly Treated Domestic Wastewater. –

17 (1) Subject only to the limitations set forth in subdivision (2) of this subsection,
18 the Department shall authorize permitted discharges of highly treated
19 domestic wastewater to surface waters of the State, including wetlands,
20 perennial streams, and unnamed tributaries of named and classified streams
21 where the 7Q10 flow or 30Q2 flow of the receiving waterbody is estimated to
22 be low flow or zero flow, as determined by the United States Geological
23 Survey, from wastewater treatment systems capable of meeting the following
24 water quality-based effluent limitations:

- 25 a. Biological oxygen demand (BOD₅), 5mg/L.
26 b. NH₃, 0.5mg/L monthly average, 1.0 mg/L daily maximum.
27 c. Total nitrogen, 4mg/L monthly average.
28 d. Total phosphorus, 1.0mg/L monthly average, 2.0mg/L daily
29 maximum.
30 e. Fecal coliforms, 14 colonies/100mL.
31 f. Dissolved oxygen, 6mg/L, or 1mg/L more than the BOD₅
32 concentration.
33 g. Turbidity, 1 Nephelometric Turbidity Units.
34 h. Total suspended solids, 5mg/L monthly average.
35 i. Nitrate, 1mg/L monthly average.

36 (2) In addition to the requirements set forth in subdivision (1) of this subsection,
37 only the following requirements shall apply to wastewater discharges to be
38 authorized pursuant to this subsection:

- 39 a. No discharge shall be permitted to classified shellfish waters or
40 outstanding resource waters. Discharges to unnamed tributaries of
41 classified shellfish waters, however, shall be authorized in compliance
42 with the requirements of this section.
43 b. The limitation of flow for any wastewater discharge shall be no more
44 than one-tenth of the flow generated by the one-year, 24-hour storm
45 event given the drainage area and calculated using the rational method.
46 The rational method shall be used to calculate the peak runoff for the
47 one-year, 24-hour precipitation event in cubic foot per second. The
48 peak runoff shall then be divided by 10 and multiplied by 646,272 to
49 convert the result to gallons per day of allowable discharge at the point
50 studied.

- 1 c. Discharges shall be limited based on the ability of the receiving waters
2 to hydraulically accept the proposed flow, as demonstrated by being
3 equal to or less than one-tenth of the flow using the rational method.
- 4 d. All discharges shall be directed to buffer systems that utilize
5 low-energy methodologies to function as a buffer between the
6 discharge and the receiving waters. Buffer systems shall:
- 7 1. Consist of one of the following: (i) high-rate infiltration basins
8 that utilize engineered materials to achieve high rates of
9 infiltration, which engineered materials shall have an ASTM
10 gradation of a clean washed coarse grained sand; (ii)
11 constructed free surface wetlands having a hydraulic residence
12 time of 14 days; and (iii) other suitable technologies that
13 provide a physical or hydraulic residence time buffer, or both,
14 between the discharge and the receiving waters.
- 15 2. Discharge to areas that are 50 feet upland of the receiving
16 waters or wetlands at a non-erosive velocity equal to or less
17 than 2 feet per second through an appropriately designed
18 energy dissipater, or other applicable designs, that meet the
19 standard of practice for professional engineers for such
20 devices.
- 21 3. Divide the subsequent outfall to the receiving stream so that no
22 one particular outfall exceeds 1 cubic foot per second based on
23 the average daily flow of the discharge. Discharges from buffer
24 systems shall be allowed to be placed at increments along a
25 stream or receiving waters at a distance of no less than 50 linear
26 feet.
- 27 (3) For purposes of this subsection, the following definitions apply:
- 28 a. 7Q10 flow. – A method to calculate the minimum average flow of a
29 receiving water for a period of seven consecutive days that has an
30 average recurrence of once in 10 years.
- 31 b. 30Q2 flow. – A method to calculate the minimum average flow of a
32 receiving water for a period of 30 consecutive days that has an average
33 recurrence of once in two years.
- 34 c. Highly treated domestic wastewater. – Wastewater effluent from
35 treatment systems that receive flows from sources of domestic
36 wastewater that meet the effluent limitations as set forth in subdivision
37 (1) of this subsection.
- 38 d. Rational method. – The method of computing storm drainage flow
39 rates (Q) by use of the formula $Q = CIA$. For purposes of this
40 sub-subdivision, the following definitions apply:
- 41 1. C. – The rational coefficient describing the stormwater runoff
42 characteristics of the drainage.
- 43 2. I. – The rainfall intensity for the one-year, 24-hour
44 precipitation event given by the National Oceanic and
45 Atmospheric Administration through its online precipitation
46 data server or other appropriate sources in units of inches per
47 hour.
- 48 3. A. – The catchment area tributary to the point being studied as
49 further defined using methodologies that meet the standard of
50 practice for such work, including, but not limited to, web-based
51 data and tools provided by the United States Geological Survey

1 or by other analysis using topographic data that follows the
2 standard of practice for such work by licensed professional
3 engineers in units of acres.

- 4 (4) Once an applicant has submitted data to demonstrate the proposed discharge
5 will meet the requirements of subdivisions (1) and (2) of this subsection,
6 signed and sealed by a professional engineer licensed in accordance with the
7 provisions of Chapter 89C of the General Statutes, the application shall be
8 deemed complete for the purposes of review by the Department."

9 **SECTION 12.9.(b)** If rules are required in order to implement the requirements of
10 this section, the Department of Environmental Quality shall adopt temporary rules no later than
11 60 days after this section becomes law. Any temporary rules adopted in accordance with this
12 section shall remain in effect until permanent rules that replace the temporary rules become
13 effective. Rules adopted pursuant to this section shall not, however, impose additional
14 requirements on permitting of the discharge of highly treated domestic wastewater over that
15 established under G.S. 143-215.1(c8), as enacted by subsection (a) of this section.

16 **SECTION 12.9.(c)** This section is effective when it becomes law.
17 G.S. 143-215.1(c8), as enacted by subsection (a) of this section, applies to permits for new or
18 expanded wastewater discharge facilities issued on or after that date.

19 **RIGHT TO APPLY FOR AND OBTAIN A PERMIT**

20 **SECTION 12.10.(a)** Article 7 of Chapter 143B of the General Statutes is amended
21 by adding a new section to read:

22 **"§ 143B-279.18. Right to apply and obtain permits.**

23 Except to the extent required by federal or State law, the Department of Environmental
24 Quality shall not refuse to accept an application for a permit, authorization, or certification or
25 refuse to issue any permit, authorization, or certificate based solely on the failure of an applicant
26 to obtain another permit, authorization, or certification required for the same project. For
27 purposes of this section, failure to obtain a permit, authorization, or certification shall not include
28 denial of the permit, authorization, or certification by the Department based on the standards for
29 approval of the permit, authorization, or certification provided by law."

30 **SECTION 12.10.(b)** G.S. 113A-54.1(a) reads as rewritten:

31 "(a) A draft erosion and sedimentation control plan must contain the applicant's address
32 and, if the applicant is not a resident of North Carolina, designate a North Carolina agent for the
33 purpose of receiving notice from the Commission or the Secretary of compliance or
34 noncompliance with the plan, this Article, or any rules adopted pursuant to this Article. Except
35 as provided in subsection (a1) of this section, if the applicant is not the owner of the land to be
36 disturbed, the draft erosion and sedimentation control plan must include the owner's written
37 consent for the applicant to submit a draft erosion and sedimentation control plan and to conduct
38 the anticipated land-disturbing activity. The Commission shall approve, approve with
39 modifications, or disapprove a draft erosion and sedimentation control plan for those
40 land-disturbing activities for which prior plan approval is required within 30 days of receipt. The
41 Commission shall not deny a draft erosion and sedimentation control plan based solely upon the
42 applicant's need to obtain other environmental permits, authorizations, or certifications for the
43 project, aside from a permit required for stormwater discharges from construction sites pursuant
44 to 40 C.F.R. § 122.26; the Commission shall, however, condition approval of a draft erosion and
45 sedimentation control plan upon the applicant's compliance with federal and State water quality
46 laws, regulations, and ~~rules.~~ rules, including the applicant's receipt of other environmental
47 permits, authorizations, or certifications that may be required for the project. Failure to approve,
48 approve with modifications, or disapprove a completed draft erosion and sedimentation control
49 plan within 30 days of receipt shall be deemed approval of the plan. If the Commission
50 disapproves a draft erosion and sedimentation control plan or a revised erosion and sedimentation
51

1 control plan, it must state in writing the specific reasons that the plan was disapproved. Failure
2 to approve, approve with modifications, or disapprove a revised erosion and sedimentation
3 control plan within 15 days of receipt shall be deemed approval of the plan. The Commission
4 may establish an expiration date for erosion and sedimentation control plans approved under this
5 Article."

6 **SECTION 12.10.(c)** G.S. 113A-61 reads as rewritten:

7 "**§ 113A-61. Local approval of erosion and sedimentation control plans.**

8 ...

9 (b) Local governments shall review each erosion and sedimentation control plan
10 submitted to them and within 30 days of receipt thereof shall notify the person submitting the
11 plan that it has been approved, approved with modifications, or disapproved. A local government
12 shall only approve a plan upon determining that it complies with all applicable State and local
13 regulations for erosion and sedimentation control.

14 (b1) A local government shall not deny a draft erosion and sedimentation control plan
15 based solely upon the applicant's need to obtain other environmental permits, authorizations, or
16 certifications for the project, aside from a permit required for stormwater discharges from
17 construction sites pursuant to 40 C.F.R. § 122.26; the local government shall, however, condition
18 approval of a draft erosion and sedimentation control plan upon the applicant's compliance with
19 federal and State water quality laws, regulations, and rules—rules, including the applicant's receipt
20 of other environmental permits, authorizations, or certifications that may be required for the
21 project. A local government shall disapprove an erosion and sedimentation control plan if
22 implementation of the plan would result in a violation of rules adopted by the Environmental
23 Management Commission to protect riparian buffers along surface waters. A local government
24 may disapprove an erosion and sedimentation control plan or disapprove a transfer of a plan
25 under subsection (b3) of this section upon finding that an applicant or a parent, subsidiary, or
26 other affiliate of the applicant:

27"

29 AIR PERMITTING REVISIONS

31 AIR PERMITTING REVIEW AND ISSUANCE TIME LINES

32 **SECTION 12.11.(a)** G.S. 143-215.108(d)(2) reads as rewritten:

33 "(2) The Commission shall adopt rules specifying the times within which it must
34 act upon applications for permits required by Title V and other permits
35 required by this section. ~~The times specified shall be extended for the period~~
36 ~~during which the Commission is prohibited from issuing a permit under~~
37 ~~subdivisions (3) and (4) of this subsection.~~ The rules shall provide, at a
38 minimum, that the Department shall issue the permit, deny the permit, or
39 publish the permit for public notice and comment within 90 calendar days of
40 receipt of an administratively complete application for a minor modification,
41 or within 270 calendar days of receipt of an administratively complete
42 application for a major modification. The Commission shall inform a permit
43 applicant as to whether or not the application is complete within the time
44 specified in the rules for action on the application. If the Commission fails to
45 act on an application for a permit required by Title V or this section within the
46 time period specified, ~~the failure to act on the application constitutes a final~~
47 ~~agency decision to deny the permit. A permit applicant, permittee, or other~~
48 ~~person aggrieved, as defined in G.S. 150B-2, may seek judicial review of a~~
49 ~~failure to act on the application as provided in G.S. 143-215.5 and Article 4~~
50 ~~of Chapter 150B of the General Statutes. Notwithstanding the provisions of~~
51 ~~G.S. 150B-51, upon review of a failure to act on an application for a permit~~

1 required by Title V or this section, a court may either: (i) affirm the denial of
 2 the permit or (ii) remand the application to the Commission for action upon
 3 the application within a specified time. the permit applicant, permittee, or other
 4 person aggrieved, as defined in G.S. 150B-2, may commence a contested case
 5 under G.S. 150B-23(a4)."

6 **SECTION 12.11.(b)** G.S. 143-213(1) is recodified as G.S. 143-213(1a).

7 **SECTION 12.11.(c)** G.S. 143-213, as recodified by subsection (b) of this section, is
 8 amended by adding a new subdivision to read:

9 "(1) The term "administratively complete" means that all information required by
 10 statute, regulation, or application form has been submitted to the Department
 11 for the purpose of processing a permit application."

12 **TITLE V RESEARCH AND DEVELOPMENT EXEMPTION**

13 **SECTION 12.11.(d)** The Environmental Management Commission shall begin
 14 rulemaking to create a Title V permit exemption for non-major research and development
 15 activities consistent with the Environmental Protection Agency's position regarding exemption
 16 for such activities as set forth in the July 10, 1995, "White Paper for Streamlined Development
 17 of Part 70 Permit Applications." The rules shall include, at a minimum, allowance levels and
 18 minor permit modification thresholds to promote greater flexibility in research and development
 19 activities and to allow facilities subject to Title V permit requirements flexibility to work with
 20 the Department of Environmental Quality and notify them of research activities with a minor
 21 permit modification to maintain compliance. The Commission shall complete draft rulemaking
 22 activities and submit a Title V program amendment request to the Environmental Protection
 23 Agency no later than July 1, 2025.

24 **PRE-PERMITTING ACTIVITIES**

25 **SECTION 12.11.(e)** G.S. 143-215.108A reads as rewritten:

26 "**§ 143-215.108A. Control of sources of air pollution; construction of new facilities;**
 27 **alteration or expansion of existing facilities.**

28 (a) New Facilities. – ~~A~~ Except as provided in subsection (b1) of this section, a person
 29 may not, without obtaining a permit under G.S. 143-215.108, construct or operate an air
 30 contaminant source, equipment, or associated air cleaning device at a site or facility where, at the
 31 time of the construction, there is no other air contaminant source, equipment, or associated air
 32 cleaning device for which a permit is required under G.S. 143-215.108. ~~A person may, however,~~
 33 ~~undertake the following activities prior to obtaining a permit if the person complies with the~~
 34 ~~requirements of this section:~~

- 35 (1) ~~Clearing and grading.~~
 36 (2) ~~Construction of access roads, driveways, and parking lots.~~
 37 (3) ~~Construction and installation of underground pipe work, including water,~~
 38 ~~sewer, electric, and telecommunications utilities.~~
 39 (4) ~~Construction of ancillary structures, including fences and office buildings,~~
 40 ~~that are not a necessary component of an air contaminant source, equipment,~~
 41 ~~or associated air cleaning device for which a permit is required under G.S.~~
 42 ~~143-215.108.~~

43 (b) Permitted Facilities. – A person who holds a permit under G.S. 143-215.108 may
 44 apply to the Commission for a modification of the permit to allow the person to alter or expand
 45 the physical arrangement or operation of an air contaminant source, equipment, or associated air
 46 cleaning device in a manner that alters the emission of air contaminants. The ~~Except as provided~~
 47 in subsection (b1) of this section, the permittee may not operate the altered, expanded, or
 48 additional air contaminant source, equipment, or associated air cleaning device in a manner that
 49 alters the emission of any air contaminant without obtaining a permit modification under
 50
 51

1 G.S. 143-215.108. A permittee may, however, alter or expand the physical arrangement or
2 operation of an air contaminant source, equipment, or associated air cleaning device at a facility
3 permitted under G.S. 143-215.108 if the permittee complies with the requirements of this section.
4 At least 15 days prior to commencing alteration or expansion under this subsection, the permittee
5 shall give notice by publication and shall submit to the Commission a notice of the permittee's
6 intent to alter or expand the physical arrangement or operation of an air contaminant source,
7 equipment, or associated air cleaning device. Notice by publication shall be in a newspaper
8 having general circulation in the county or counties where the facility is to be located; shall be at
9 the permittee's own expense; shall include a statement that written comment may be submitted
10 to the Commission, that the Commission will consider any comment that it receives, and the
11 Commission's address for submission of written comment; and shall include all the information
12 required by subdivisions (1) through (6) of this subsection. The permittee shall submit a proof of
13 publication of the notice to the Commission within 15 days of the date of publication. The notice
14 of intent to the Commission shall include all of the following:

15 ...

16 (b1) A person who (i) has filed an application under this Article to construct or operate an
17 air contaminant source, equipment, or associated air cleaning device at a site or facility or (ii)
18 holds a permit under G.S. 143-215.108 and who has applied to the Commission for a
19 modification of the permit to allow the person to alter or expand the physical arrangement or
20 operation of an air contaminant source, equipment, or associated air cleaning device in a manner
21 that alters the emission of air contaminants may undertake the following activities prior to
22 obtaining a permit if the person complies with the requirements of this section:

23 (1) Clearing and grading.

24 (2) Construction of access roads, driveways, and parking lots.

25 (3) Construction and installation of underground pipe work, including water,
26 sewer, electric, and telecommunications utilities.

27 (4) Construction of ancillary structures, including fences and office buildings,
28 that are not a necessary component of an air contaminant source, equipment,
29 or associated air cleaning device for which a permit is required under
30 G.S. 143-215.108.

31 (5) Upon determination that an application for a permit or permit modification is
32 administratively complete, the construction (but not operation) of a new air
33 contaminant source, equipment, or associated air cleaning or emissions
34 control devices prior to permit issuance. The exception in this subdivision
35 applies only to an application for the addition or modification of an emissions
36 source that is not subject to (i) permit limits set pursuant to programs for the
37 prevention of significant deterioration and for the attainment of air quality
38 standards in nonattainment areas under G.S. 143-215.107(a)(7), (ii) a residual
39 risk-based hazardous air pollutant standard under 42 U.S.C. § 7412(f), as
40 amended, or (iii) a case-by-case maximum achievable control technology
41 (MACT) permit requirement issued by the Department pursuant to 42 U.S.C.
42 § 7412(j), as amended. The undertaking of pre permitting activities under this
43 subdivision shall not entitle the permit or permit modification applicant to
44 operate any air contaminant source, equipment, or associated air cleaning or
45 emissions control devices prior to permit issuance.

46"

47 **STORMWATER PERMITTING REVISIONS**

48 **SECTION 12.12.(a)** G.S. 143-214.7 is amended by adding two new subsections to
49 read:
50

1 "(b5) Permitting under the authority granted to the Commission by this section shall comply
2 with the procedures and time lines set forth in this subsection. For any development necessitating
3 stormwater measures subject to this section, applications for new permits, permit modifications,
4 permit transfers, permit renewals, and decisions to deny an application for a new permit, permit
5 modification, transfer, or renewal shall be in writing. Where the Commission has provided a
6 digital submission option, such submission shall constitute a written submission. The
7 Commission shall act on a permit application as quickly as possible. The Commission may
8 conduct any inquiry or investigation it considers necessary before acting on an application and
9 may require an applicant to submit plans, specifications, and other information the Commission
10 considers necessary to evaluate the application. If the Commission fails to act on an application
11 for a permit or for a renewal of a permit as specified in this subsection after the applicant submits
12 all information required by the Commission, the application shall be deemed approved without
13 modification.

14 (1) The Commission shall perform an administrative review of a new application
15 and of a resubmittal of an application determined to be incomplete under
16 subdivision (3) of this subsection within 10 working days of receipt to
17 determine if the information is administratively complete. If complete, the
18 Commission shall issue a receipt letter or electronic response stating that the
19 application is complete and that a 70-calendar day technical review period has
20 started as of the original date the application was received. If required items
21 or information is not included, the application shall be deemed incomplete,
22 and the Commission shall issue an application receipt letter or electronic
23 response identifying the information required to complete the application
24 package before the technical review begins. When the required information is
25 received, the Commission shall then issue a receipt letter or electronic
26 response specifying that it is complete and that the 70-calendar day review
27 period has started as of the date of receipt of all required information. The
28 Commission shall develop an application package checklist identifying the
29 items and information required for an application to be considered
30 administratively complete.

31 (2) If, during the 70-calendar day technical review period, the Commission
32 determines that the application meets the standards for issuance of a
33 stormwater permit, it shall issue the permit.

34 (3) If, during the 70-calendar day technical review period, the Commission
35 determines that additional information is required to continue processing the
36 application, the Commission and the applicant shall comply with the
37 following:

38 a. The Commission shall issue a letter or electronic response with a list
39 of the additional information required to issue the permit.

40 b. The applicant shall have 30 calendar days from the date the letter or
41 electronic response is sent to submit the additional information to the
42 Commission.

43 c. If the applicant fails to provide the required information within 30
44 calendar days, the Commission shall return the application to the
45 applicant, the application is deemed denied, and the applicant must
46 resubmit a complete application with a new application fee before the
47 project may be reviewed.

48 d. Upon receipt of the required information from the applicant, the
49 Commission shall have 30 calendar days to complete the technical
50 review and issue the permit, issue the permit with modifications, deny
51 the permit, or issue a letter or electronic response with a list of

1 additional information required to continue processing the application,
2 and the review process will proceed in accordance with
3 sub-subdivision b. of this subdivision.

4 e. After issuing a letter or electronic response requesting additional
5 information under this subdivision, the Commission shall not
6 subsequently request additional information that was not previously
7 identified as missing or required in that additional information letter
8 or electronic response. The Commission may request additional
9 information if required for the technical review based on any new
10 information, changed circumstances, or changed designs provided by
11 the applicant in the response under sub-subdivision b. of this
12 subdivision. Where the Commission identifies information that should
13 have been requested, the Commission may include conditions in or
14 modifications to the permit upon issuance addressing this information
15 but shall not deny the permit because of the missing information. This
16 prohibition on permit denial shall not apply where an application was
17 deemed denied under sub-subdivision c. of this subdivision.

18 (b6) All permits issued pursuant to this section for which an expiration date is specified
19 shall be issued for a term not to exceed eight years."

20 **SECTION 12.12.(b)** The Commission shall adopt amendments to its relevant
21 permitting rules to reflect the statutory changes made by subsection (a) of this section. These
22 amendments shall include updating 15A NCAC 02H .1045(4)(c) to reference G.S. 143-214.7
23 instead of G.S. 143-215.1.

24 **SECTION 12.12.(c)** Subsections (a) and (b) of this section become effective July 1,
25 2024.

26 EXPRESS PERMITTING REVISIONS

27 **SECTION 12.13.(a)** G.S. 143B-279.13 reads as rewritten:

28 **"§ 143B-279.13. Express permit and certification reviews.**

29 (a) The Department of Environmental Quality shall develop an express review program
30 to provide express permit and certification reviews in all of its regional offices. Participation in
31 the express review program is voluntary, and the program ~~is to become~~ shall be supported by the
32 fees determined pursuant to subsection (b) of this section. The Department of Environmental
33 Quality shall determine the project applications to review under the express review program from
34 those who request to participate in the program. The express review program may be applied to
35 any one or all of the permits, approvals, or certifications in the following programs: the erosion
36 and sedimentation control program, the coastal management program, and the water quality
37 programs, including water quality certifications and stormwater management. The express
38 review program shall focus on the following permits or certifications:

- 39 (1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General
40 Statutes.
- 41 (2) Stream origination certifications under Article 21 of Chapter 143 of the
42 General Statutes.
- 43 (3) Water quality certification under Article 21 of Chapter 143 of the General
44 Statutes.
- 45 (4) Erosion and sedimentation control permits under Article 4 of Chapter 113A
46 of the General Statutes.
- 47 (5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article
48 7 of Chapter 113A of the General Statutes.

49 (a1) The Department of Environmental Quality shall have the authority to create express
50 permitting options for programs in addition to those listed in subsection (a) of this section where
51

1 it deems there to be a need or where it determines an express permitting option would create
2 greater efficiencies for the permitting process.

3 (b) The Department of Environmental Quality ~~may determine~~ shall set the fees for
4 express application review under the express review ~~program.~~ program at a level sufficient to
5 cover all program expenses. Notwithstanding G.S. 143-215.3D, the maximum permit application
6 fee to be charged under subsection (a) of this section for the express review of a project
7 application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of
8 this section shall not exceed five thousand five hundred dollars (\$5,500). Notwithstanding
9 G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a
10 project application requiring all of the permits under subdivisions (1) through (4) of subsection
11 (a) of this section shall not exceed four thousand five hundred dollars (\$4,500). Notwithstanding
12 G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project
13 application for any other combination of permits under subdivisions (1) through (5) of subsection
14 (a) of this section shall not exceed four thousand dollars (\$4,000). ~~Express~~ As set forth in
15 subsection (a1) of this section, express review of a project application involving additional
16 permits or certifications issued by the Department of Environmental Quality other than those
17 under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the
18 Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit
19 fee, the maximum permit application fee charged for the express review of a project application
20 that includes a permit, approval, or certification designated for express review under subsection
21 (a1) of this section shall not exceed four thousand dollars (\$4,000), plus one hundred fifty percent
22 (150%) of the fee that would otherwise apply by statute or rule for that particular ~~permit~~ permit,
23 approval, or certification. Additional fees, not to exceed fifty percent (50%) of the original permit
24 application fee under this section, may be charged for subsequent reviews due to the insufficiency
25 of the permit applications. The Department of Environmental Quality may establish the
26 procedure by which the amount of the fees under this subsection is determined, and the fees and
27 procedures are not rules under G.S. 150B-2(8a) for the express review program under this
28 section.

29"

30 **SECTION 12.13.(b)** No later than July 1, 2025, the Department shall adopt
31 permanent rules to implement the express permitting program as amended by subsection (a) of
32 this section. In adopting permanent rules required by this section, the Department is exempt from
33 the requirement of Chapter 150B of the General Statutes that a certification be obtained from the
34 Office of State Budget and Management, including requirements under G.S. 150B-21.4, and
35 from the requirement for preliminary review by the Office of State Budget and Management
36 pursuant to G.S. 150B-21.26. As set forth in G.S. 143B-279.13(b), the Department of
37 Environmental Quality may establish the procedure by which the amount of the fees under this
38 subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for
39 the express review program.

40 **SECTION 12.13.(c)** Until the effective date of the rules required by subsection (b)
41 of this section, the Department may continue to operate and administer the program as it did prior
42 to the enactment of this section, using policies published on the Department's website and made
43 available to the regulated community on or before July 1, 2023. These policies may be reviewed
44 and updated by the Department as needed until the adoption of rules as required by subsection
45 (b) of this section, provided that no policy changes shall go into effect until 30 days after the
46 changes are published on the Department's website.

47 **DEQ FEE REVISIONS**

48 **WATER QUALITY AND STORMWATER FEES**

49 **SECTION 12.14.(a)** G.S. 143-215.3D reads as rewritten:
50
51

"§ 143-215.3D. Fee schedule for water quality permits.

(a) Annual fees for discharge and nondischarge permits under G.S. 143-215.1. –

- (1) Major Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge of 1,000,000 or more gallons per day, a publicly owned treatment works (POTW) that administers a POTW pretreatment program, as defined in 40 Code of Federal Regulations § 403.3 (1 July 1996 Edition), or an industrial waste treatment works that has a high toxic pollutant potential is ~~three thousand four hundred forty dollars (\$3,440)~~. four thousand six hundred twenty-five dollars (\$4,625).
- (2) Minor Individual NPDES Permits. – The annual fee for an individual permit for a point source discharge other than a point source discharge to which subdivision (1) of this subsection applies is ~~eight hundred sixty dollars (\$860.00)~~. one thousand one hundred fifty dollars (\$1,150).
- (3) Single-Family Residence. – The annual fee for a certificate of coverage under a general permit for a point source discharge or an individual nondischarge permit from a single-family residence is sixty dollars (\$60.00).
- (4) ~~Stormwater and~~ Wastewater Discharge General Permits. – The annual fee for a certificate of coverage under a general permit for a point source discharge of ~~stormwater or~~ wastewater is one hundred dollars (\$100.00).
- (5) Recycle Systems. – The annual fee for an individual permit for a recycle system nondischarge permit is ~~three hundred sixty dollars (\$360.00)~~. five hundred twenty dollars (\$520.00).
- (6) Major Nondischarge Permits. – The annual fee for an individual permit for a nondischarge of 10,000 or more gallons per day or requiring 300 or more acres of land is ~~one thousand three hundred ten dollars (\$1,310)~~. one thousand seven hundred sixty dollars (\$1,760).
- (7) Minor Nondischarge Permits. – The annual fee for an individual permit for a nondischarge of less than 10,000 gallons per day or requiring less than 300 acres of land is ~~eight hundred ten dollars (\$810.00)~~. one thousand one hundred sixty dollars (\$1,160).
- (8) Animal Waste Management Systems. – The annual fee for animal waste management systems is as set out in G.S. 143-215.10G.
- (9) Authorizations to Construct. – The application fee for an authorization to construct for a wastewater treatment plant expansion, upgrade, replacement, or repair is one thousand dollars (\$1,000).
- (10) NPDES Stormwater Permits. – The permit fee and annual fee for NPDES stormwater permits is as follows:
 - a. The fee for an industrial NPDES individual permit is one thousand two hundred dollars (\$1,200).
 - b. The fee for coverage under a construction or industrial NPDES general permit is one hundred twenty dollars (\$120.00).
 - c. The fee for an NPDES MS4 major permit is four thousand two hundred dollars (\$4,200).
 - d. The fee for an NPDES MS4 minor permit is one thousand dollars (\$1,000).
 - e. The fee for an NPDES no exposure certification is two hundred fifty dollars (\$250.00), only in the first year.

(b) Application fee for new discharge and nondischarge permits. – An application for a new permit of the type set out in subsection (a) of this section shall be accompanied by an initial application fee equal to the annual fee for that permit. If a permit is issued, the application fee

1 shall be applied as the annual fee for the first year that the permit is in effect. If the application
 2 is denied, the application fee shall not be refunded.

3 ...
 4 (e) Other fees under this Article. –

5 (1) Sewer System Extension Permits. – The application fee for (i) a permit for the
 6 construction of a new sewer ~~system or for system~~, (ii) a permit for the
 7 extension of an existing sewer ~~system-system~~, or (iii) a variance request is ~~four~~
 8 ~~hundred eighty dollars (\$480.00)~~; six hundred dollars (\$600.00).

9 (2) State Stormwater Permits. – ~~The application fee for~~ The fee for a permit
 10 regulating stormwater runoff under G.S. 143-214.7 and G.S. 143-215.1 is five
 11 hundred five dollars (\$505.00); G.S. 143-215.1 is as follows:

12 a. The fee for a new permit or a major modification of an existing
 13 development project permit is based on the number of stormwater
 14 control measures (SCMs) proposed in the permit as set forth in this
 15 sub-subdivision. The term "major modification" is defined in 15A
 16 NCAC 02H .1002.

- 17 1. For one or fewer SCMs, one thousand dollars (\$1,000).
- 18 2. For two SCMs, one thousand two hundred fifty dollars
 19 (\$1,250).
- 20 3. For three SCMs, one thousand seven hundred fifty dollars
 21 (\$1,750).
- 22 4. For four or more SCMs, two thousand two hundred fifty
 23 dollars (\$2,250).

24 b. The fee for a minor modification of a State stormwater permit is two
 25 hundred fifty dollars (\$250.00). The term "minor modification" is
 26 defined in 15A NCAC 02H .1002.

27 c. The fee for a renewal or transfer of a State stormwater permit is seven
 28 hundred fifty dollars (\$750.00).

29 d. The fee for a combination renewal and transfer of a State stormwater
 30 permit is one thousand five hundred dollars (\$1,500).

31 e. The fee for new coverage under a general permit is seven hundred
 32 dollars (\$700.00).

33 (3) Major Water Quality Certifications. – The fee for a water quality certification
 34 involving one acre or more of wetland fill or 150 feet or more of stream impact
 35 is ~~five hundred seventy dollars (\$570.00)~~; seven hundred sixty-seven dollars
 36 (\$767.00).

37 (4) Minor Water Quality Certifications. – The fee for a water quality certification
 38 involving less than one acre of wetland fill or less than 150 feet of stream
 39 impact is ~~two hundred forty dollars (\$240.00)~~; three hundred twenty-three
 40 dollars (\$323.00).

41"

42
 43 **HAZARDOUS WASTE FEE**

44 **SECTION 12.14.(b)** G.S. 130A-294.1 reads as rewritten:

45 **"§ 130A-294.1. Fees applicable to generators and transporters of hazardous waste, and to**
 46 **hazardous waste storage, treatment, and disposal facilities.**

47 ...

48 (f) A person who generates 100 kilograms or more of hazardous waste in any calendar
 49 month during the year beginning 1 July and ending 30 June but less than 1000 kilograms of
 50 hazardous waste in each calendar month during that year shall pay an annual fee of ~~one hundred~~
 51 ~~seventy five dollars (\$175.00)~~; three hundred dollars (\$300.00).

1"

2
3 **SOLID WASTE FEE**

4 **SECTION 12.14.(c)** G.S. 130A-295.8 reads as rewritten:

5 **"§ 130A-295.8. Fees applicable to permits for solid waste management facilities.**

6 ...

7 (d1) A permitted solid waste management facility shall pay an annual permit fee on or
8 before August 1 of each year according to the following schedule:

9 ...

10 (13) Treatment and Processing Facility – ~~\$500.~~\$750.00.

11 (14) Tire Monofill – \$1,000.

12 (14a) Post-Closure Tire Monofill – \$500.00.

13 ~~(15) Incinerator – \$500.~~Incinerator accepting less than 200 tons per day of solid
14 waste – \$500.00.

15 (15a) Incinerator accepting more than 200 tons per day of solid waste – \$1,000.

16 (16) Large Compost Facility – ~~\$500.~~\$800.00.

17 (16a) Small Compost Facility – \$300.00.

18 (17) Land Clearing and Inert Debris Landfill – ~~\$500.~~\$900.00.

19 (d2) Upon submission of an application for a new permit, an applicant shall pay an
20 application fee in the amount of ~~ten percent (10%)~~twenty-five percent (25%) of the annual permit
21 fee imposed for that type of solid waste management facility as identified in subdivisions (1)
22 through (17) of subsection (d1) of this section.

23 (d3) Upon submission of an application for a permit modification to a solid waste
24 management facility identified in subdivisions (1) through (12) of subsection (d1) of this section,
25 an applicant shall pay an application fee of five hundred dollars (\$500.00).

26 (d4) When a cumulative impact review is required to be conducted in accordance with
27 G.S. 130A-294(a)(4)c. for an application for a new permit, the permit application fee required by
28 subsection (d2) of this section shall be increased by one thousand dollars (\$1,000).

29 (d5) If a solid waste management facility identified in subdivision (4), (7), (10), or (14a)
30 of subsection (d1) of this section is required by the Department to conduct assessment and
31 corrective action activities, the annual permit fee imposed for that type of solid waste
32 management facility shall be increased by seven hundred fifty dollars (\$750.00) during each year
33 that the facility is conducting assessment and corrective action activities, until released from the
34 requirement by the Department.

35"

36
37 **SEPTAGE MANAGEMENT FEE**

38 **SECTION 12.14.(d)** G.S. 130A-291.1 reads as rewritten:

39 **"§ 130A-291.1. Septage management program; permit fees.**

40 ...

41 (e) A septage management firm that operates one pumper truck shall pay an annual fee
42 of ~~five hundred fifty dollars (\$550.00)~~eight hundred dollars (\$800.00) to the Department. A
43 septage management firm that operates two pumper trucks shall pay an annual fee of nine
44 hundred fifty dollars (\$950.00) to the Department. A septage management firm that operates two
45 three or more pumper trucks shall pay an annual fee of ~~eight hundred dollars (\$800.00)~~one
46 thousand five hundred dollars (\$1,500) to the Department.

47 (e1) An individual who operates a septage storage, treatment or disposal facility but who
48 does not engage in the business of pumping, transporting, or disposing of septage shall pay an
49 annual fee of ~~two hundred dollars (\$200.00)~~five hundred dollars (\$500.00).

50"

COAL ASH MANAGEMENT ACT FEE

SECTION 12.14.(e) G.S. 62-302.1 reads as rewritten:

"§ 62-302.1. Regulatory fee for combustion residuals surface impoundments.

...

(b) Rate. – The combustion residuals surface impoundment fee shall be ~~twenty-two thousandths of one percent (0.022%)~~ three-hundredths of one percent (0.03%) of the North Carolina jurisdictional revenues of each public utility with a coal combustion residuals surface impoundment. For the purposes of this section, the term "North Carolina jurisdictional revenues" has the same meaning as in G.S. 62-302.

...."

PLAN REVIEW AND PERMIT

SECTION 12.14.(f) G.S. 130A-328 reads as rewritten:

"§ 130A-328. Public water system operating permit and permit fee.

(a) No person shall operate a community or non transient non-community water system who has not been issued an operating permit by the Department. A community or non transient non-community water system operating permit shall be valid from January 1 through December 31 of each year unless suspended or revoked by the Department for cause. The Commission shall adopt rules concerning permit issuance and renewal and permit suspension and revocation. The annual fees in subsection (b) shall be prorated on a monthly basis for permits obtained after January 1 of each year.

(b) The following fees are imposed for the issuance or renewal of a permit to operate a community or non transient non-community water system; the fees are based on the number of persons served by the system:

Non Community Water Systems:	Fee
Base Fee:	
Non transient non-community	\$150 <u>\$190</u>
Community Water Systems:	
Number of Persons Served	
50 or fewer	\$255 <u>\$320</u>
More than 50 but no more than 100	\$270 <u>\$340</u>
More than 100 but no more than 200	\$330 <u>\$410</u>
More than 200 but no more than 300	\$350 <u>\$430</u>
More than 300 but no more than 400	\$385 <u>\$480</u>
More than 400 but no more than 500	\$420 <u>\$520</u>
More than 500 but no more than 750	\$780 <u>\$970</u>
More than 750 but no more than 1000	\$810 <u>\$1,010</u>
More than 1000 but no more than 2000	\$840 <u>\$1,050</u>
More than 2000 but no more than 3000	\$870 <u>\$1,090</u>
More than 3000 but no more than 4000	\$1350 <u>\$1,690</u>
More than 4000 but no more than 5000	\$1460 <u>\$1,830</u>
More than 5000 but no more than 7500	\$1925 <u>\$2,410</u>
More than 7500 but no more than 10,000	\$2065 <u>\$2,580</u>
More than 10,000 but no more than 25,000	\$2600 <u>\$3,250</u>
More than 25,000 but no more than 50,000	\$2925 <u>\$3,660</u>
More than 50,000 but no more than 75,000	\$4250 <u>\$5,310</u>
More than 75,000 but no more than 100,000	\$4675 <u>\$5,840</u>
More than 100,000 but no more than 250,000	\$5100 <u>\$6,380</u>

1	More than 250,000 but no more than 500,000	\$5525 <u>\$6,910</u>
2	More than 500,000	\$5950 <u>\$7,440</u>
3	(c) The following fees are imposed for the review of plans, specifications, and other	
4	information submitted to the Department for approval of construction or alteration of a public	
5	water system. The fees are based on the type of constructions or alteration proposed:	
6		
7	Distribution system:	Fee
8	Construction of water lines, less than 5000 linear feet	\$150 <u>\$300</u>
9	Construction of water lines, 5000 linear feet or more	\$200 <u>\$400</u>
10	Other construction or alteration to a distribution system	\$75 <u>\$150</u>
11		
12	Ground water system:	
13	Construction of a new ground water system or adding a new well	\$200 <u>\$400</u>
14	Alteration to an existing ground water system	\$100 <u>\$200</u>
15		
16	Surface Water system:	
17	Construction of a new surface water treatment facility	\$250 <u>\$500</u>
18	Alteration to an existing surface water treatment facility	\$150 <u>\$300</u>
19	Water System Management Plan review	\$75 <u>\$150</u>
20	Miscellaneous changes or maintenance not covered above	\$50 <u>\$100</u>
21	(d) The Department may charge an administrative fee of up to one hundred fifty dollars	
22	(\$150.00) for failure to pay the permit fee by January 31 of each year.	
23"	

WASTEWATER OPERATOR FEES

SECTION 12.14.(g) G.S. 90A-42 reads as rewritten:

"§ 90A-42. Fees.

(a) The Commission, in establishing procedures for implementing the requirements of this Article, shall impose the following schedule of fees:

- (1) Examination including Certificate, \$85.00;
- (2) Temporary Certificate, \$200.00;
- (3) Temporary Certification Renewal, \$300.00;
- (4) Conditional Certificate, \$75.00;
- (5) Repealed by Session Laws 1987, c. 582, s. 3.
- (6) Reciprocity Certificate, \$100.00;
- (6a) Voluntary Conversion Certificate, \$50.00;
- (7) Annual Renewal, per certification \$50.00;
- (8) Replacement of Certificate, \$20.00;
- (9) Late Payment of Annual Renewal, \$50.00 penalty in addition to all current and past due annual renewal fees plus one hundred dollars (\$100.00) penalty per year for each year for which annual renewal fees were not paid prior to the current year; and
- (10) Mailing List Charges – The Commission may provide mailing lists of certified water pollution control system operators and of water pollution control system operators to persons who request such lists. The charge for such lists shall be twenty-five dollars (\$25.00) for each such list provided.

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article. Interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d)."

LAB CERTIFICATION FEES

SECTION 12.14.(h) Definitions. – For purposes of this section and its implementation, "Lab Certification Fee Rule" means 15A NCAC 02H .0806 (Fees Associated with Certification Program).

SECTION 12.14.(i) Lab Certification Fee Rule. – Until the effective date of the revised permanent rule that the Environmental Management Commission is required to adopt pursuant to subsection (k) of this section, the Commission shall implement the Lab Certification Fee Rule as provided in subsection (j) of this section.

SECTION 12.14.(j) Implementation. – Laboratory certification fees shall be revised as follows:

- (1) The fee for municipal, industrial, and other laboratories analyzing only samples for field parameters shall be increased from one hundred fifty dollars (\$150.00) to two hundred fifty dollars (\$250.00).
- (2) The fee for commercial laboratories analyzing only samples for field parameters shall be increased from three hundred dollars (\$300.00) to five hundred dollars (\$500.00).
- (3) The minimum fee for municipal, industrial, and other laboratories shall be increased from one thousand seven hundred fifty dollars (\$1,750) to two thousand dollars (\$2,000).
- (4) The minimum fee for other commercial laboratories shall be increased from three thousand five hundred dollars (\$3,500) to six thousand five hundred dollars (\$6,500).
- (5) To reflect the additional costs of certifying labs located outside the State, the minimum fee for those labs shall be set at one hundred fifty percent (150%) of the amounts set out in subdivisions (1) through (4) of this subsection.

SECTION 12.14.(k) Additional Rulemaking Authority. – The Commission shall adopt a rule to amend the Lab Certification Fee Rule consistent with subsection (j) of this section. Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of subsection (j) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes and shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

SECTION 12.14.(l) Applicability and Sunset. – This section and rules adopted pursuant to this section apply to all applications for certification submitted on or after July 1, 2023. Subsections (i) through (k) of this section expire when permanent rules adopted as required by subsection (k) of this section become effective.

SECTION 12.14.(m) G.S. 143-215.3(a)(10) reads as rewritten:

"(10) To require a laboratory facility that performs any tests, analyses, measurements, or monitoring required under this Article or Article 21B of this Chapter to be certified annually by the Department, to establish standards that a laboratory facility and its employees must meet and maintain in order for the laboratory facility to be certified, and to charge a laboratory facility a fee for certification. Fees collected under this subdivision shall be credited to the Water and Air Account and used to administer this subdivision. Beginning July 1, 2025, and every two years thereafter, the Commission shall adjust the fees imposed pursuant to this subdivision to cover the costs of legislatively mandated salary and benefits revisions for the employees administering the laboratory facility certification program. These fees shall be applied to the cost of certifying ~~commercial, industrial, and municipal~~ laboratory facilities."

WIND ENERGY FACILITY FEES

1 **SECTION 12.14.(n)** G.S. 143-215.119(c) reads as rewritten:

2 "(c) Fees. – An applicant for a permit for a proposed wind energy facility or proposed
3 wind energy facility expansion under this section shall submit with the application required
4 pursuant to subsection (a) of this section, an application fee of ~~three thousand five hundred dollars~~
5 (\$3,500) the lesser of (i) two hundred dollars (\$200.00) per megawatt of nameplate capacity for
6 the proposed facility or (ii) fifty thousand dollars (\$50,000). The proceeds of this fee and the
7 annual fee required by G.S. 143-215.125A shall be credited to a special fund within the
8 Department and may be expended only for purposes authorized by this Article or necessary to
9 carry out a duty imposed by this Article."

10 **SECTION 12.14.(o)** Article 21C of Chapter 143 of the General Statutes is amended
11 by adding a new section to read:

12 **"§ 143-215.125A. Annual fee.**

13 The Department shall charge permittees an annual fee of seventy-five dollars (\$75.00) per
14 permitted megawatt of capacity payable on or before September 1 for the previous fiscal year to
15 be applied to the costs of administering this Article. The Department may charge a late fee of
16 seventy-five dollars (\$75.00) per month per permit for every month or partial month that payment
17 of the annual operating fee is delinquent."

18 **PROVIDE FLEXIBILITY TO ADJUST FEES FOR INFLATION**

19 **SECTION 12.14.(p)** Article 7 of Chapter 143B of the General Statutes is amended
20 by adding a new section to read:

21 **"§ 143B-279.18. Quadriennial adjustment of certain fees and rates.**

22 (a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1,
23 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed
24 pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index
25 computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for
26 per transaction rates shall be rounded to the nearest dollar (\$1.00):

- 27 (1) G.S. 74-54.1.
- 28 (2) G.S. 90A-42.
- 29 (3) G.S. 90A-47.4.
- 30 (4) G.S. 113A-54.2.
- 31 (5) G.S. 113A-119.1.
- 32 (6) G.S. 130A-291.1.
- 33 (7) G.S. 130A-294.1.
- 34 (8) G.S. 130A-295.8.
- 35 (9) G.S. 130A-310.9.
- 36 (10) G.S. 130A-310.39.
- 37 (11) G.S. 130A-310.76.
- 38 (12) G.S. 130A-328(b).
- 39 (13) G.S. 130A-328(c).
- 40 (14) G.S. 143-215.3D.
- 41 (15) G.S. 143-215.10G.
- 42 (16) G.S. 143-215.28A.
- 43 (17) G.S. 143-215.94C.
- 44 (18) G.S. 143-215.119.
- 45 (19) G.S. 143-215.125A.
- 46 (20) G.S. 143B-279.13.

47 (b) Rulemaking Exemption. – The fee adjustments required by this section are not subject
48 to the requirements of Article 2A of Chapter 150B of the General Statutes.

49 (c) Consultation and Publication. – Notwithstanding any provision of G.S. 12-3.1 to the
50 contrary, prior to implementing an adjustment pursuant to subsection (a) of this section the
51 the

1 Department must, no later than 90 days prior to the end of the fiscal biennium, (i) consult with
2 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,
3 (ii) report the proposed fee adjustments to the chairs of the Senate Appropriations Committee on
4 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives
5 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Fiscal
6 Research Division, and (iii) publish notice of the fees that will be in effect in the offices of the
7 Department and on the Department's website. After making the adjustment, the Department shall
8 notify the Revisor of Statutes, who shall adjust the amounts in statute.

9 (d) Effective Date; Grandfathering. – Any adjustment to fees or rates under this section
10 applicable to an application or request for a permit, certification, or other Department approval
11 submitted to the Department is only applicable to an application or request for a permit,
12 certification, or other Department approval submitted to the Department on or after the effective
13 date of the fee or rate adjustment. No adjustment to fees or rates under this section applies to an
14 application or request for a permit, certification, or other Department approval submitted to the
15 Department prior to the effective date of the fee or rate adjustment."

16 17 **ELIMINATE FAST-TRACK STORMWATER PERMIT OPTION**

18 **SECTION 12.14.(q)** G.S. 143-214.7B is repealed.

19 **SECTION 12.14.(r)** Subsection (q) of this section becomes effective October 1,
20 2023, and applies to permit applications filed on or after that date.

21 22 **FLOW ALLOCATION LIMIT CLARIFICATION FOR WASTEWATER TREATMENT** 23 **SYSTEM PERMITTEES**

24 **SECTION 12.15.** G.S. 143-215.1(f5), as enacted by Section 1 of S.L. 2023-55, reads
25 as rewritten:

26 "(f5) A permittee for a wastewater treatment system, who has signed a contract for the
27 expansion of its wastewater treatment system, utilization, or disposal system and whose current
28 system is located in a county with a projected population growth rate above two percent (2%)
29 annually or is located in one of the top twenty percent (20%) of the fastest growing counties in
30 the State, by population, and is meeting ~~flow and~~ pollutant discharge limits set out in the system's
31 current permit, may allocate one hundred ten percent (110%) of its existing system's hydraulic
32 capacity and increase the allocation amount to one hundred fifteen percent (115%) when the
33 expansion of its system is within 24 months of completion, but may not allocate more than the
34 permitted projected capacity after expansion without approval by the Department. If the
35 permittee exceeds its current permitted monthly flow more than once in any 12-month period,
36 the permittee may not allocate more than one hundred percent (100%) of the existing system's
37 hydraulic capacity until the permittee complies with the permitted monthly flow for at least 12
38 consecutive months. Nothing in this subsection shall be construed to limit the Department from
39 authorizing allocations above one hundred fifteen percent (115%) of a system's hydraulic
40 capacity."

41 42 **REGIONAL WATER/WASTEWATER PLANNING**

43 **SECTION 12.16.(a)** Of the funds appropriated in this act to the North Carolina
44 Megasite Fund established by Section 11.11 of S.L. 2022-74, as amended, one million dollars
45 (\$1,000,000) in nonrecurring funds for the 2023-2024 fiscal year is allocated to the Department
46 of Environmental Quality for the purposes set forth in this section.

47 **SECTION 12.16.(b)** The Department shall develop a Regional Water and
48 Wastewater Infrastructure Master Plan in the geographic area surrounding United States Route
49 421 between Interstate Route 85 in Greensboro and Interstate Route 95 in Dunn, designated as a
50 high-priority corridor in the Infrastructure Investment and Jobs Act of 2021. The Department
51 may contract with a third party for all or part of the development of the Master Plan. The Master

1 Plan shall prioritize a study of options for the regionalization of water and wastewater systems
2 and make recommendations for the long-term economic growth and environmental protection of
3 the region. The study shall also consider options for the governance of one or more regional
4 systems and nutrient loading capacity for wastewater discharges. The Department shall submit
5 the Regional Master Plan to the Joint Legislative Oversight Committee on Agriculture and
6 Natural and Economic Resources and the Fiscal Research Division no later than May 1, 2024.

7 **SECTION 12.16.(c)** The Department may contract with a third party for
8 development of the Master Plan required by this section and shall be exempt from Articles 3 and
9 3C of Chapter 143 of the General Statutes with respect to that contract.

10 **TITLE V AIR PERMIT BONUS PILOT PROGRAM**

11 **SECTION 12.17.(a)** Establishment of Pilot Program. – Notwithstanding
12 G.S. 126-4(10), the Environmental Management Commission shall establish a Permit Bonus
13 Pilot Program (Program) for qualifying employees who process applications for Title V Air
14 Permits. Qualifying employees shall receive a bonus after a Title V Air Permit is reviewed and
15 completed in accordance with this section. Bonuses for reviewing and processing Title V Air
16 Permits shall be awarded under the applicable schedule. The issuance or denial of a Title V Air
17 Permit shall not affect whether the qualifying employee receives a bonus. The Program shall
18 expire on June 30, 2025.

19 **SECTION 12.17.(b)** Definitions. – The following definitions apply in this section:

- 20 (1) Administratively complete. – All information required by statute, regulation,
21 or application form has been submitted to the Department for the purpose of
22 processing a permit application.
- 23 (2) Application receipt. – The day in which the application or fee payment has
24 been delivered, whichever is later if delivered on different days, to the
25 Department by hand delivery, mail, or electronic means prescribed by the
26 Department.
- 27 (3) Department. – The Department of Environmental Quality.
- 28 (4) Director. – The Director of the Division.
- 29 (5) Division. – The Division of Air Quality.
- 30 (6) Federal program. – A federal program, as defined in 15A NCAC 02Q
31 .0203(c), to which the facility is subject after the permit action.
- 32 (7) Final action. – As defined in 15A NCAC 02Q .0518.
- 33 (8) Major modification. – As defined in 15A NCAC 02Q .0516.
- 34 (9) Minor modification. – As defined in 15A NCAC 02Q .0515.
- 35 (10) New Source Review or NSR. – A permit review process applicable to certain
36 new or modified stationary sources that emit, or will emit, criteria air
37 pollutants and are located in air quality control regions.
- 38 (11) Nonattainment Area or NAA. – A permit review process applicable to the
39 construction and operation of new and modified stationary sources in
40 nonattainment areas.
- 41 (12) Prevention of Significant Deterioration or PSD. – A permit review process
42 applicable to the construction and operation of new and modified stationary
43 sources in attainment areas and includes a preconstruction permit
44 demonstrating implementation of best available control technologies to
45 control future emissions of pollutants.
- 46 (13) Qualifying employee. – A full-time equivalent position or part-time position
47 employed on or after the date this section becomes law by the Department or
48 Division that does any of the following for Title V Air Permits:
 - 49 a. Processes and reviews Title V Air Permit applications.
 - 50 b. Provides administrative support.
 - 51

- c. Supervises the processing and reviewing of Title V Air Permits.
- d. Reviews the air quality analysis provided with the Title V Air Permit application.

(14) Title V Air Permit. – A permit issued under the authority conveyed by the Environmental Protection Agency under Title V of the Clean Air Act Amendments of 1990 (42 U.S.C. §§ 7661 through 7661f) and delegated by that agency to the Department.

SECTION 12.17.(c) Fund. – The Permit Bonus Fund (Fund) is established as a nonreverting special fund in the Department. The Fund shall consist of the funds appropriated in this section to implement the Program. The Division may use lapsed salary funds to pay bonuses authorized by the Program if there are not sufficient funds remaining to pay out the bonuses in accordance with this section. The Department shall not encumber or disburse these funds for any other purpose not authorized in this section.

SECTION 12.17.(d) Permit Bonus Structure. – The following schedule applies to the permit bonus program for Title V Air Permits and specifies the maximum amount each qualifying employee is eligible to receive per permit:

Permit Type	Permit Engineer	Supervisor	Meteorologist	Admin. Staff
Minor Modification				
0-2 federal programs	\$250	\$75	N/A	\$25
3-6 federal programs	\$500	\$150	N/A	\$25
7+ federal programs	\$750	\$225	N/A	\$25
Major Modification				
0-2 federal programs	\$700	\$75	N/A	\$50
3-6 federal programs	\$1,000	\$300	N/A	\$50
7+ federal programs	\$1,500	\$500	N/A	\$50
New Title V Air Permit				
0-2 federal programs	\$1,000	\$200	\$600	\$50
3-6 federal programs	\$1,750	\$500	\$900	\$50
7+ federal programs	\$2,500	\$800	\$1,200	\$50
PSD/NSR NAA/NSR				
0-2 federal programs	\$2,500	\$600	\$1,000	\$100
3-6 federal programs	\$3,500	\$1,000	\$1,500	\$100
7+ federal programs	\$5,000	\$1,400	\$2,000	\$100

For the purposes of this subsection, (i) the term "Permit Engineer" means a qualifying employee that is the primary processor and reviewer for a Title V Air Permit application, (ii) the term "Supervisor" means a qualifying employee that is the primary supervisor of a reviewer that reviews and processes a Title V Air Permit application, (iii) the term "Meteorologist" means a qualifying employee that is the primary reviewer of the air quality analysis submitted in support of a Title V Air Permit application, and (iv) the term "Admin. Staff" means a qualifying employee that is the primary administrative support position for the processing and review of a Title V Air Permit application.

SECTION 12.17.(e) Permit Bonus Structure. – Qualifying employees shall receive a percentage of the maximum bonuses set forth in subsection (d) of this section if the applicable Title V Air Permit is processed within the applicable time period as set forth in subsections (f) through (j) of this section.

1 **SECTION 12.17.(f)** Pending Permits at Time of Implementation. – For Title V Air
 2 Permit applications received prior to January 1, 2024, for which a permit review has not been
 3 evaluated by the permit supervisor or posted for public notice, the following schedule applies:
 4

Permit Type	————	Number of Processing Days	————	Days for Deduct.
Minor Modification	30	50	70	175
Major Modification	50	75	100	360
New Title V Air Permit	50	75	100	360
PSD/NSR NAA/NSR	100	150	200	600
Bonus Percentage:	100%	50%	25%.	

11
 12 **SECTION 12.17.(g)** Bonus Structure for First Six-Month Period. – For
 13 administratively complete Title V Air Permit applications received on or after January 1, 2024,
 14 and before June 1, 2024, the following schedule applies:
 15

Permit Type	————	Number of Processing Days	————	Days for Deduct.
Minor Modification	60	80	100	200
Major Modification	140	160	200	540
New Title V Air Permit	150	200	250	540
PSD/NSR NAA/NSR	300	350	400	700
Bonus Percentage:	100%	50%	25%.	

22
 23 **SECTION 12.17.(h)** Bonus Structure for Second Six-Month Period. – For
 24 administratively complete Title V Air Permit applications received on or after June 1, 2024, and
 25 before December 31, 2024, the following schedule applies:
 26

Permit Type	————	Number of Processing Days	————	Days for Deduct.
Minor Modification	50	70	90	175
Major Modification	120	140	160	360
New Title V Air Permit	90	120	150	360
PSD/NSR NAA/NSR	180	240	300	600
Bonus Percentage:	100%	50%	25%.	

33
 34 **SECTION 12.17.(i)** Bonus Structure for After the First Year. – For administratively
 35 complete Title V Air Permit applications received on or after December 31, 2024, the following
 36 schedule applies:
 37

Permit Type	————	Number of Processing Days	————	Days for Deduct.
Minor Modification	40	60	80	150
Major Modification	60	90	120	240
New Title V Air Permit	60	90	120	240
PSD/NSR NAA/NSR	120	180	240	500
Bonus Percentage:	100%	50%	25%.	

44
 45 **SECTION 12.17.(j)** Bonus Structure for 30-Day Period Prior to Implementation. –
 46 For administratively complete Title V Air Permit applications received between December 1 and
 47 December 31, 2023, the qualifying employee shall be eligible to receive bonuses set out in either
 48 subsection (f) or (g) of this section, whichever is greater.

49 **SECTION 12.17.(k)** Payment Schedule. – The Department shall pay bonuses to
 50 qualifying employees on a quarterly basis after making deductions for excessive application
 51 processing times as described in subsections (f) through (j) of this section, respectively. The

1 Department shall determine if a qualifying employee should not receive a bonus under this
2 section if the qualifying employee engaged in acts or omissions amounting to bad faith, gross
3 negligence, or intentional wrongdoing that directly impairs or delays the processing of Title V
4 Air Permit applications.

5 **SECTION 12.17.(l)** Calculation of Processing Days for Bonuses. – For the
6 determination of an applicable bonus under this section, processing days shall begin the calendar
7 day upon the receipt of an administratively complete Title V Air Permit application and end on
8 the day that the Department notifies the applicant whether that permit application was issued or
9 denied. Notwithstanding any other provision of law to the contrary, the Department shall not
10 refuse to accept a Title V Air Permit application that is timely received and in compliance with
11 Department rules for processing at the time of submittal. If an applicant does not provide
12 requested additional information in response to a request letter for additional information
13 provided electronically from the Department within five calendar days, the number of processing
14 days from the time the additional information request letter was emailed to the applicant until
15 such day that all of the requested additional information is received may be deducted from the
16 total processing days used to calculate bonus eligibility. If a Title V Air Permit application is
17 reassigned after the original permit reviewer leaves or otherwise separates employment of the
18 Department, transfers to a new position unrelated to Title V Air Permit processing, or is on
19 extended family or medical leave, all but 10 of the calendar days may be deducted from the total
20 calendar days used to calculate the appropriate bonus percentage. If a permit is reviewed or
21 processed by more than one qualifying employee of the same type, then the Director may
22 apportion the eligible bonus by an appropriate percentage between the qualifying employees for
23 that Title V Air Permit.

24 For Title V Air Permit applications received after January 1, 2024, when the
25 processing of the application requires the Department to conduct a public hearing or provide the
26 United States Environmental Protection Agency (EPA) the opportunity to review, forty-five (45)
27 days may be added to the timeframes in the schedules set forth in subsections (g) through (i) of
28 this section when determining the applicable bonus percentages. Seventy-five (75) days may be
29 added to timeframes in those schedules when a public hearing and an EPA review period are
30 required. Applications received before December 1, 2023, are not eligible for the additional
31 processing days.

32 **SECTION 12.17.(m)** Deduction Applicability. – If a qualifying employee is subject
33 to a deduction based on processing a Title V Air Permit, then the deduction shall be equal to the
34 maximum bonus amount the qualifying employee is able to receive for processing that particular
35 Title V Air Permit under the bonus program. To calculate deductions for each qualifying
36 employee, the Department shall subtract each deduction from the total bonus amount the
37 qualifying employee is eligible to receive for that quarter. If the deduction total is greater than
38 the total bonus amount, then the qualifying employee's total bonus amount for that quarter shall
39 be zero; the qualifying employee shall not carry a deficit into the next quarter, and the deduction
40 shall not impact the qualifying employee's earned non-bonus compensation.

41 **SECTION 12.17.(n)** Payment of Bonuses for Pending Permits. – For bonuses earned
42 for Title V Air Permits under subsection (f) of this section, the payment of the bonus may be
43 delayed until funds are available from the Fund established in subsection (c) of this section to
44 pay out the entirety of the bonus.

45 **SECTION 12.17.(o)** Bonuses Not Compensation. – Bonuses awarded to a qualifying
46 employee under this section shall be in addition to any earned non-bonus compensation the
47 qualifying employee receives or is scheduled to receive. Nothing in this section shall be construed
48 to reduce a qualifying employee's earned non-bonus compensation, including regular wages and
49 overtime. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not
50 compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for
51 Teachers and State Employees.

1 **SECTION 12.17.(p)** Quality Control Measures. – The Environmental Management
2 Commission shall develop quality control measures to measure consistency and quality of Title
3 V Air Permit processing that ensures each application is adequately reviewed and, if denied, that
4 there is good cause to deny the Title V Air Permit. The Commission may temporarily reduce the
5 percentage of future bonus payouts to the qualifying employee (supervisor or permit reviewer) if
6 Title V Air Permit application processing fails to meet quality standards as determined by the
7 Commission. The Commission shall consult with the Department and provide this information
8 to be included in the annual report submitted by the Department in accordance with this section.

9 **SECTION 12.17.(q)** Exemption. – The Program is not a program (i) of meritorious
10 service awards, (ii) of productivity incentives, or (iii) for recognition of employees, public
11 personnel management, or management excellence for purposes of the provisions of
12 G.S. 126-4(8), (10), and (15), and thus is not subject to the rulemaking authority or policy
13 development of the State Human Resources Commission.

14 **SECTION 12.17.(r)** Reporting Requirement. – Beginning on December 1, 2024, the
15 Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture
16 and Natural and Economic Resources on the awarding of bonuses under this section for the
17 previous year. The report shall include, at a minimum, (i) how many bonuses were paid and
18 details regarding each bonus, including amount, associated permit type, and qualifying employee,
19 and (ii) the change in processing time for permit application decisions after the implementation
20 of the bonus program. The Department shall include the quality control measures and any
21 findings resulting therefrom in accordance with subsection (p) of this section in this report. The
22 report shall also include a list of contested cases where the Office of Administrative Hearings
23 rendered a final decision or order with findings of fact and conclusions of law, or a judgment on
24 the pleadings or summary judgment in favor of a person aggrieved by the Department, and an
25 estimate of the resulting costs to the State from the previous year. The Department shall submit
26 a final report for the last year the pilot program operates, and the reporting requirement under
27 this subsection shall expire after the submittal of the final report.

28 **SECTION 12.17.(s)** Rulemaking. – The Environmental Management Commission
29 shall adopt temporary rules to implement the provisions of this section.

30 **SECTION 12.17.(t)** Funds appropriated in this act for fiscal year 2023-2024 from
31 the project interest in the State Fiscal Recovery Reserve to the Department of Environmental
32 Quality for the Permit Bonus Pilot Program shall be used to implement this section.

33 **SECTION 12.17.(u)** Subsection (c) of this section is effective July 1, 2023. The
34 remainder of this section becomes effective January 1, 2024.

35 36 **PART XIII. LABOR**

37 38 **BE PRO BE PROUD REPORTING**

39 **SECTION 13.1.** The North Carolina Home Builders Educational and Charitable
40 Foundation shall submit a report by February 1 of each year in which it spends State funds
41 appropriated by this act for the Be Pro Be Proud initiative to the chairs of the Joint Legislative
42 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
43 Research Division regarding the activities undertaken with the funds appropriated by this section.
44

45 **OSH ISSUANCE OF CITATIONS**

46 **SECTION 13.2.(a)** G.S. 95-137(b)(3) reads as rewritten:

47 "(3) No citation may be issued under this section after the expiration of six months
48 following the ~~initiation of an inspection by the Director.~~ occurrence of any
49 violation."

50 **SECTION 13.2.(b)** This section becomes effective October 1, 2023, and applies to
51 inspections initiated on or after that date.

1
2 **PART XIV. NATURAL AND CULTURAL RESOURCES**
3

4 **NC SYMPHONY CHALLENGE GRANT**

5 **SECTION 14.1.(a)** Of the funds appropriated in this act to the Department of Natural
6 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for each
7 year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina Symphony as
8 provided in this section. It is the intent of the General Assembly that the North Carolina
9 Symphony raise at least six million dollars (\$6,000,000) in non-State funds for the 2023-2024
10 fiscal year and seven million dollars (\$7,000,000) in non-State funds for the 2024-2025 fiscal
11 year. The North Carolina Symphony cannot use funds transferred from the organization's
12 endowment to its operating budget to achieve the fundraising targets set out in subsections (b)
13 and (c) of this section.

14 **SECTION 14.1.(b)** For the 2023-2024 fiscal year, the North Carolina Symphony
15 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 16 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
17 funding, the North Carolina Symphony shall receive the sum of six hundred
18 thousand dollars (\$600,000).
19 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
20 non-State funding for a total amount of four million dollars (\$4,000,000) in
21 non-State funds, the North Carolina Symphony shall receive the sum of seven
22 hundred thousand dollars (\$700,000).
23 (3) Upon raising an additional sum of two million dollars (\$2,000,000) in
24 non-State funding for a total amount of six million dollars (\$6,000,000) in
25 non-State funds, the North Carolina Symphony shall receive the final sum of
26 seven hundred thousand dollars (\$700,000) in the 2023-2024 fiscal year.

27 **SECTION 14.1.(c)** For the 2024-2025 fiscal year, the North Carolina Symphony
28 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 29 (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State
30 funding, the North Carolina Symphony shall receive the sum of six hundred
31 thousand dollars (\$600,000).
32 (2) Upon raising an additional sum of two million dollars (\$2,000,000) in
33 non-State funding for a total amount of four million dollars (\$4,000,000) in
34 non-State funds, the North Carolina Symphony shall receive the sum of seven
35 hundred thousand dollars (\$700,000).
36 (3) Upon raising an additional sum of three million dollars (\$3,000,000) in
37 non-State funding for a total amount of seven million dollars (\$7,000,000) in
38 non-State funds, the North Carolina Symphony shall receive the final sum of
39 seven hundred thousand dollars (\$700,000) in the 2024-2025 fiscal year.
40

41 **RENAME SECCA**

42 **SECTION 14.2.** The Department of Natural and Cultural Resources shall rename
43 the Southeastern Center for Contemporary Art as the North Carolina Museum of Art–
44 Winston-Salem.
45

46 **TOBACCO FARM LIFE MUSEUM SPECIAL FUND**

47 **SECTION 14.3.(a)** The Department of Natural and Cultural Resources shall assume
48 from the Tobacco Farm Life Museum, Inc., the ownership and administration of the Tobacco
49 Farm Life Museum in Johnston County.

50 **SECTION 14.3.(b)** Of the funds appropriated from the General Fund to the
51 Department of Natural and Cultural Resources, the sum of three hundred seventy-five thousand

1 dollars (\$375,000) in the 2023-2024 fiscal year and the sum of three hundred fifty thousand
2 dollars (\$350,000) in the 2024-2025 fiscal year shall be used for the operation, administration,
3 and new positions to staff the Tobacco Farm Life Museum.

4 **SECTION 14.3.(c)** Article 1 of Chapter 121 of the General Statutes is amended by
5 adding the following sections to read:

6 "**§ 121-7.8. Tobacco Farm Life Museum Fund.**

7 (a) Fund. – The Tobacco Farm Life Museum Fund is created as a special, interest-bearing
8 revenue fund in the Department of Natural and Cultural Resources. The Fund consists of all
9 receipts derived from the lease or rental of property or facilities, disposition of structures or
10 products of the land, donations, gifts, devises, and admissions and fees collected at the Tobacco
11 Farm Life Museum. The Fund shall be treated as a special trust fund and may be used to pay
12 costs associated with the operation, interpretation, development, expansion, preservation, and
13 maintenance of the Tobacco Farm Life Museum.

14 (b) Fund Sources. – Notwithstanding Chapter 146 of the General Statutes, the Fund
15 consists of (i) all revenue derived from donations, gifts, devises, grants, admissions, and fees
16 collected by or for the benefit of the Tobacco Farm Life Museum Fund, (ii) the net proceeds
17 derived from the sale of real property pursuant to G.S. 146-30(d)(15), and (iii) interest on funds
18 in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

19 (c) Board of Directors. – The Tobacco Farm Life Museum Board of Directors, or its
20 successor, shall advise the Secretary on expenditures from the Tobacco Farm Life Museum Fund
21 and on the basic concepts and operations of the Tobacco Farm Life Museum.

22 (d) Reports. – The Department of Natural and Cultural Resources must submit to the Joint
23 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the
24 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural
25 and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and
26 Economic Resources, and the Fiscal Research Division by September 30 of each year a report on
27 the Fund that includes the source and amounts of all funds credited to the Fund and the purpose
28 and amount of all expenditures from the Fund during the prior fiscal year."

29 **SECTION 14.3.(d)** G.S. 121-7.7 reads as rewritten:

30 "**§ 121-7.7. State Historic Sites and Museums special fund.**

31 ...

32 (b) Application. – This section applies to the individual State Historic Sites and State
33 History and Maritime Museums owned by or under the control of the Division of State Historic
34 Sites and the Division of State History Museums, with the exception of the Bentonville
35 Battlefield State Historic Site, ~~Site~~, the Tobacco Farm Life Museum, and the North Carolina
36 Transportation Museum. The Bentonville Battlefield State Historic Site is subject to
37 G.S. 121-7.5. The North Carolina Transportation Museum is subject to G.S. 121-7.6. The
38 Tobacco Farm Life Museum Fund is subject to G.S. 121-7.8.

39"

40 **SECTION 14.3.(e)** G.S. 146-30 reads as rewritten:

41 "**§ 146-30. Application of net proceeds.**

42 ...

43 (d) Notwithstanding any other provision of this Subchapter, the following exceptions
44 apply:

45 ...

46 (16) The net proceeds derived from the sale of real property from the Tobacco
47 Farm Life Museum donated to the State and allocated to the Department of
48 Natural and Cultural Resources shall be deposited in the Tobacco Farm Life
49 Museum Fund, created in G.S. 121-7.8, and shall be used in accordance with
50 that section."

51 **SECTION 14.3.(f)** Article 51 of Chapter 143 of the General Statutes is repealed.

1 **SECTION 14.3.(g)** Subsection (f) of this section is effective when it becomes law.

2 **SECTION 14.3.(h)** Except as otherwise provided, this section becomes effective
3 only if the Tobacco Farm Life Museum transfers and conveys all of its assets to the State. The
4 Department of Natural and Cultural Resources shall notify the Revisor of Statutes when those
5 assets are transferred and the conveyance is complete.

6 7 **ACCESSIBLE PARKS GRANTS**

8 **SECTION 14.4.(a)** Grant Purposes. – Of the funds appropriated in this act from the
9 interest earned in the State Fiscal Recovery Reserve to the Department of Natural and Cultural
10 Resources, the sum of twelve million five hundred thousand dollars (\$12,500,000) is allocated
11 to the Parks and Recreation Trust Fund to provide matching grants to local parks facilities for
12 persons with disabilities and shall be used exclusively for grants to local government units or
13 public authorities, as defined in G.S. 159-7, for construction of special facilities or adaptation of
14 existing facilities that meet the unique needs of persons with disabilities or that enable them to
15 participate in recreational and sporting activities, regardless of their abilities.

16 **SECTION 14.4.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56
17 to the contrary, a local government unit or public authority receiving a grant under this section
18 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five
19 dollars (\$5.00) of State funds.

20 **SECTION 14.4.(c)** Limitation. – Grants made under this section shall not exceed
21 five hundred thousand dollars (\$500,000) per project.

22 23 **SALUDA GRADE RAIL CORRIDOR**

24 **SECTION 14.5.(a)** Findings and Purpose. – The General Assembly finds that the
25 Saluda Grade Railroad was constructed in the 1870s to link Spartanburg, South Carolina, to
26 Asheville, North Carolina, and holds a special place in American rail history as the steepest
27 standard-gauge mainline railroad in the United States, located where the line crosses the dramatic
28 Blue Ridge Escarpment. The General Assembly further finds that the 31-mile portion of the
29 Railroad proposed for acquisition stretches from Inman, South Carolina, to Zirconia, North
30 Carolina, with 16 miles in South Carolina and 15 miles in North Carolina, and would pass through
31 downtown Inman, Gramling, Campobello, Landrum, Tryon, and Saluda, as well as the
32 picturesque Piedmont countryside, the Pacolet River valley with its plunging waterfalls, and the
33 spectacular scenery around the Green River and Lake Summit. The purpose of this section is to
34 take advantage of an unprecedented opportunity for the citizens of North Carolina to celebrate
35 2023 as the Year of the Trail and enhance the reputation of North Carolina as the Great Trails
36 State by acquiring the Saluda Grade rail corridor for conversion into the Saluda Grade Trail.

37 **SECTION 14.5.(b)** Definition. – For purposes of this section, the Saluda Grade rail
38 corridor means the portion of the Norfolk Southern W-Line railroad between milepost 26 in the
39 unincorporated community of Zirconia in Henderson County and the boundary between North
40 Carolina and South Carolina.

41 **SECTION 14.5.(c)** Funding. – Of the funds appropriated in this act from the
42 projected interest in the State Fiscal Recovery Reserve to the Department of Natural and Cultural
43 Resources, seven million dollars (\$7,000,000) in the 2023-2024 fiscal year and five million
44 dollars (\$5,000,000) in the 2024-2025 fiscal year is allocated to provide a grant to the Saluda
45 Grade Trails Conservancy, a nonprofit corporation (Conservancy), for the purchase of the Saluda
46 Grade rail corridor in Henderson and Polk Counties and related assessment, due diligence, and
47 transaction costs. Of the funds allocated by this subsection, the amount necessary for the
48 Conservancy to provide the earnest money deposit toward the purchase of the Saluda Grade rail
49 corridor, not to exceed two million dollars (\$2,000,000), shall be provided to the Conservancy as
50 soon as possible after the effective date of this act. The remaining funds shall be provided to the
51 Conservancy upon the earlier of (i) January 1, 2025, or (ii) the date the Department completes

1 the study required by subdivision (c)(5) of Section 14.7 of this act and notifies the Office of State
2 Budget and Management that it has done so.

3 **SECTION 14.5.(d)** Memorandum of Understanding. – No later than 60 days after
4 the effective date of this act, the Department of Natural and Cultural Resources shall enter into a
5 Memorandum of Understanding with the Conservancy regarding the long-term ownership
6 structure, management, and improvement of the rail corridor. The Memorandum shall provide,
7 at a minimum, the following:

8 (1) That not later than July 1, 2027, the corridor will be conveyed to the State to
9 be added to the State Trail system.

10 (2) That the conveyance and other provisions of the Memorandum are structured
11 to ensure that the acquisition of the rail corridor and the conversion to an
12 interim use as a State trail is consistent with the requirements of federal law
13 necessary to preserve established railroad rights-of-way for future activation
14 of rail service as set forth in the railbanking provisions of the National Trails
15 System Act Amendments of 1983.

16 **SECTION 14.5.(e)** Report. – The Department shall provide an interim report no later
17 than March 1, 2024, and a final report no later than October 1, 2026, to the Joint Legislative
18 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal
19 Research Division regarding the acquisition of the Saluda Grade rail corridor funded by this
20 section. The Department shall also include a summary of its actions to promote and support the
21 establishment of the Saluda Grade Trail as a part of the annual report required by
22 G.S. 143B-135.102.

23 **SECTION 14.5.(f)** Authorization. – Upon completion of the acquisition of the
24 Saluda Grade rail corridor funded by this section, the General Assembly authorizes the
25 Department of Natural and Cultural Resources to add the trail established on the Saluda Grade
26 rail corridor to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The
27 Department shall support, promote, encourage, and facilitate the establishment of trail segments
28 and connecting trails on State parklands and on lands of other federal, State, local, and private
29 landowners. On segments of the trail that cross property controlled by agencies or owners other
30 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those
31 agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b)
32 that additions be accompanied by adequate appropriations for land acquisition, development, and
33 operations shall not apply to the authorization set forth in this section; provided, however, that
34 the State may receive donations of appropriate land and may purchase other needed lands or
35 finance improvements and amenities for the trail with existing funds in the Clean Water
36 Management Trust Fund, the Parks and Recreation Trust Fund, the federal Land and Water
37 Conservation Fund, and other available sources of funding.

38 39 **GREAT TRAILS STATE PROGRAM**

40 **SECTION 14.6.(a)** Of the funds appropriated from the interest earned in the State
41 Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, twelve million
42 five hundred thousand dollars (\$12,500,000) in nonrecurring funds in each year of the 2023-2025
43 fiscal biennium is allocated to the Great Trails Fund established in subsection (c) of this section
44 to be used for new trail development and extension of existing trails as described in subsection
45 (c) of this section.

46 **SECTION 14.6.(b)** Definitions. – The following definitions apply in this section:

47 (1) Department. – The Department of Natural and Cultural Resources.

48 (2) Eligible entity. – Any of the following:

49 a. A municipality or county.

50 b. A regional council of government created pursuant to Part 2 of Article
51 20 of Chapter 160A of the General Statutes.

- 1 c. A public authority, as defined in G.S. 159-7.
- 2 d. A nonprofit entity, provided the entity demonstrates in a manner
- 3 acceptable to the Department that the unit or units of local government
- 4 where the eligible trail project will be conducted have been notified of
- 5 and support the trail project.
- 6 (3) Eligible trail project. – Any of the following:
- 7 a. Planning, design, and related environmental assessment or permitting
- 8 activities for trails.
- 9 b. Land and easement acquisition for trails.
- 10 c. Construction of trails and trail structures.
- 11 d. Trail amenities.
- 12 e. Maintenance activities, which include rehabilitation of trails and trail
- 13 structures, the installation of water bars, the relocation of eroded trail
- 14 segments, and other activities that will mitigate erosion or
- 15 deterioration of trails or prevent future erosion or deterioration of
- 16 trails.
- 17 f. Matching funds for grants awarded by the federal government or any
- 18 other non-State source or entity to an eligible entity for any of the
- 19 purposes set forth in this subdivision.
- 20 (4) Secretary. – The Secretary of the Department of Natural and Cultural
- 21 Resources.
- 22 (5) Trail. – Includes paved trails or greenways, natural surface trails, biking trails,
- 23 equestrian trails, and any other type of trail recognized by the Department.
- 24 The term does not include a series of tourism attractions related to a particular
- 25 theme that are jointly marketed based on that theme and are interconnected
- 26 only by vehicular roadways.
- 27 (6) Trail amenities. – Markers, signage, benches, water fountains, restroom
- 28 facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic
- 29 facilities, equipment rental facilities, and other improvements or structures
- 30 intended to enhance visitor experience for trail users.
- 31 (7) Trail structures. – Bridges, boardwalks, retaining walls, and other structures
- 32 that are necessary for visitors to use the trail to travel from one location to
- 33 another. For paddle trails, trail structures include waterway access points and
- 34 watercraft launch structures.

35 **SECTION 14.6.(c) Fund Created.** – The Great Trails State Program is established as
 36 a special fund within the Department of Natural and Cultural Resources. These funds shall be
 37 used by the Department to provide grants to an eligible entity for eligible trail projects, with
 38 priority given to projects for the purposes set forth in sub-subdivisions a., b., and c. of subdivision
 39 (3) of subsection (b) of this section. The following requirements and limitations apply to these
 40 grants:

- 41 (1) The Department is authorized to accept applications for grants authorized by
- 42 this section and evaluate them based on criteria that includes the amount of
- 43 additional funding being provided from other sources for the proposed project,
- 44 current access to trails and other outdoor recreational facilities in the area of
- 45 the proposed project, and the size and demographics of the population served
- 46 by the proposed project. Notwithstanding G.S. 143B-135.56, an eligible entity
- 47 receiving a grant from the Department shall provide a match as set forth in
- 48 this subsection.
- 49 (2) Match. – Grants shall be matched by an eligible entity receiving a grant as
- 50 follows:

- 1 a. The Department may determine the amount of match based on the
- 2 wealth of the county where the trail project is located. In the case of
- 3 trail projects in more than one county, the match shall be based on the
- 4 lowest wealth county.
- 5 b. The match shall be no greater than one non-State dollar (\$1.00) for
- 6 every one dollar (\$1.00) from the Fund and no less than one non-State
- 7 dollar (\$1.00) for every four dollars (\$4.00) from the Fund.
- 8 c. The match may include cash, fee waivers, in-kind services, the
- 9 donation of assets, the provision of infrastructure, or a combination of
- 10 these. Non-cash matches must be quantifiable and documented in a
- 11 manner as the Department may specify.

- 12 (3) Limitation. – Grants made under this subsection shall not exceed five hundred
- 13 thousand dollars (\$500,000) per project.

14 **SECTION 14.6.(d) Reports.** – The Department shall provide an initial report no later

15 than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural

16 and Economic Resources and the Fiscal Research Division regarding the process for awarding

17 grants and the metrics the Department intends to use in evaluating grant applications for the Great

18 Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later

19 than October 1 regarding the use of funds allocated by this section. The annual report will include

20 a list of grant recipients and amounts, a description of trail projects funded, and a summary of

21 non-State funds leveraged with grant funding. The Department may discontinue annual reporting

22 upon providing a final summary report after it awards all funds allocated by this section. These

23 reports may be included as a part of the report required by G.S. 143B-135.102.

24 **SECTION 14.6.(e) Administrative Expenses.** – The Department may use up to one

25 percent (1%) of the funds appropriated by this section for operating and administrative expenses.

26

27 COMPLETE THE TRAILS FUND

28 **SECTION 14.7.(a)** Of the funds transferred from the State Fiscal Recovery Reserve

29 to the Department of Natural and Cultural Resources for the 2023-2024 fiscal year for trails, five

30 million dollars (\$5,000,000) shall be allocated to the Complete the Trails Fund to be used as set

31 forth in subsection (c) of this section.

32 **SECTION 14.7.(b) Definitions.** – The following definitions apply in this section:

- 33 (1) Complete the Trails Fund. – The Complete the Trails Fund established in
- 34 Section 14.7 of S.L. 2021-180.
- 35 (2) Department. – The Department of Natural and Cultural Resources.
- 36 (3) Eligible entity. – Any of the following:
 - 37 a. A municipality or county.
 - 38 b. A regional council of government created pursuant to Part 2 of Article
 - 39 20 of Chapter 160A of the General Statutes.
 - 40 c. A public authority, as defined in G.S. 159-7.
 - 41 d. A nonprofit entity, provided the entity demonstrates in a manner
 - 42 acceptable to the Department that the unit or units of local government
 - 43 where the eligible trail project will be conducted have been notified of
 - 44 and support the trail project.
- 45 (4) Eligible trail project. – Any of the following:
 - 46 a. Planning, design, and related environmental assessment or permitting
 - 47 activities for trails.
 - 48 b. Land and easement acquisition for trails.
 - 49 c. Construction of trails and trail structures.
 - 50 d. Trail amenities.

- 1 e. Maintenance activities, which include rehabilitation of trails and trail
- 2 structures, the installation of water bars, the relocation of eroded trail
- 3 segments, and other activities that will mitigate erosion or
- 4 deterioration of trails or prevent future erosion or deterioration of
- 5 trails.
- 6 f. Matching funds for grants awarded by the federal government or any
- 7 other non-State source or entity to an eligible entity for any of the
- 8 purposes set forth in this subdivision.
- 9 (5) Secretary. – The Secretary of the Department of Natural and Cultural
- 10 Resources.
- 11 (6) Trail. – Includes paved trails or greenways, natural surface trails, biking trails,
- 12 equestrian trails, and any other type of trail recognized by the Department.
- 13 The term does not include a series of tourism attractions related to a particular
- 14 theme that are jointly marketed based on that theme and are interconnected
- 15 only by vehicular roadways.
- 16 (7) Trail amenities. – Markers, signage, benches, water fountains, restroom
- 17 facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic
- 18 facilities, equipment rental facilities, and other improvements or structures
- 19 intended to enhance visitor experience for trail users.
- 20 (8) Trail structures. – Bridges, boardwalks, retaining walls, and other structures
- 21 that are necessary for visitors to use the trail to travel from one location to
- 22 another. For paddle trails, trail structures include waterway access points and
- 23 watercraft launch structures.

24 **SECTION 14.7.(c)** Complete the Trails Fund. – Funds allocated to the Complete the
 25 Trails Fund by subsection (a) of this section shall be used as follows:

- 26 (1) Capacity building funds. – Seven hundred fifty thousand dollars (\$750,000)
- 27 to provide capacity building grants to the partner organizations for each
- 28 component of the State Trail System with which the Department has signed a
- 29 Memorandum of Understanding (MOU) pursuant to Section 14.7(d) of S.L.
- 30 2021-180 as well as the partner organizations for the trail established on the
- 31 Saluda Grade rail corridor as set forth in Section 14.5 of this act. The
- 32 Department shall distribute fifty thousand dollars (\$50,000) to the local
- 33 partner for each System component. With respect to funding under this
- 34 subdivision for the Equine State Trail established in Section 6 of S.L. 2023-63,
- 35 the Department shall identify one or more partners and enter into Memoranda
- 36 of Understanding (MOUs) with those partners prior to disbursing any funds
- 37 under this subdivision to those partner organizations. Where there is more than
- 38 one partner organization for a System component, the Department shall
- 39 apportion the funds under this subdivision based on relative scope of activity
- 40 for which each partner organization assumes responsibility in the MOU.
- 41 (2) Directed allocations. – Two million seven hundred twenty-five thousand
- 42 dollars (\$2,725,000) to provide grants in the following amounts to the
- 43 following entities for an eligible trail project except as otherwise specified:
- 44 a. Two hundred thousand dollars (\$200,000) to Roanoke River Partners
- 45 for the Roanoke River State Trail for the purposes set forth in
- 46 sub-subdivisions d. and e. of subdivision (b)(4) of this section.
- 47 b. One hundred seventy-five thousand dollars (\$175,000) to the Friends
- 48 of the Mountain-to-Sea Trail for the Mountains-to-Sea Trail. These
- 49 funds shall be used for eligible trail projects in Bladen Lakes State
- 50 Forest and eligible trail projects to extend the Mountains-to-Sea Trail
- 51 east from Bladen Lakes State Forest.

- 1 c. Two hundred thousand dollars (\$200,000) to be split evenly between
2 the Town of Brevard and Henderson County for the Ecusta Trail in
3 Henderson and Transylvania Counties to be used for the purposes set
4 forth in sub-subdivisions a., c., d., and f. of subdivision (b)(4) of this
5 section.
- 6 d. Two hundred thousand dollars (\$200,000) to the East Coast Greenway
7 Alliance for the East Coast Greenway Trail for any eligible trail project
8 in Bertie, Chowan, Perquimans, Pasquotank, or Camden Counties.
- 9 e. Two hundred thousand dollars (\$200,000) to the Friends of Fonta
10 Flora State Trail for the Fonta Flora State Trail for any eligible trail
11 project.
- 12 f. Two hundred thousand dollars (\$200,000) to Conserving Carolina for
13 the Hickory Nut Gorge State Trail for any eligible trail project.
- 14 g. Two hundred thousand dollars (\$200,000) to the Foothills
15 Conservancy of N.C. for the Wilderness Gateway Trail for any eligible
16 trail project.
- 17 h. Four hundred thousand dollars (\$400,000) to OVNCST-Friends for
18 the Overmountain Victory State Trail for any eligible trail project.
- 19 i. Two hundred thousand dollars (\$200,000) to Blue Ridge Conservancy
20 for the Northern Peaks State Trail for any eligible trail project.
- 21 j. One hundred thousand dollars (\$100,000) each to the partner
22 organizations for the Dan River, French Broad River, Yadkin River,
23 and Deep River components of the State Trails System for any eligible
24 trail project.
- 25 k. Three hundred fifty thousand dollars (\$350,000) to the partner
26 organizations for the Equine State Trail, to be used for any eligible
27 trail project.
- 28 (3) Land and easement acquisition funds. – One million five hundred thousand
29 dollars (\$1,500,000) for grants for the purpose set forth in sub-subdivision b.
30 of subdivision (b)(4) of this section, limited to acquisition of land or easements
31 in North Carolina. Eligible entities for funds allocated under this subdivision
32 are the partner organizations for each component of the State Trail System
33 that is land-based or has significant land-based components. Grants under this
34 subdivision shall not exceed two hundred thousand dollars (\$200,000) and
35 shall be matched dollar-for-dollar with non-State funds. Two hundred
36 thousand dollars (\$200,000) of the funds allocated by this subdivision shall be
37 reserved for the Equine State Trail.
- 38 (4) Rail Line Study. – Twenty-five thousand dollars (\$25,000) in the 2023-2024
39 fiscal year for the Department, in consultation with the Saluda Grade
40 Conservation and Development Council established in subsection (f) of this
41 section, to study the potential and feasibility of a multipurpose active tourism
42 rail and hiking corridor on that portion of the Norfolk Southern W-Line rail
43 corridor from the City of Hendersonville to either the Town of Tryon or the
44 Town of Saluda and, if such a multipurpose active tourism rail and hiking
45 corridor is determined to be feasible, to develop a conceptual plan and
46 preliminary engineering for its implementation. The Department shall provide
47 its report to the Joint Legislative Oversight Committee on Agriculture and
48 Natural and Economic Resources and the Fiscal Research Division no later
49 than January 1, 2025. Funds allocated by this section that are not spent or
50 encumbered by January 1, 2025, may thereafter be used for the purposes set
51 forth in subdivisions (2) or (3) of this subsection.

1 **SECTION 14.7.(d)** Reports. – The Department shall provide an initial report no later
2 than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural
3 and Economic Resources and the Fiscal Research Division regarding the process for awarding
4 grants and the metrics the Department intends to use in evaluating grant applications for the
5 Complete the Trails Fund pursuant to this section. Thereafter, the Department shall report
6 annually no later than October 1 regarding the use of funds allocated by this section. The annual
7 report will include a list of grant recipients and amounts, a description of trail projects funded,
8 and a summary of non-State funds leveraged with grant funding. The Department may
9 discontinue annual reporting upon providing a final summary report after it awards all funds
10 allocated by this section. These reports may be included as a part of the report required by
11 G.S. 143B-135.102.

12 **SECTION 14.7.(e)** Administrative Expenses. – The Department may use up to one
13 percent (1%) of the funds appropriated by this section (other than the funds allocated in
14 subdivision (4) of subsection (c) of this section) for operating and administrative expenses
15 associated with the implementation of subdivisions (2), and (3) of subsection (c) of this section.

16 **SECTION 14.7.(f)** Council Established. – The Saluda Grade Conservation and
17 Development Council (Council) is established to advise and partner with the Department
18 regarding the study of the Saluda Grade rail corridor funded by subdivision (c)(4) of this section
19 as provided in this subsection:

20 (1) Membership. – The Council shall include two members selected by the Polk
21 County Board of Commissioners, two members selected by the Henderson
22 County Board of Commissioners, one member selected by the City of
23 Hendersonville City Council, one member selected by the City of Saluda
24 Board of Commissioners, one member selected by the Town of Tryon Board
25 of Commissioners and the executive director of the Polk County Community
26 Foundation, Inc., a nonprofit corporation, ex officio, or the executive
27 director's designee. The Chair of the board of the Saluda Historic Depot and
28 Museum Board or the Chair's designee shall serve as an ex officio member of
29 the Council and shall vote only in the case of a tie.

30 (2) Purpose; Dissolution. – The Council shall advise the Department in
31 conducting the study of the W-Line rail corridor required by subdivision (c)(5)
32 of this section and shall cease to exist when the funds allocated for the study
33 have been disbursed and all reports, audits, and other documentation required
34 by the State Budget Act (Chapter 143C of the General Statutes) have been
35 submitted.
36

37 **LAND AND WATER FUND ADMINISTRATIVE EXPENSES**

38 **SECTION 14.8.** G.S. 143B-135.234 is amended by adding a new subsection to read:

39 "(e) Administrative Expenses. – Of the funds appropriated to the Fund, the Trustees may
40 use no more than three percent (3%) for operating expenses associated with programs and
41 activities authorized by this Part."
42

43 **AMERICA'S 250TH LOCAL GRANTS**

44 **SECTION 14.9.(a)** Funds appropriated in this act to the Department of Natural and
45 Cultural Resources (the Department) for America's 250th Local Grants shall be used for a grant
46 program to facilitate participation in America's 250th anniversary activities, as set forth in this
47 section.

48 **SECTION 14.9.(b)** The Department shall use up to one million dollars (\$1,000,000)
49 in fiscal year 2023-2024 for grants of ten thousand dollars (\$10,000) each to county governments
50 whose county commissioners have adopted a resolution creating a commemoration committee
51 or otherwise designated a group to ensure North Carolina's commemoration of the

1 semiquincentennial occurs in their county. Any funds allocated under this subsection but not
2 spent or encumbered by June 30, 2024, may be reallocated by the Department for grants under
3 subsection (c) of this section and shall be in addition to the allocations made in that subsection.

4 **SECTION 14.9.(c)** The Department shall use five hundred thousand dollars
5 (\$500,000) in fiscal year 2023-2024 and six hundred thousand dollars (\$600,000) in fiscal year
6 2024-2025 to provide matching grants to local governments and nonprofits for commemoration
7 activities, including Revolutionary War research, development of educational resources, wayside
8 installation, and event needs. The Department may consider county tier designations under
9 G.S. 143B-437.08, for the county in which the project is located, in determining match amounts
10 awarded under this subsection.

11 **SECTION 14.9.(d)** The Department may use up to five percent (5%) of the funds
12 allocated by this section to administer the grant program and provide technical assistance to
13 counties.

14 **AMERICA'S SEMIQUINCENTENNIAL COMMITTEE**

15 **SECTION 14.10.(a)** There is created the America's Semiquincentennial Committee
16 (the Committee).

17 **SECTION 14.10.(b)** Membership. – The Committee shall be composed of seven
18 members, as follows:

- 19 (1) Three members appointed by the President Pro Tempore of the Senate, one of
20 whom shall be a member of the Senate and the remainder of whom shall be
21 members of the public.
- 22 (2) Three members appointed by the Speaker of the House of Representatives,
23 one of whom shall be a member of the House of Representatives and the
24 remainder of whom shall be members of the public.
- 25 (3) One member jointly appointed by the President Pro Tempore of the Senate
26 and the Speaker of the House of Representatives who shall be a noted historian
27 with expertise regarding the American Revolution.

28 **SECTION 14.10.(c)** Terms; Chairs; Vacancies; Quorum. – Members appointed shall
29 serve until the Committee terminates. The Committee shall have two cochairs which shall be the
30 legislative member designated by the President Pro Tempore of the Senate and the legislative
31 member designated by the Speaker of the House of Representatives. The Committee shall meet
32 upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of
33 the Committee shall be a majority of the members.

34 **SECTION 14.10.(d)** Duties. – The Committee shall (i) study means for the State to
35 celebrate the two hundred fiftieth anniversary of the founding of our nation and (ii) report the
36 means and anticipated costs of the celebratory events to the General Assembly.

37 **SECTION 14.10.(e)** Compensation; Administration. – Members of the Committee
38 shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or
39 138-6, as appropriate. The Committee may contract for consultants or hire employees in
40 accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative
41 Services Officer, shall assign professional staff to assist the Committee in its work. Upon the
42 direction of the Legislative Services Commission, the Directors of Legislative Assistants of the
43 Senate and of the House of Representatives shall assign clerical staff to the Committee. The
44 expenses for clerical employees shall be borne by the Committee.

45 **SECTION 14.10.(f)** Reports; Termination. – The Committee shall make an interim
46 report to the 2025 Regular Session of the 2025 General Assembly and a final report to the 2026
47 Regular Session of the 2025 General Assembly no later than January 14, 2026. The Committee
48 shall terminate on January 15, 2026.

49 **SECTION 14.10.(g)** This section is effective when it becomes law.

STATUARY HALL PLACEMENT

SECTION 14.11.(a) Notwithstanding any other provision of law, the Department of Natural and Cultural Resources shall accept receipt of the statue of Charles Brantley Aycock, currently in the National Statuary Hall Collection, from the Statuary Hall Selection Committee and, from funds available to the Department, shall (i) place the statue as expeditiously as possible after receipt at the Governor Charles B. Aycock Birthplace State Historic Site and (ii) make any improvements to the site necessary for the placement thereof.

SECTION 14.11.(b) This section is effective when it becomes law.

**PART XV. WILDLIFE RESOURCES COMMISSION
COMMISSION BASE BUDGET CORRECTION**

SECTION 15.1. During the budget certification process for the 2023-2024 fiscal year, the Wildlife Resources Commission, in conjunction with the Office of State Budget and Management (OSBM), shall redistribute two million two hundred forty-nine thousand nine dollars (\$2,249,009) from the over-realized receipts departmentwide reserve to the appropriate fund codes in the General Fund used to support Commission operations. In the redistribution of receipts directed by this section, the Commission and OSBM shall neither increase or decrease the Commission's net General Fund appropriation, nor create a negative General Fund appropriation at the fund code level.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**COLLECTION OF WORTHLESS CHECKS**

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2023, for the purchase or repair of office or information technology equipment during the 2023-2024 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2024, for the purchase or repair of office or information technology equipment during the 2024-2025 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

MAGISTRATE-CLERK STAFFING PROGRAM

SECTION 16.2. G.S. 7A-133 is amended by adding a new subsection to read:

"(c1) Notwithstanding the minimum staffing numbers in subsection (c) of this section, the clerk of superior court in a county, with the written or emailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

The Administrative Office of the Courts shall report by March 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding each of the following:

- (1) All deputy or assistant clerk positions previously filled pursuant to this subsection if the position remains filled pursuant to this subsection.
- (2) New deputy or assistant clerk positions filled pursuant to this subsection."

CLARIFY TRIAL COURT ADMINISTRATOR NUMBERS AND LOCATIONS

SECTION 16.3.(a) G.S. 7A-355, as amended by Section 16.26 of this act, reads as rewritten:

"§ 7A-355. Trial court administrators.

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court administrators: ~~Set of districts 10A, 10B, 10C, 10D; District 22, District 27B, and District 28, and such~~ administrators, including other districts or sets of districts as may be designated by the Administrative Office of the Courts.

<u>Set of districts</u>	<u>10A, 10B, 10C, 10D, 10E, 10F</u>
<u>District</u>	<u>13</u>
<u>Set of districts</u>	<u>14A, 14B, 14C</u>
<u>Set of districts</u>	<u>16A, 16B</u>
<u>Set of districts</u>	<u>24A, 24B, 24C, 24D, 24E</u>
<u>Set of districts</u>	<u>26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H</u>
<u>Set of districts</u>	<u>31A, 31B, 31C, 31D</u>
<u>District</u>	<u>39"</u>

SECTION 16.3.(b) G.S. 7A-355, as amended by Section 16.26 of this act and subsection (a) of this section, reads as rewritten:

"§ 7A-355. Trial court administrators.

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court administrators, including other districts or sets of districts as may be designated by the Administrative Office of the Courts:

Set of districts	10A, 10B, 10C, 40D , 10E, 10F
...	
Set of districts	24A, 24B, 24C, 24D, 24E
Set of districts	26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H <u>26G</u>
...."	

SECTION 16.3.(c) G.S. 7A-355, as amended by Section 16.26 of this act and subsections (a) and (b) of this section, reads as rewritten:

"§ 7A-355. Trial court administrators.

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court administrators, including other districts or sets of districts as may be designated by the Administrative Office of the Courts:

Set of districts	10A, 10B, 10C, 40E , 10F
...	
Set of districts	31A, 31B, 31C, 31D <u>31C</u>
...."	

SECTION 16.3.(d) Subsection (b) of this section becomes effective January 1, 2027. Subsection (c) of this section becomes effective January 1, 2029. The remainder of this section becomes effective January 1, 2024.

TECHNICAL CHANGES TO ASSISTANT DISTRICT ATTORNEY ALLOCATIONS AND ADDITIONAL POSITION ADDED

SECTION 16.4.(a) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	No. of Full-Time Asst. District Counties	District Attorneys
...		

1	10	Wake	<u>4445</u>
2	...		
3	14	Cumberland	2526
4	...		
5	26	Mecklenburg	5862
6	...		
7	31	Forsyth	2728
8	...		
9	37	Randolph	1011
10	...		
11	43	Cherokee, Clay, Graham,	1516
12		Haywood, Jackson, Macon,	
13		Swain."	

SECTION 16.4.(b) G.S. 7A-60(a1), as amended by subsection (a) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	No. of Full-Time Asst. District Counties	Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	15
4	Carteret, Craven, Pamlico	14
5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	22
9	Greene, Lenoir, Wayne	16
10	Wake	45
11	Franklin, Granville, Person Vance, Warren	18
12	Harnett, Lee	12
13	Johnston	13
14	Cumberland	26
15	Bladen, Brunswick, Columbus	16
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
20	Robeson	13
21	Anson, Richmond, Scotland	11
22	Caswell, Rockingham	9
23	Stokes, Surry	9
24	Guilford	40
25	Cabarrus	1011

1	26	Mecklenburg	62
2	27	Rowan	9
3	28	Montgomery, Stanly	6
4	29	Hoke, Moore	10
5	30	Union	11
6	31	Forsyth	28
7	32	Alexander, Iredell	15
8	33	Davidson, Davie	13
9	34	Alleghany, Ashe, Wilkes,	9
10		Yadkin	
11	35	Avery, Madison, Mitchell,	8
12		Watauga, Yancey	
13	36	Burke, Caldwell, Catawba	21
14	37	Randolph	11
15	38	Gaston	19
16	39	Cleveland,	13
17		Lincoln	
18	40	Buncombe	14
19	41	McDowell, Rutherford	8
20	42	Henderson, Polk, Transylvania	10
21	43	Cherokee, Clay, Graham,	16
22		Haywood, Jackson, Macon,	
23		Swain."	

24 **SECTION 16.4.(c)** G.S. 7A-60(a1), as amended by subsections (a) and (b) of this
 25 section, reads as rewritten:

26 "(a1) The counties of the State are organized into prosecutorial districts, and each district
 27 has the counties and the number of full-time assistant district attorneys set forth in the following
 28 table:

29			
30	Prosecutorial	No. of Full-Time Asst. District	
31	District	Counties	Attorneys
32	...		
33	36	Burke, Caldwell	10 <u>11</u>
34"		

35 **SECTION 16.4.(d)** Section 1(d) of S.L. 2019-229 reads as rewritten:

36 "**SECTION 1.(d)** Subsection (a) of this section becomes effective July 1, 2019. Subsection
 37 (b) of this section becomes effective July 1, 2020. Subsection (c) of this section becomes effective
 38 January 1, ~~2023~~2027."

39 **SECTION 16.4.(e)** Subsection (c) of this section becomes effective January 1, 2027.
 40 The remainder of this section is effective July 1, 2023.

41
 42 **ADDITION OF DISTRICT COURT JUDGES TO MULTIPLE COUNTIES,**
 43 **TECHNICAL CORRECTION FOR MAGISTRATE ALLOCATION NUMBERS,**
 44 **AND ADDITION OF MAGISTRATES TO MULTIPLE COUNTIES**

45 **SECTION 16.5.(a)** G.S. 7A-133(a), as amended by Section 16.26 of this act, reads
 46 as rewritten:

47 "(a) Each district court district shall have the numbers of judges as set forth in the
 48 following table:

49			
50	District	Judges	County
51	...		

1	5	<u>910</u>	Sampson
2			Duplin
3			Jones
4			Onslow
5	...		
6	17	<u>45</u>	Alamance
7	...		
8	34	<u>45</u>	Alleghany
9			Ashe
10			Wilkes
11			Yadkin
12	...		
13	43	<u>67</u>	Cherokee
14			Clay
15			Graham
16			Haywood
17			Jackson
18			Macon
19			Swain."

SECTION 16.5.(b) G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
...		
Gates	<u>23</u>	
...		
Martin	<u>34</u>	
...		
Pitt	<u>41.513</u>	Farmville Ayden
...		
Jones	<u>23</u>	
...		
New Hanover	<u>1214</u>	
Pender	<u>4.85</u>	
...		
Hertford	<u>34</u>	
...		
Wake	<u>23.532</u>	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	<u>87</u>	Dunn
...		
Cumberland	<u>1920</u>	
Bladen	<u>34</u>	
...		
Durham	<u>1318</u>	
...		
Hoke	<u>34</u>	

1	...		
2	Stokes	<u>34</u>	
3	Surry	<u>65</u>	Mt. Airy
4	Guilford	<u>25,432</u>	High Point
5	Cabarrus	<u>910</u>	Kannapolis
6	Montgomery	<u>34</u>	
7	...		
8	Anson	<u>34</u>	
9	...		
10	Forsyth	<u>1620</u>	Kernersville
11	Alexander	<u>34</u>	
12	...		
13	Davie	<u>34</u>	
14	...		
15	Alleghany	<u>23</u>	
16	...		
17	Yadkin	<u>34</u>	
18	...		
19	Mecklenburg	<u>31,538.5</u>	
20	...		
21	Henderson	<u>6.57</u>	
22	McDowell	<u>34</u>	
23	...		
24	Transylvania	<u>34</u>	
25	Cherokee	<u>34</u>	
26	Clay	<u>23</u>	
27	Graham	<u>23</u>	
28	...		
29	Jackson	<u>34</u>	
30	Macon	<u>34</u>	
31"		

32 **SECTION 16.5.(c)** G.S. 7A-133(c), as amended by subsection (b) of this section,
 33 reads as rewritten:

34 "(c) Each county shall have the numbers of magistrates and additional seats of district
 35 court, as set forth in the following table:

36		Magistrates	Additional
37	County	Min.	Seats of Court
38	...		
39	Duplin	<u>45</u>	
40	Jones	<u>34</u>	
41	...		
42	Stanly	<u>56</u>	
43	...		
44	Ashe	<u>34</u>	
45"		

46 **SECTION 16.5.(d)** G.S. 7A-133(c), as amended by subsections (b) and (c) of this
 47 section, reads as rewritten:

48 "(c) Each county shall have the numbers of magistrates and additional seats of district
 49 court, as set forth in the following table:
 50
 51

	Magistrates	Additional
County	Min.	Seats of Court
...		
Caswell	45	
...		
Rockingham	78	Reidsville, Eden, Madison
...."		

SECTION 16.5.(e) Subsection (a) of this section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly. Subsection (d) of this section becomes effective July 1, 2024. The remainder of this section becomes effective July 1, 2023.

MODIFY LOCAL JUDICIALLY MANAGED ACCOUNTABILITY AND RECOVERY COURT REPORTING AND MAKE TECHNICAL CORRECTION

SECTION 16.6.(a) G.S. 7A-801 reads as rewritten:

"§ 7A-801. Monitoring and annual report.

The Administrative Office of the Courts shall monitor all ~~State-recognized and funded~~ local judicially managed accountability and recovery courts, prepare an annual report on the implementation, operation, and effectiveness of the ~~statewide~~ State judicially managed accountability and recovery court program, and submit the report to the ~~General Assembly chairs of the House and Senate Appropriations Committees on Justice and Public Safety~~ by March 1 of each year. Each judicially managed accountability and recovery court and any court authorized to remain a drug treatment court under G.S. 7A-802, shall submit evaluation reports to the Administrative Office of the Courts as requested."

SECTION 16.6.(b) G.S. 7A-796 reads as rewritten:

"§ 7A-796. Local judicially managed accountability and recovery court committees.

Each judicial district choosing to establish a local judicially managed accountability and recovery court shall form a local judicially managed accountability and recovery court committee, which shall be comprised to assure representation appropriate to the type or types of local judicially managed accountability and recovery court operations to be conducted in the district and shall consist of persons appointed by the senior resident superior court judge with the concurrence of the chief district court judge and the district attorney for that district, chosen from the following list:

- ...
- (20) Any other persons selected by the local ~~management~~ judicially managed accountability and recovery court committee.

The local ~~drug treatment~~ judicially managed accountability and recovery court ~~management~~ committee shall develop local guidelines and procedures, not inconsistent with the State guidelines, that are necessary for the operation and evaluation of the local ~~drug treatment~~ judicially managed accountability and recovery court."

SECTION 16.6.(c) This section is effective when it becomes law.

MODIFY VARIOUS SUPERIOR COURT DISTRICTS AND JUDGESHIPS

SECTION 16.7.(a) G.S. 7A-41(a), as amended by Section 16.26 of this act, reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Superior

Judicial Division	Court District	Counties	No. of Resident Judges
...			
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	4 <u>2</u>
...			
Fifth	38	Gaston	2 <u>3</u>
...."			

SECTION 16.7.(b) G.S. 7A-41, as amended by Section 16.26 of this act and subsection (a) of this section, reads as rewritten:

"§ 7A-41. Superior court divisions and districts; judges.

(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
...			
Third	10D	(part of Wake, see subsection (b))	1
...			
Fourth	24A	(part of Guilford, see subsection (b))	1
...			
	26H	(part of Mecklenburg, see subsection (b))	1
...			
Fifth	35	Avery, Madison, Mitchell, Watauga, Yancey	2 <u>1</u>
...			

(b) For superior court districts of less than a whole county, or with part of one county with part of another, the composition of the district and the number of judges is as follows:

- ...
 - (9) ~~Superior Court District 10D consists of Wake County Precincts: VTD: 01-03, VTD: 01-04, VTD: 01-05, VTD: 01-09, VTD: 01-10, VTD: 01-11, VTD: 01-15, VTD: 01-17, VTD: 01-30, VTD: 01-36, VTD: 01-37, VTD: 01-39, VTD: 01-43, VTD: 01-45, VTD: 01-51, VTD: 04-05, VTD: 04-08, VTD: 04-09, VTD: 04-17, VTD: 04-18, VTD: 05-01, VTD: 05-03, VTD: 05-04, VTD: 05-05, VTD: 05-06, VTD: 07-01, VTD: 07-03, VTD: 07-04, VTD: 07-05, VTD: 07-09, VTD: 07-10, VTD: 07-13, VTD: 11-01, VTD: 20-02, VTD: 20-04, VTD: 20-10. It has one judge.~~
 - ...
 - (17) ~~District 24A: Guilford County: VTD: FEN1, VTD: FEN2, VTD: G04, VTD: G05, VTD: G06, VTD: G46, VTD: G52, VTD: G67, VTD: G68, VTD: G69, VTD: G70, VTD: G71, VTD: G72, VTD: G73, VTD: G74, VTD: G75, VTD:~~

1 NCLAY1, VTD: NCLAY2, VTD: PG1, VTD: PG2, VTD: SCLAY. It has one
 2 judge.
 3 ...
 4 (33) District 26H: Mecklenburg County: VTD 006, VTD 033, VTD 034, VTD 045,
 5 VTD 062, VTD 063, VTD 064, VTD 065, VTD 066, VTD 068, VTD 083,
 6 VTD 084, VTD 085, VTD 094, VTD 095, VTD 099, VTD 102, VTD 108,
 7 VTD 115, VTD 116, VTD 117, VTD 124, VTD 125, VTD 130, VTD 201,
 8 VTD 203, VTD 205, VTD 235. It has one judge.
 9"

10 **SECTION 16.7.(c)** G.S. 7A-41, as amended by Section 16.26 of this act and
 11 subsections (a) and (b) of this section, reads as rewritten:

12 **"§ 7A-41. Superior court divisions and districts; judges.**

13 (a) The counties of the State are organized into judicial divisions and superior court
 14 districts, and each superior court district has the counties, and the number of regular resident
 15 superior court judges set forth in the following table, and for districts of less than a whole county,
 16 as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
...			
Third	10E	(part of Wake, see subsection (b))	1
...			
Fourth	31D	(part of Forsyth, see subsection (b))	1
...			

28 (b) For superior court districts of less than a whole county, or with part of one county
 29 with part of another, the composition of the district and the number of judges is as follows:

30 ...
 31 (10) Superior Court District 10E consists of Wake County Precincts: VTD: 01 28,
 32 VTD: 01 42, VTD: 01 44, VTD: 01 47, VTD: 09 01, VTD: 09 02, VTD:
 33 09 03, VTD: 10 01, VTD: 10 02, VTD: 10 03, VTD: 10 04, VTD: 13 01:
 34 Block(s) — 1830541041000, — 1830541041001, — 1830541041002,
 35 1830541041003, — 1830541041004, — 1830541041005, — 1830541041006,
 36 1830541041007, — 1830541041008, — 1830541041009, — 1830541041010,
 37 1830541041011, — 1830541041012, — 1830541041013, — 1830541041014,
 38 1830541041015, — 1830541041016, — 1830541041017, — 1830541041018,
 39 1830541041019, 1830541041020, 1830541041021, 1830541042028; VTD:
 40 13 02, VTD: 13 06, VTD: 13 08, VTD: 13 09, VTD: 15 01, VTD: 15 03,
 41 VTD: 15 04, VTD: 16 01, VTD: 16 04, VTD: 16 05, VTD: 16 07, VTD:
 42 16 09, VTD: 17 01, VTD: 17 02, VTD: 17 03, VTD: 17 04, VTD: 17 05,
 43 VTD: 19 16, VTD: 19 17. It has one judge.
 44 ...
 45 (25) District 31D: Forsyth County: VTD: 081, VTD: 082, VTD: 083, VTD: 201,
 46 VTD: 203, VTD: 204, VTD: 205, VTD: 206, VTD: 207, VTD: 301, VTD:
 47 302, VTD: 303, VTD: 304, VTD: 305, VTD: 306, VTD: 401, VTD: 402,
 48 VTD: 403, VTD: 404, VTD: 405. It has one judge.
 49"

50 **SECTION 16.7.(d)** G.S. 7A-41(a), as amended by Section 16.26 of this act and
 51 subsections (a), (b), and (c) of this section, reads as rewritten:

"§ 7A-41. Superior court divisions and districts; judges.

(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
...			
First	3	Pitt	21
...."			

SECTION 16.7.(e) It is the intent of the General Assembly to do each of the following:

- (1) Reapportion voters located in Superior Court Districts 10D, 24A, and 26H before subsection (b) of this section becomes effective.
- (2) Reapportion voters located in Superior Court Districts 10E and 31D before subsection (c) of this section becomes effective.

SECTION 16.7.(f) Subsection (a) of this section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly. Subsection (b) of this section becomes effective January 1, 2027, and elections conducted in 2026 shall be held accordingly. Subsection (c) of this section becomes effective January 1, 2029, and elections conducted in 2028 shall be held accordingly. Subsection (d) of this section becomes effective January 1, 2031, and elections conducted in 2030 shall be held accordingly. The remainder of this section is effective when it becomes law.

ADD VETERANS TREATMENT COURT PILOT PROGRAM IN GASTON COUNTY

SECTION 16.8.(a) Pilot Program. – The Administrative Office of the Courts, in coordination with the Chief District Court Judge of District Court District 27A, shall establish a pilot program in Gaston County that creates a judicially managed accountability and recovery court, as governed by Article 62 of Chapter 7A of the General Statutes. The goals of the accountability and recovery court shall be to reduce alcoholism and other substance abuse and dependencies among offenders; to reduce recidivism; to reduce the drug-related court workload; to reduce the mental, behavioral, or medical health-related court workload; to increase the personal, familial, and societal accountability of offenders; and to promote effective interaction, collaboration, coordination, and use of resources among criminal justice personnel. The judicially managed accountability and recovery court shall prioritize participation of offenders that are veterans of the Armed Forces of the United States.

SECTION 16.8.(b) Report. – The Administrative Office of the Courts shall report to the Joint Legislative Oversight Committee on Justice and Public Safety and its chairs on the results of the Gaston County pilot program, including the number of individuals who participated in the program in the prior year, no later than February 1 of each year following a year in which the pilot program receives funding from the State.

SECTION 16.8.(c) Policy. – It is the intent of the General Assembly that appropriations made to aid Gaston County in the original creation and operation of the county's judicially managed accountability and recovery court will not continue beyond the 2024-2025 fiscal year but will instead be replaced by local expenditures, grants, and other available funding sources.

SECTION 16.8.(d) This section becomes effective July 1, 2023.

1 **REPORTING REQUIREMENT FOR THE NC LEGAL EDUCATION ASSISTANCE**
2 **FOUNDATION (NC LEAF) AND RESTRICTIONS ON USE OF FUNDS**

3 **SECTION 16.9.(a)** No later than February 1, 2025, and February 1, 2026, the NC
4 Legal Education Assistance Foundation (NC LEAF) shall report to the Joint Legislative
5 Oversight Committee on Justice and Public Safety, at a minimum, all of the following:

- 6 (1) An accounting of all loan repayment assistance funds distributed during the
7 prior year.
- 8 (2) The number of individuals that received funds from the Foundation during the
9 prior year.
- 10 (3) The job titles and salaries of the individuals that received funds from the
11 Foundation during the prior year.

12 **SECTION 16.9.(b)** Funds provided by this act to the North Carolina Legal Education
13 Assistance Foundation (NC LEAF) shall not be used to provide assistance to attorneys working
14 for Legal Aid of North Carolina, Inc.

15 **SECTION 16.9.(c)** Subsection (b) of this section becomes effective July 1, 2023.
16 The remainder of this section is effective when it becomes law.

17
18 **REPORTING REQUIREMENT FOR PISGAH LEGAL SERVICES**

19 **SECTION 16.10.(a)** No later than February 1, 2025, and February 1, 2026, Pisgah
20 Legal Services (Pisgah) shall report to the Joint Legislative Oversight Committee on Justice and
21 Public Safety, at a minimum, all of the following:

- 22 (1) An accounting of all State funds utilized by Pisgah for its Veterans Law
23 Project during the prior year.
- 24 (2) The number of individuals that received services from Pisgah as a part of its
25 Veterans Law Project during the prior year.
- 26 (3) The types of services performed by Pisgah during the prior year as a part of
27 its Veterans Law Project and the counties in which those services were
28 performed.

29 **SECTION 16.10.(b)** This section is effective when it becomes law.

30
31 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

32 **SECTION 16.12.(a)** The Administrative Office of the Courts shall maintain and
33 shall furnish upon request a remote work policy.

34 **SECTION 16.12.(b)** The remote work policies required by subsection (a) of this
35 section shall, at a minimum, require that all employees utilizing the remote work policy shall
36 sign an agreement to be retained in the employee's file that records the employee's assent to
37 adhere to the remote work policy.

38 **SECTION 16.12.(c)** The Administrative Office of the Courts shall report all of the
39 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
40 March 1, 2024, and March 1, 2025:

- 41 (1) The remote work policy currently in place for its employees.
- 42 (2) Any remote work policy previously in place for its employees that was not a
43 part of the most recent report required by this subsection.
- 44 (3) The total number of employees utilizing its remote work policy.
- 45 (4) The total number of employees utilizing its remote work policy, delineated by
46 division, section, and any other organizational category.

47 **SECTION 16.12.(d)** This section becomes effective October 1, 2023.

48
49 **RAISE MANDATORY RETIREMENT AGE FOR APPELLATE JUDGES**

50 **SECTION 16.14.(a)** Article 1B of Chapter 7A of the General Statutes is repealed.

51 **SECTION 16.14.(b)** G.S. 7A-5 reads as rewritten:

1 **"§ 7A-5. ~~Organization.~~ Organization and age limit for service as justice or judge.**

2 (a) The appellate division of the General Court of Justice consists of the Supreme Court
3 and the Court of Appeals.

4 (b) No justice or judge of the appellate division of the General Court of Justice may
5 continue in office beyond the last day of the month in which the justice or judge attains 76 years
6 of age, but justices and judges so retired may be recalled for periods of temporary service as
7 provided in this Subchapter."

8 **SECTION 16.14.(c)** G.S. 7A-39.3(a) reads as rewritten:

9 "(a) Justices of the Supreme Court and judges of the Court of Appeals who have not
10 reached the mandatory retirement age specified in ~~G.S. 7A-4.20, G.S. 7A-5(b)~~, but who have
11 retired under the provisions of G.S. 7A-39.2, or under the Uniform Judicial Retirement Act after
12 having completed 12 years of creditable service, may apply as provided in G.S. 7A-39.6 to
13 become emergency justices or judges and upon being commissioned as an emergency justice or
14 emergency judge shall be subject to temporary recall to active service in place of a justice or
15 judge who is temporarily incapacitated as provided in G.S. 7A-39.5."

16 **SECTION 16.14.(d)** G.S. 7A-39.6 reads as rewritten:

17 **"§ 7A-39.6. Application to the Governor; commission as emergency justice or emergency**
18 **judge.**

19 No retired justice of the Supreme Court or retired judge of the Court of Appeals may become
20 an emergency justice or emergency judge except upon his written application to the Governor
21 certifying his desire and ability to serve as an emergency justice or emergency judge. If the
22 Governor is satisfied that the applicant qualifies under G.S. 7A-39.3(a) to become an emergency
23 justice or emergency judge and that he is physically and mentally able to perform the official
24 duties of an emergency justice or emergency judge, he shall issue to such applicant a commission
25 as an emergency justice or emergency judge of the court from which he retired. The commission
26 shall be effective upon the date of its issue and shall terminate when the judge to whom it is
27 issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a), G.S. 7A-5(b)~~."

28 **SECTION 16.14.(e)** G.S. 7A-39.15(a) reads as rewritten:

29 "(a) A retired justice or judge of the Appellate Division of the General Court of Justice is
30 eligible to be appointed as an emergency recall judge of the Court of Appeals ~~under~~ if the justice
31 or judge meets each of the following circumstances: requirements:

- 32 (1) The justice or judge has retired under the provisions of the Consolidated
33 Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or
34 is eligible to receive a retirement allowance under that ~~act~~; act.
- 35 (2) The justice or judge has not reached the mandatory retirement age specified
36 in ~~G.S. 7A-4.20; G.S. 7A-5(b)~~.
- 37 (3) The justice or judge has served a total of at least five years as a judge or justice
38 of the General Court of Justice, provided that at least six months was served
39 in the Appellate Division, whether or not otherwise eligible to serve as an
40 emergency justice or judge of the Appellate Division of the General Court of
41 ~~Justice;~~ Justice.
- 42 (4) The judicial service of the justice or judge ended within the preceding 15
43 ~~years;~~ and years.
- 44 (5) The justice or judge has applied to the Governor for appointment as an
45 emergency recall judge of the Court of Appeals in the same manner as is
46 provided for application in G.S. 7A-53. If the Governor is satisfied that the
47 applicant meets the requirements of this section and is physically and mentally
48 able to perform the duties of a judge of the Court of Appeals, the Governor
49 shall issue a commission appointing the applicant as an emergency recall
50 judge of the Court of Appeals until the applicant reaches the mandatory

retirement age for judges of the Court of Appeals specified in ~~G.S. 7A-4-20;G.S. 7A-5(b).~~

Any former justice or judge of the Appellate Division of the General Court of Justice who otherwise meets the requirements of this section to be appointed an emergency recall judge of the Court of Appeals, but who has already reached the mandatory retirement age for judges of the Court of Appeals set forth in ~~G.S. 7A-4-20; G.S. 7A-5(b).~~ may apply to the Governor to be appointed as an emergency recall judge of the Court of Appeals as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency recall judge of the Court of Appeals as provided in this section."

SECTION 16.14.(f) Article 7 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-40.1. Age limit for service as superior court judge; exception.

No superior court judge may continue in office beyond the last day of the month in which the superior court judge attains 72 years of age, but superior court judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(g) G.S. 7A-45.2 reads as rewritten:

"§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment, removal, and authority.

(a) Any justice or judge of the appellate division of the General Court of Justice ~~who;that~~ meets each of the following requirements may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53:

- (1) Retires under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive a retirement allowance under that ~~act;act.~~
- (2) Has not reached the mandatory retirement age specified in ~~G.S. 7A-4-20;G.S. 7A-5(b).~~
- (3) Has served at least five years as a superior court judge or five years as a justice or judge of the appellate division of the General Court of Justice, or any combination thereof, whether or not eligible to serve as an emergency justice or judge of the appellate division of the General Court of ~~Justice; andJustice.~~
- (4) Whose judicial service ended within the preceding 10 ~~years;years.~~

~~may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53.~~ If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a superior court judge, the Governor shall issue a commission appointing the applicant as an emergency special superior court judge until the applicant reaches the mandatory retirement age for superior court judges specified in ~~G.S. 7A-4-20;G.S. 7A-40.1.~~

(b) Any emergency special superior court judge appointed as provided in this section shall:

- (1) Have the same powers and duties, when duly assigned to hold court, as provided for an emergency superior court judge by ~~G.S. 7A-48;G.S. 7A-48.~~
- (2) Be subject to assignment in the same manner as provided for an emergency superior court judge by G.S. 7A-46 and ~~G.S. 7A-52(a);G.S. 7A-52(a).~~
- (3) Receive the same compensation, expenses, and allowances, when assigned to hold court, as an emergency superior court judge as provided by ~~G.S. 7A-52(b);G.S. 7A-52(b).~~
- (4) Be subject to the provisions and requirements of the Canons of Judicial ~~Conduct; andConduct.~~

...

1 (c) Upon reaching mandatory retirement age for superior court judges as set forth in
 2 ~~G.S. 7A-4.20~~, G.S. 7A-40.1, any emergency special superior court judge appointed pursuant to
 3 this section, whose commission has expired, may be recalled as a recalled emergency special
 4 superior court judge to preside over any regular or special session of the superior court ~~under if~~
 5 each of the following circumstances; requirements is satisfied:

- 6 (1) The judge shall consent to the ~~recall~~; recall.
 7 (2) The Chief Justice may order the ~~recall~~; recall.
 8 (3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled
 9 judge is capable of efficiently and promptly discharging the duties of the
 10 office to which ~~recalled~~; recalled.
 11 (4) Jurisdiction of a recalled emergency special superior court judge is as set forth
 12 in ~~G.S. 7A-48~~; G.S. 7A-48.
 13 (5) Orders of recall and assignment shall be in writing and entered upon the
 14 minutes of the court to which ~~assigned~~; and the judge is assigned.

15 ...

16 (d) Any former justice or judge of the appellate division of the General Court of Justice
 17 who otherwise meets the requirements of subsection (a) of this section to be appointed an
 18 emergency special superior court judge but has already reached the mandatory retirement age for
 19 superior court judges set forth in ~~G.S. 7A-4.20~~ G.S. 7A-40.1 on retirement may, in lieu of serving
 20 as an emergency judge of the court from which he retired, apply to the Governor to be appointed
 21 as an emergency special superior court judge as provided in this section. If the Governor issues
 22 a commission to the applicant, the retired justice or judge is subject to recall as an emergency
 23 special superior court judge as provided in subsection (c) of this section.

24"

25 **SECTION 16.14.(h)** G.S. 7A-52(a) reads as rewritten:

26 "(a) Judges of the district court and judges of the superior court who have not reached the
 27 mandatory retirement age specified in ~~G.S. 7A-4.20~~, G.S. 7A-40.1 and G.S. 7A-140.1,
 28 respectively, but who have retired under the provisions of G.S. 7A-51, or under the Uniform
 29 Judicial Retirement Act after having completed five years of creditable service, may apply as
 30 provided in G.S. 7A-53 to become emergency judges of the court from which they retired. From
 31 the commissioned emergency district, superior, and special superior court judges, the Chief
 32 Justice of the Supreme Court shall create two lists of active emergency judges and two lists of
 33 inactive emergency judges. For emergency superior and special superior court judges, the active
 34 list shall be limited to a combined total of 10 emergency judges; all other emergency superior
 35 and special superior court judges shall be on an inactive list. For emergency district court judges,
 36 the active list shall be limited to 25 emergency judges; all other emergency district court judges
 37 shall be on an inactive list. There is no limit to the number of emergency judges on either inactive
 38 list. In the Chief Justice's discretion, emergency judges may be added or removed from their
 39 respective active and inactive lists, as long as the respective numerical limits on the active lists
 40 are observed. The Chief Justice is requested to consider geographical distribution in assigning
 41 emergency judges to an active list but may utilize any factor in determining which emergency
 42 judges are assigned to an active list. The Chief Justice of the Supreme Court may order any
 43 emergency district, superior, or special superior court judge on an active list who, in ~~his~~ the Chief
 44 Justice's opinion, is competent to perform the duties of a ~~judge~~, judge and to hold regular or
 45 special sessions of the court from which the judge retired, as needed. Order of assignment shall
 46 be in writing and entered upon the minutes of the court to which ~~such~~ the emergency judge is
 47 assigned. An emergency judge shall only be assigned in the event of a:

48"

49 **SECTION 16.14.(i)** G.S. 7A-53 reads as rewritten:

50 "§ 7A-53. **Application to the Governor; commission as emergency judge.**

1 No retired judge of the district or superior court may become an emergency judge except
 2 upon ~~his-the judge's~~ written application to the Governor certifying ~~his-the judge's~~ desire and
 3 ability to serve as an emergency judge. If the Governor is satisfied that the applicant qualifies
 4 under G.S. 7A-52(a) to become an emergency judge and ~~that he-the applicant~~ is physically and
 5 mentally able to perform the official duties of an emergency judge, ~~he-the Governor~~ shall issue
 6 to ~~such-the~~ applicant a commission as an emergency judge of the court from which ~~he-the~~
 7 applicant retired. The commission shall be effective upon the date of its issue and shall terminate
 8 when the judge to whom it is issued reaches the maximum age for judicial service under
 9 G.S. 7A-4.20(a), G.S. 7A-40.1 or G.S. 7A-140.1, whichever is applicable."

10 **SECTION 16.14.(j)** Article 14 of Chapter 7A of the General Statutes is amended by
 11 adding a new section to read:

12 "**§ 7A-140.1. Age limit for service as district judge; exception.**

13 No district judge may continue in office beyond the last day of the month in which the district
 14 judge attains 72 years of age, but district judges so retired may be recalled for periods of
 15 temporary service as provided in Subchapter III of this Chapter."

16 **SECTION 16.14.(k)** G.S. 7A-170(b) reads as rewritten:

17 "(b) No magistrate may continue in office beyond the last day of the month in which the
 18 magistrate reaches the mandatory retirement age for ~~justices and district judges of the General~~
 19 ~~Court of Justice~~ specified in ~~G.S. 7A-4.20, G.S. 7A-140.1.~~"

20 **SECTION 16.14.(l)** G.S. 135-57(b) reads as rewritten:

21 "(b) Any member who is a justice or judge of the General Court of Justice shall be
 22 automatically retired as of the ~~first-last~~ day of the calendar month ~~coinciding with or next~~
 23 ~~following the later of January 1, 1974, or his attainment of his seventy-second birthday; provided,~~
 24 ~~however, that no judge who is a member on January 1, 1974, shall be forced to retire under the~~
 25 ~~provisions of this subsection at an earlier date than the last day that he is permitted to remain in~~
 26 ~~office under the provisions of G.S. 7A-4.20 in which the justice or judge reaches the maximum~~
 27 age for judicial service under G.S. 7A-5(b), 7A-40.1, or 7A-140.1, whichever is applicable."

28 **SECTION 16.14.(m)** This section is effective when it becomes law and applies to
 29 justices, judges, and magistrates serving on or after that date, provided that nothing in this section
 30 shall be construed to automatically halt the retirement process of a justice, judge, or magistrate
 31 that has already initiated that process.

32
 33 **MODIFY MEMBERS AND REPORTING REQUIREMENTS OF THE SENTENCING**
 34 **AND POLICY ADVISORY COMMISSION AS RECOMMENDED BY THE**
 35 **SENTENCING AND POLICY ADVISORY COMMISSION**

36 **SECTION 16.16.(a)** G.S. 164-37 reads as rewritten:

37 "**§ 164-37. Membership; chairman; meetings; quorum.**

38 The Commission shall consist of ~~28-29~~ members as follows:

- 39 (1) The Chief Justice of the North Carolina Supreme Court shall appoint a sitting
 40 or former Justice or judge of the General Court of Justice, who shall serve as
 41 Chairman of the ~~Commission; Commission.~~
- 42 (2) The Chief Judge of the North Carolina Court of Appeals, or another judge on
 43 the Court of Appeals, serving as ~~his designee; the Chief Judge's designee.~~
- 44 (3) The Secretary of the Department of Adult Correction or ~~his designee; the~~
 45 Secretary's designee.
- 46 ...
- 47 (5) The Chairman of the Post-Release Supervision and Parole Commission, or ~~his~~
 48 ~~designee; the Chairman's designee.~~
- 49 (6) The President of the Conference of Superior Court Judges or ~~his designee; the~~
 50 President's designee.

- 1 (7) The President of the District Court Judges Association or ~~his designee;~~the
 2 President's designee.
- 3 (8) The President of the North Carolina Sheriff's Association or ~~his designee;~~the
 4 President's designee.
- 5 (9) The President of the North Carolina Association of Chiefs of Police or ~~his~~
 6 ~~designee;~~the President's designee.
- 7 (10) One member of the public at large, who is not currently licensed to practice
 8 law in North Carolina, to be appointed by the ~~Governor;~~Governor.
- 9 (11) One member to be appointed by the Lieutenant ~~Governor;~~Governor.
- 10 (12) Three members of the House of Representatives, to be appointed by the
 11 Speaker of the ~~House;~~House.
- 12 (13) Three members of the Senate, to be appointed by the President Pro Tempore
 13 of the ~~Senate;~~Senate.
- 14 (14) The President Pro Tempore of the Senate shall appoint the representative of
 15 the North Carolina ~~System of Community Sentencing Association Colleges~~
 16 who has knowledge of programs provided to offenders in the criminal justice
 17 system or to juveniles in the juvenile justice system that is recommended by
 18 the President of that ~~organization;~~organization.
- 19 (15) The Speaker of the House of Representatives shall appoint the member of the
 20 business community that is recommended by the President of the North
 21 Carolina Retail Merchants ~~Association;~~Association.
- 22 (16) The Chief Justice of the North Carolina Supreme Court shall appoint the
 23 criminal defense attorney that is recommended by the President of the North
 24 Carolina ~~Academy of Trial Lawyers;~~Advocates for Justice.
- 25 (17) The President of the Conference of District Attorneys or ~~his designee;~~the
 26 President's designee.
- 27 (18) The Lieutenant Governor shall appoint the member of the North Carolina
 28 Victim Assistance Network that is recommended by the President of that
 29 ~~organization;~~organization.
- 30 (19) A rehabilitated former prison inmate, to be appointed by the Chairman of the
 31 ~~Commission;~~Commission.
- 32 (20) The President of the North Carolina Association of County Commissioners or
 33 ~~his designee;~~the President's designee.
- 34 (21) The Governor shall appoint the member of the academic community, with a
 35 background in criminal justice or corrections policy, that is recommended by
 36 the President of The University of North ~~Carolina;~~Carolina.
- 37 (22) The Attorney General, or a member of ~~his~~the Attorney General's staff, to be
 38 appointed by the Attorney ~~General;~~General.
- 39 ...
- 40 (24) ~~A member of the Justice Fellowship Task Force, who is a resident of North~~
 41 ~~Carolina,~~ citizen of this State who works in either the criminal justice system
 42 or the juvenile justice system, depending on the current work of the
 43 Sentencing and Policy Advisory Commission, to be appointed by the
 44 Chairman of the Sentencing and Policy Advisory Commission.
- 45 (25) The President of the ~~Association North Carolina Conference of Clerks of~~
 46 ~~Superior Court of North Carolina, Court,~~ or ~~his designee;~~the President's
 47 designee.
- 48 ...
- 49 (27) The Secretary of the Department of Public Safety or the Secretary's designee.

50 The Commission shall have its initial meeting no later than September 1, 1990, at the call of
 51 the Chairman. The Commission shall meet a minimum of four regular meetings each year. The

1 Commission may also hold special meetings at the call of the Chairman, or by any four members
2 of the Commission, upon such notice and in such manner as may be fixed by the rules of the
3 Commission. A majority of the members of the Commission shall constitute a quorum."

4 **SECTION 16.16.(b)** G.S. 164-47 reads as rewritten:

5 **"§ 164-47. Biennial Report on Recidivism.**

6 The Judicial Department, through the North Carolina Sentencing and Policy Advisory
7 ~~Commission, the Division of Prisons of the Department of Adult Correction, and the Division of~~
8 ~~Community Supervision and Reentry of Commission and~~ the Department of Adult ~~Correction~~
9 ~~Correction~~, shall jointly conduct ongoing evaluations of community corrections programs and
10 in-prison treatment programs and make a biennial report to the General Assembly. The report
11 shall include composite measures of program effectiveness based on recidivism rates, other
12 outcome measures, and costs of the programs.

13 During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall
14 coordinate the collection of all data necessary to create an expanded database containing offender
15 information on prior convictions, current conviction and sentence, program participation, and
16 outcome measures. Each program to be evaluated shall assist the Commission in the development
17 of systems and collection of data necessary to complete the evaluation process. The first
18 evaluation report shall be presented to the Chairs of the Senate and House Appropriations
19 Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice
20 and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each
21 even-numbered year."

22 **SECTION 16.16.(c)** G.S. 164-50 reads as rewritten:

23 **"§ 164-50. Annual report on implementation of Justice Reinvestment Project.**

24 The Judicial Department, through the North Carolina Sentencing and Policy Advisory
25 ~~Commission, Commission and the Division Department of Prisons Adult Correction,~~ shall jointly
26 conduct ongoing evaluations regarding the implementation of the Justice Reinvestment Act of
27 2011. The Commission shall present the first evaluation report to the Joint Legislative ~~Correction,~~
28 ~~Crime Control, and Juvenile Justice Oversight Committee on Justice and Public Safety~~ and to the
29 Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and
30 Public Safety by April 15, 2012, and future reports shall be made annually by April 15 of each
31 year."
32

33 **CONSOLIDATE COURTS IN ROBESON COUNTY**

34 **SECTION 16.17.** No later than January 1, 2025, Robeson County shall cease the use
35 of satellite court locations.
36

37 **CREATE NEW SPECIAL SUPERIOR COURT JUDGES**

38 **SECTION 16.19.(a)** G.S. 7A-45.1 reads as rewritten:

39 **"§ 7A-45.1. Special judges.**

40 ...

41 (a10) Except for the judgeships abolished pursuant to subsection (a8) of this section, and
42 except as provided in subsection (a12) of this section, upon the retirement, resignation, removal
43 from office, death, or expiration of the term of any special superior court judge on or after
44 September 1, 2014, each judgeship shall be filled for a full ~~five-year~~ eight-year term beginning
45 upon the judge's taking office according to the following procedure prescribed by the General
46 Assembly pursuant to Article IV, Section 9(1) of the North Carolina Constitution. As each
47 judgeship becomes vacant or the term expires, the Governor shall submit the name of a nominee
48 for that judgeship to the General Assembly for confirmation by ratified joint resolution. Upon
49 each such confirmation, the Governor shall appoint the confirmed nominee to that judgeship.

50 However, upon the failure of the Governor to submit the name of a nominee within 90 days
51 of the occurrence of the vacancy or within 90 days of the expiration of the judge's term, as

1 applicable, the President Pro Tempore of the Senate and the Speaker of the House of
2 Representatives jointly shall submit the name of a nominee to the General Assembly. The
3 appointment shall then be made by enactment of a bill. The bill shall state the name of the person
4 being appointed, the office to which the appointment is being made, and the county of residence
5 of the appointee.

6 The Governor may withdraw any nomination prior to it failing on any reading, and in case of
7 such withdrawal the Governor shall submit a different nomination within 45 days of withdrawal.
8 If a nomination shall fail any reading, the Governor shall submit a different nomination within
9 45 days of such failure. In either case of failure to submit a new nomination within 45 days, the
10 President Pro Tempore of the Senate and the Speaker of the House of Representatives shall
11 submit the name of a nominee to the General Assembly under the procedure provided in the
12 preceding paragraph.

13 No person shall occupy a special superior court judgeship authorized under this subsection
14 in any capacity, or have any right to, claim upon, or powers of those judgeships, unless that
15 person's nomination has been confirmed by the General Assembly by joint resolution or
16 appointed through the enactment of a bill upon the failure of the Governor to submit a nominee.
17 Until confirmed by the General Assembly and appointed by the Governor, or appointed by the
18 General Assembly upon the failure of the Governor to appoint a nominee, and qualified by taking
19 the oath of office, a nominee is neither a de jure nor a de facto officer.

20 ...

21 (a12) In addition to any other special superior court judges authorized by law, effective
22 January 1, 2024, the General Assembly may appoint by enactment of a bill 10 special superior
23 court judges to serve terms expiring at the earlier of (i) eight years from the date that each judge
24 takes office or (ii) the date of the judge's death, retirement, resignation, or removal from office.
25 A bill appointing a special superior court judge under this subsection shall state the name of the
26 person being appointed, the office to which the appointment is being made, and the judicial
27 division of residence of the appointee. Five of these judges shall be nominated by the Speaker of
28 the House of Representatives, one residing in each of the five judicial divisions listed under
29 G.S. 7A-41, and five shall be nominated by the President Pro Tempore of the Senate, one residing
30 in each of the five judicial divisions listed under G.S. 7A-41.

31 Upon the natural expiration of the term of a special superior court judge appointed pursuant
32 to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation,
33 or removal from office, a successor shall be appointed to a new term in the same manner and for
34 the same length as other judges appointed pursuant to this subsection. The legislative officer who
35 nominated the special superior court judge whose term has ended shall nominate the new special
36 superior court judge.

37 A special superior court judge takes the same oath of office and is subject to the same
38 requirements and disabilities as are or may be prescribed by law for regular judges of the superior
39 court, save the requirement of residence in a particular district.

40 (b) A special judge is subject to removal from office for the same causes and in the
41 same manner as a regular judge of the superior court, and a vacancy occurring in the office of
42 special judge-judge, except as provided for in subsection (a12) of this section, is filled by the
43 Governor by appointment for the unexpired term.

44"

45 **SECTION 16.19.(b)** Notwithstanding any other provision of law to the contrary,
46 special superior court judgeships in place as of April 1, 2023, whether filled or vacant, shall be
47 extended to an eight-year term. This subsection shall apply to all special superior court judges
48 currently filling these judgeships, whether serving an appointment for a full term or serving the
49 remainder of an unexpired term, in which case the unexpired term shall be similarly extended to
50 be an eight-year term.

MODIFY JUDICIAL STANDARDS COMMISSION MEMBERSHIP

SECTION 16.20.(a) G.S. 7A-375(a) reads as rewritten:

"(a) Composition. – The Judicial Standards Commission shall consist of the following residents of North Carolina: ~~two~~

(1) Two Court of Appeals judges, two judges, each appointed by the Chief Justice of the Supreme Court.

(2) Two superior court judges, and two judges, each appointed by the Chief Justice of the Supreme Court.

(3) Two district court judges, each appointed by the Chief Justice of the Supreme Court; four members of the State Bar who have actively practiced in the courts of the State for at least 10 years, elected by the State Bar Council; and four Court.

(4) Four judges appointed by the General Assembly in accordance with G.S. 120-121, selected as follows:

a. One district court judge recommended by the President Pro Tempore of the Senate.

b. One district court judge recommended by the Speaker of the House of Representatives.

c. One superior court judge recommended by the President Pro Tempore of the Senate.

d. One superior court judge recommended by the Speaker of the House of Representatives.

(5) Four citizens who are not judges, active or retired, ~~nor members of the State Bar,~~ two appointed by the Governor, and two appointed by the General Assembly in accordance with G.S. 120-121, one upon recommendation of the President Pro Tempore of the Senate and one upon recommendation of the Speaker of the House of Representatives.

The General Assembly shall also appoint alternate Commission members for the Commission members the General Assembly has appointed to serve in the event of scheduling conflicts, conflicts of interest, disability, or other disqualification arising in a particular case. The alternate members shall have the same qualifications for appointment as the original members."

SECTION 16.20.(b) This section is effective when it becomes law and shall result in the immediate conclusion of the terms of each of the four members of the Judicial Standards Commission previously elected by the State Bar Council. These four seats on the Judicial Standards Commission shall then be filled for new terms by the General Assembly pursuant to G.S. 7A-375(a), as amended by subsection (a) of this section.

The amendment in subsection (a) of this section to the qualifications for citizens appointed to the Judicial Standards Commission pursuant to G.S. 7A-375(a)(5) shall apply to all future appointments made pursuant to that subdivision.

FACILITATE DETERMINATIONS REGARDING FACIAL CHALLENGES TO THE VALIDITY OF AN ACT OF THE GENERAL ASSEMBLY AND MODIFY THE PROVISIONS REGARDING APPEALS OF RIGHT TO THE NORTH CAROLINA SUPREME COURT

SECTION 16.21.(a) G.S. 1-267.1 reads as rewritten:

"Article 26A.

"Three-Judge Panel for Redistricting Challenges and for Certain Challenges to State Laws.

"§ 1-267.1. Three-judge panel for actions challenging plans apportioning or redistricting State legislative or congressional districts; claims challenging the facial validity of an act of the General Assembly.

1 (a) Any action challenging the validity of any act of the General Assembly that
2 apportions or redistricts State legislative or congressional districts shall be filed in the Superior
3 Court of Wake ~~County and County~~. Any action that is a facial challenge to the validity of an act
4 of the General Assembly shall be, unless filed in the Superior Court of Wake County, transferred
5 pursuant to G.S. 1A-1, Rule 42(b)(4), to the Superior Court of Wake County.

6 All actions referenced in this subsection shall be heard and determined by a three-judge panel
7 of the Superior Court of Wake County organized as provided by subsection ~~(b)~~ (b2) of this
8 section.

9 ~~(a1) Except as otherwise provided in subsection (a) of this section, any facial challenge to~~
10 ~~the validity of an act of the General Assembly shall be transferred pursuant to G.S. 1A-1, Rule~~
11 ~~42(b)(4), to the Superior Court of Wake County and shall be heard and determined by a~~
12 ~~three-judge panel of the Superior Court of Wake County, organized as provided by subsection~~
13 ~~(b2) of this section.~~

14 ~~(b) Whenever any person files in the Superior Court of Wake County any action~~
15 ~~challenging the validity of any act of the General Assembly that apportions or redistricts State~~
16 ~~legislative or congressional districts, a copy of the complaint shall be served upon the senior~~
17 ~~resident superior court judge of Wake County, who shall be the presiding judge of the three-judge~~
18 ~~panel required by subsection (a) of this section. Upon receipt of that complaint, the senior resident~~
19 ~~superior court judge of Wake County shall notify the Chief Justice, who shall appoint two~~
20 ~~additional resident superior court judges to the three-judge panel of the Superior Court of Wake~~
21 ~~County to hear and determine the action. Before making those appointments, the Chief Justice~~
22 ~~shall consult with the North Carolina Conference of Superior Court Judges, which shall provide~~
23 ~~the Chief Justice with a list of recommended appointments. To ensure that members of the~~
24 ~~three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to~~
25 ~~the three-judge panel one resident superior court judge from the First through Third Judicial~~
26 ~~Divisions and one resident superior court judge from the Fourth through Fifth Judicial Divisions.~~
27 ~~In order to ensure fairness, to avoid the appearance of impropriety, and to avoid political bias, no~~
28 ~~member of the panel, including the senior resident superior court judge of Wake County, may be~~
29 ~~a former member of the General Assembly. Should the senior resident superior court judge of~~
30 ~~Wake County be disqualified or otherwise unable to serve on the three-judge panel, the Chief~~
31 ~~Justice shall appoint another resident superior court judge of Wake County as the presiding judge~~
32 ~~of the three-judge panel. Should any other member of the three-judge panel be disqualified or~~
33 ~~otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint as a~~
34 ~~replacement another resident superior court judge from the same group of judicial divisions as~~
35 ~~the resident superior court judge being replaced.~~

36 ~~(b1) Any facial challenge to the validity of an act of the General Assembly filed in the~~
37 ~~Superior Court of Wake County, other than a challenge to plans apportioning or redistricting~~
38 ~~State legislative or congressional districts that shall be heard pursuant to subsection (b) of this~~
39 ~~section, or any claim transferred to the Superior Court of Wake County pursuant to subsection~~
40 ~~(a1) of this section, shall be assigned by the senior resident Superior Court Judge of Wake County~~
41 ~~to a three-judge panel established pursuant to subsection (b2) of this section.~~

42 ~~(b2) For each challenge to the validity of statutes and acts subject to subsection (a1)~~
43 ~~referenced in subsection (a) of this section, the Chief Justice of the Supreme Court shall appoint~~
44 ~~three resident superior court judges to a three-judge panel of the Superior Court of Wake County~~
45 ~~to hear the challenge. The Chief Justice shall appoint a presiding judge of each three-judge panel.~~
46 ~~To ensure that members of each three-judge panel are drawn from different regions of the State,~~
47 ~~the Chief Justice shall appoint to each three-judge panel one resident superior court judge from~~
48 ~~the First or Second Judicial Division, one resident superior court judge from the Third or Fourth~~
49 ~~Judicial Division, and one resident superior court judge from the Fifth Judicial Division. Should~~
50 ~~any member of a three-judge panel be disqualified or otherwise unable to serve on the three-judge~~
51 ~~panel or be removed from the panel at the discretion of the Chief Justice, the Chief Justice shall~~

1 appoint as a replacement another ~~resident~~ superior court judge from the same group of judicial
 2 ~~divisions as the resident superior court judge being replaced.~~ judge. No member of the panel on
 3 an action challenging the validity of any act of the General Assembly that apportions or redistricts
 4 State legislative or congressional districts may be a former member of the General Assembly.

5 (c) No order or judgment shall be entered affecting the validity of any act of the General
 6 Assembly that apportions or redistricts State legislative or congressional districts, or finds that
 7 an act of the General Assembly is facially invalid on the basis that the act violates the North
 8 Carolina Constitution or federal law, except by a three-judge panel of the Superior Court of Wake
 9 County organized as provided by subsection ~~(b)~~ or subsection (b2) of this section. In the event
 10 of disagreement among the three ~~resident~~ superior court judges comprising a three-judge panel,
 11 then the opinion of the majority shall prevail.

12 (d) This section applies only to civil proceedings. Nothing in this section shall be deemed
 13 to apply to criminal proceedings, to proceedings under Chapter 15A of the General Statutes, to
 14 proceedings making a collateral attack on any judgment entered in a criminal proceeding, or to
 15 civil proceedings filed by a taxpayer pursuant to G.S. 105-241.17.

16 (e) For the purposes of this section, the position of superior court judge shall include
 17 regular, special, and emergency superior court judges."

18 **SECTION 16.21.(b)** G.S. 1A-1, Rule 42 of the North Carolina Rules of Civil
 19 Procedure reads as rewritten:

20 **"Rule 42. Consolidation; separate trials.**

21 (a) Consolidation. – Except as provided in subdivision (b)(2) of this section, when actions
 22 involving a common question of law or fact are pending in one division of the court, the judge
 23 may order a joint hearing or trial of any or all the matters in issue in the actions; ~~he the judge~~ may
 24 order all the actions consolidated; and ~~he the judge~~ may make such orders concerning
 25 proceedings therein as may tend to avoid unnecessary costs or delay. When actions involving a
 26 common question of law or fact are pending in both the superior and the district court of the same
 27 county, a judge of the superior court in which the action is pending may order all the actions
 28 consolidated, and ~~he the judge~~ may make such orders concerning proceedings therein as may
 29 tend to avoid unnecessary costs or delay.

30 (b) Separate trials. –

31 ...

32 (4) Pursuant to G.S. 1-267.1, any facial challenge to the validity of an act of the
 33 General Assembly, other than a challenge to plans apportioning or
 34 redistricting State legislative or congressional districts, shall be heard by a
 35 three-judge panel in the Superior Court of Wake County if a claimant raises
 36 such a challenge in the claimant's complaint or amended complaint in any
 37 court in this State, or if such a challenge is raised by the defendant in the
 38 defendant's answer, responsive pleading, or within 30 days of filing the
 39 defendant's answer or responsive pleading. In that event, the court shall, on its
 40 own ~~motion,~~ motion or the motion of a party, transfer that portion of the action
 41 challenging the validity of the act of the General Assembly to the Superior
 42 Court of Wake County for resolution by a ~~three-judge~~ three-judge panel if,
 43 after all other matters in the action have been resolved, a determination as to
 44 the facial validity of an act of the General Assembly must be made in order to
 45 completely resolve any matters in the case. The court in which the action
 46 originated shall maintain jurisdiction over all matters other than the challenge
 47 to the act's facial validity. For a motion filed under Rule 11 or Rule 12(b)(1)
 48 through (7), the original court shall rule on the motion, however, it may
 49 decline to rule on a motion that is based solely upon Rule 12(b)(6). If the
 50 original court declines to rule on a Rule 12(b)(6) motion, the motion shall be
 51 decided by the three-judge panel. The original court shall stay all matters that

1 are contingent upon the outcome of the challenge to the act's facial validity
 2 pending a ruling on that challenge and until all appeal rights are exhausted.
 3 Once the three-judge panel has ruled and all appeal rights have been
 4 exhausted, the matter shall be transferred or remanded to the three-judge panel
 5 or the trial court in which the action originated for resolution of any
 6 outstanding matters, as appropriate."

7 **SECTION 16.21.(c)** G.S. 7A-27(b) reads as rewritten:

8 "(b) Except as provided in subsection (a) of this section, appeal lies of right directly to the
 9 Court of Appeals in any of the following cases:

10 ...

11 (3) From any interlocutory order or judgment of a superior court or district court
 12 in a civil action or proceeding that does any of the following:

13 ...

14 g. Denies, upon the court's own motion or the motion of a party, the
 15 transfer of an action or proceeding pursuant to Rule 42(b)(4) of the
 16 North Carolina Rules of Civil Procedure.

17"

18 **SECTION 16.21.(d)** G.S. 7A-30 reads as rewritten:

19 **"§ 7A-30. Appeals of right from certain decisions of the Court of Appeals.**

20 Except as provided in G.S. 7A-28, an appeal lies of right to the Supreme Court from any
 21 decision of the Court of Appeals rendered in a case:

22 (1) Which directly involves a substantial question arising under the Constitution
 23 of the United States or of this ~~State, or State.~~

24 (2) ~~In which there is a dissent when the Court of Appeals is sitting in a panel of~~
 25 ~~three judges. An appeal of right pursuant to this subdivision is not effective~~
 26 ~~until after the Court of Appeals sitting en banc has rendered a decision in the~~
 27 ~~case, if the Court of Appeals hears the case en banc, or until after the time for~~
 28 ~~filing a motion for rehearing of the cause by the Court of Appeals has expired~~
 29 ~~or the Court of Appeals has denied the motion for rehearing."~~

30 **SECTION 16.21.(e)** Subsection (d) of this section is effective when it becomes law
 31 and applies to appellate cases filed with the Court of Appeals on or after that date. The remainder
 32 of this section is effective when it becomes law and applies to civil actions pending or filed on
 33 or after that date.

34 **INCLUDE DOLLAR AMOUNTS ON COURT COST WAIVER REPORT**

35 **SECTION 16.22.(a)** G.S. 7A-350 reads as rewritten:

36 **"§ 7A-350. Annual report on criminal court cost waivers.**

37 The Administrative Office of the Courts shall maintain records of all cases in which a judge
 38 makes a finding of just cause to grant a waiver of criminal court costs under G.S. 7A-304(a) and
 39 shall report on those ~~waivers-waivers, including an exact or best estimate of the dollar amount of~~
 40 each waiver, to the chairs of the House of Representatives and Senate Appropriations Committees
 41 on Justice and Public Safety and the chairs of the Joint Legislative Oversight Committee on
 42 Justice and Public Safety by February 1 of each year. The report shall aggregate the waivers by
 43 the district in which the waiver or waivers were granted and by the name of each judge granting
 44 a waiver or waivers."

45 **SECTION 16.22.(b)** This section becomes effective January 1, 2024, and applies to
 46 waivers granted on or after that date.

47 **COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING**

48 **SERVICES TO VICTIMS OF HUMAN TRAFFICKING**

1 **SECTION 16.23.(a)** Article 29 of Chapter 7A of the General Statutes is amended by
2 adding a new section to read:

3 **"§ 7A-354.1. Human Trafficking Commission Competitive Grant Program.**

4 (a) Established. – The Human Trafficking Commission shall develop and implement the
5 Human Trafficking Commission Competitive Grant Program.

6 (b) Criteria. – The following criteria shall apply to the Grant Program:

7 (1) Grant applicants shall satisfy all of the following:

8 a. Be a nonprofit corporation.

9 b. Provide direct services to victims of human trafficking, which may
10 include case management, client safety, client well-being, and other
11 services, including health, transportation, housing, education, and
12 employment assistance.

13 c. Be ineligible for a grant under the provisions of G.S. 50B-9 and
14 G.S. 143B-394.21.

15 d. Submit a detailed proposal of its human trafficking service program
16 which shall, at a minimum, include each of the following:

17 1. A description of the geographic area the organization serves
18 and the needs of victims of human trafficking in that area.

19 2. A plan to address the needs of victims, including the goals and
20 objectives of each proposed initiative.

21 3. The timeline for implementing each proposed initiative to
22 achieve the desired objective and the names of any partners
23 with whom the organization will be working and the role of
24 those partners in the proposed initiative.

25 4. A list of the specific services each proposed initiative will
26 deliver, which may include case management, client safety,
27 client well-being, and other services, including health,
28 transportation, housing, education, and employment
29 assistance.

30 5. The anticipated planning and administrative costs for each
31 proposed initiative, sorted by type, including staffing, fixed
32 costs, contracts, and information technology.

33 6. A description of the organization's capacity to implement its
34 plan to address the needs of victims, including the
35 organization's staffing level, systems, partnerships, existing
36 funding, and existing programs.

37 7. Any additional information deemed appropriate by the
38 Commission.

39 (2) The Commission shall coordinate outreach efforts with the North Carolina
40 Council for Women and Youth Involvement (Council), State agencies, and
41 local partners to make information regarding the grant funds available to
42 eligible organizations within two weeks after this section becomes law.

43 (3) The Commission shall, upon receipt of all applications by the deadlines set by
44 the Commission, expeditiously award and disburse grant funds.

45 (4) Grant recipients shall comply with all reporting requirements in
46 G.S. 143C-6-23 and the contract between the recipient and the Commission.

47 (c) Grant Maximum. – The Commission shall set the maximum amount of each grant
48 based upon the availability of funds, provided that no grantee shall receive more than fifty
49 thousand dollars (\$50,000) in grant funds in each State fiscal year.

(d) Grantee Reporting. – No later than February 1 of each year following a year in which a grantee received funds pursuant to the Grant Program created under this section, each grantee shall submit a report to the Commission that includes all of the following:

- (1) Progress on the development and implementation of each of its program initiatives.
- (2) Progress on meeting goals and objectives for each program initiative.
- (3) The number of human trafficking victims assisted through each program initiative.
- (4) A description and explanation of any delays in implementation of program initiatives.
- (5) A description and explanation of any changes in the proposal submitted pursuant to sub-subdivision d. of subdivision (1) of subsection (b) of this section.
- (6) Planning and administrative costs to date for each program initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.
- (7) Any additional information required by the Commission.

The Commission shall post on its website the reports required by this subsection.

(e) Commission Reporting. – No later than April 1 of each year, the Commission shall submit a report on the grants awarded in the previous year to the Senate Appropriations Committee on Justice and Public Safety, the House of Representatives Appropriations Committee on Justice and Public Safety, the Joint Legislative Oversight Committee on Justice and Public Safety, and the Fiscal Research Division. The report shall contain all of the following:

- (1) The number of applications received.
- (2) The number of grants awarded.
- (3) The names and locations of the grant recipients.
- (4) The amount of each grant awarded.
- (5) A description of the human trafficking initiatives funded by each grant awarded under this section, including the geographic area in which services were provided.
- (6) The total number of victims of human trafficking that were served, to date, by each recipient receiving a grant under this section."

SECTION 16.23.(b) The funds appropriated in this act to the Administrative Office of the Courts, Human Trafficking Commission (Commission), to create a human trafficking competitive grant program shall be used to develop and implement the Human Trafficking Commission Competitive Grant Program created in subsection (a) of this section. The Commission may use up to eighty-eight thousand dollars (\$88,000) of these funds in each fiscal year of the 2023-2025 fiscal biennium to establish one time-limited position to administer the grant program.

NUMERICALLY REALIGN SUPERIOR, DISTRICT COURT, AND PUBLIC DEFENDER DISTRICTS WITH PROSECUTORIAL DISTRICTS

SECTION 16.26.(a) G.S. 7A-41 reads as rewritten:

"§ 7A-41. Superior court divisions and districts; judges.

(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
-------------------	-------------------------	----------	------------------------

1	...			
2	First	<u>3A3</u>	Pitt	2
3	Second	<u>3B4</u>	Carteret, Craven,	3
4			Pamlico	
5	Second	<u>45</u>	Duplin, Jones,	2
6			Onslow, Sampson	
7	Second	<u>5A6A</u>	(part of New Hanover,	1
8			Pender	
9			see subsection (b))	5
10	<u>Second</u>	<u>5B6B</u>	(part of New Hanover,	1
11			see subsection (b))	
12	<u>Second</u>	<u>5C6C</u>	(part of New Hanover,	1
13			see subsection (b))	
14	First	<u>6A7A</u>	Halifax	1
15	First	<u>6B7B</u>	Bertie, Hertford,	1
16			Northampton	
17	First	<u>7A8A</u>	Nash	1
18	First	<u>7B8B</u>	(part of Wilson,	1
19			part of Edgecombe,	
20			see subsection (b))	
21	First	<u>7C8C</u>	(part of Wilson,	1
22			part of Edgecombe,	
23			see subsection (b))	
24	Second	<u>8A9A</u>	Lenoir and Greene	1
25	Second	<u>8B9B</u>	Wayne	1
26	First	<u>911</u>	Franklin, Granville,	2
27			Person, Vance, Warren	
28	...			
29	Third	<u>11A12</u>	Harnett,	1
30			Lee	
31	Third	<u>11B13</u>	Johnston	2
32	Third	<u>12A14A</u>	(part of Cumberland,	1
33			see subsection (b))	
34	Third	<u>12B14B</u>	(part of Cumberland,	1
35			see subsection (b))	
36	Third	<u>12C14C</u>	(part of Cumberland,	2
37			see subsection (b))	
38	Second	<u>13A15A</u>	Bladen, Columbus	1
39	Second	<u>13B15B</u>	Brunswick	1
40	First	<u>14A16A</u>	(part of Durham,	1
41			see subsection (b))	
42	First	<u>14B16B</u>	(part of Durham,	3
43			see subsection (b))	
44	Third	<u>15A17</u>	Alamance	2
45	Fourth	<u>15B18</u>	Orange, Chatham	2
46	Third	<u>16A21</u>	Anson, Richmond,	2
47			Scotland	
48	Second	<u>16B20</u>	Robeson	2
49	Fourth	<u>17A22</u>	Caswell, Rockingham	2
50	Fourth	<u>17B23</u>	Stokes, Surry	1
51	Fourth	<u>18A24A</u>	(part of Guilford,	1

1			see subsection (b))	
2	Fourth	18B24B	(part of Guilford,	1
3			see subsection (b))	
4	Fourth	18C24C	(part of Guilford,	1
5			see subsection (b))	
6	Fourth	18D24D	(part of Guilford,	1
7			see subsection (b))	
8	Fourth	18E24E	(part of Guilford,	1
9			see subsection (b))	
10	Fourth	19A25	Cabarrus	1
11	Third	19B37	Randolph	2
12	Fourth	19C27	Rowan	1
13	Third	19D29	Hoke, Moore	2
14	Third	20A28	Montgomery, Stanly	2
15	Third	20B30	Union	2
16	Fourth	21A31A	(part of Forsyth,	2
17			see subsection (b))	
18	Fourth	21B31B	(part of Forsyth,	1
19			see subsection (b))	
20	Fourth	21C31C	(part of Forsyth,	1
21			see subsection (b))	
22	Fourth	21D31D	(part of Forsyth,	1
23			see subsection (b))	
24	Fourth	22A32	Alexander, Iredell	2
25	Fourth	22B33	Davidson, Davie	2
26	Fourth	2334	Alleghany, Ashe,	1
27			Wilkes, Yadkin	
28	Fifth	2435	Avery, Madison,	2
29			Mitchell,	
30			Watauga, Yancey	
31	Fifth	25A36	Burke, Caldwell	2
32	Fifth	25B19	Catawba	2
33	...			
34	<u>Fifth</u>	26D	(part of Mecklenburg,	1
35			see subsection (b))	
36	<u>Fifth</u>	26E	(part of Mecklenburg,	1
37			see subsection (b))	
38	<u>Fifth</u>	26F	(part of Mecklenburg,	1
39			see subsection (b))	
40	<u>Fifth</u>	26G	(part of Mecklenburg,	1
41			see subsection (b))	
42	<u>Fifth</u>	26H	(part of Mecklenburg,	1
43			see subsection (b))	
44	Fifth	27A38	Gaston	2
45	Fifth	27B39	Cleveland, Lincoln	2
46	Fifth	2840	Buncombe	2
47	Fifth	29A41	McDowell,	1
48			Rutherford	
49	Fifth	29B42	Henderson, Polk,	1
50			Transylvania	
51	Fifth	30A43A	Cherokee, Clay,	1

1	...		
2	3A3	6	Pitt
3	3B4	6	Craven
4			Pamlico
5			Carteret
6	45	9	Sampson
7			Duplin
8			Jones
9			Onslow
10	56	9	New Hanover
11			Pender
12	67	4	Northampton
13			Bertie
14			Hertford
15			Halifax
16	78	7	Nash
17			Edgecombe
18			Wilson
19	89	6	Wayne
20			Greene
21			Lenoir
22	911A	5	Granville
23			(part of Vance
24			see subsection
25			(b))
26			Franklin
27			Person
28	9B11B	2	Warren
29			(part of Vance
30			see subsection (b))
31	...		
32	112	11	Harnett
33			Johnston
34			Lee
35	1214	10	Cumberland
36	1315	7	Bladen
37			Brunswick
38			Columbus
39	1416	7	Durham
40	15A17	4	Alamance
41	15B18	5	Orange
42			Chatham
43	16A21	4	Scotland
44			Anson
45			Richmond
46	16B20	6	Robeson
47	17A22	4	Caswell
48			Rockingham
49	17B23	4	Stokes
50			Surry
51	1824	14	Guilford

1	<u>19A25</u>	6	Cabarrus
2	<u>19B37</u>	5	Randolph
3	<u>19C27</u>	5	Rowan
4	<u>19D29</u>	5	Hoke, Moore
5	<u>20A28</u>	3	Montgomery, Stanly
6			
7	<u>20B30A</u>	1	(part of Union see subsection (b))
8			
9	<u>20C30B</u>	2	(part of Union see subsection (b))
10			
11	<u>20D30C</u>	2	Union
12	<u>2131</u>	11	Forsyth
13	<u>22A32</u>	6	Alexander
14			Iredell
15	<u>22B33</u>	6	Davidson
16			Davie
17	<u>2334</u>	4	Alleghany
18			Ashe
19			Wilkes
20			Yadkin
21	<u>2435</u>	4	Avery
22			Madison
23			Mitchell
24			Watauga
25			Yancey
26	<u>2536</u>	10	Burke
27			Caldwell
28			Catawba
29	...		
30	<u>27A38</u>	7	Gaston
31	<u>27B39</u>	6	Cleveland
32			Lincoln
33	<u>2840</u>	7	Buncombe
34	<u>29A41</u>	4	McDowell
35			Rutherford
36	<u>29B42</u>	5	Henderson
37			Polk
38			Transylvania
39	<u>3043</u>	6	Cherokee
40			Clay
41			Graham
42			Haywood
43			Jackson
44			Macon
45			Swain.

(b) For district court districts of less than a whole county, or with part or all of one county with part of another, the composition of the district is as follows:

- (1) District Court District 9-11A consists of Person, Franklin and Granville Counties and the remainder of Vance County not in District Court District 9B-11B.

- 1 (2) District Court District ~~9B-11B~~ consists of Warren County and VTD EH1,
- 2 VTD MIDD, VTD NH1, VTD NH2, VTD TWNS, VTD WMSB of Vance
- 3 County.
- 4 (3) (Repealed effective January 1, 2025 – see notes) District Court District ~~20C~~
- 5 30B consists of the remainder of Union County not in District Court District
- 6 ~~20B-30A~~.
- 7 (4) (Repealed effective January 1, 2025 – see notes) District Court District ~~20B~~
- 8 30A consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block
- 9 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block
- 10 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003,
- 11 Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009,
- 12 Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015,
- 13 Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025,
- 14 Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031,
- 15 Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block
- 16 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block
- 17 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block
- 18 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block
- 19 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block
- 20 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block
- 21 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block
- 22 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block
- 23 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054,
- 24 Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001,
- 25 Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007,
- 26 Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014,
- 27 Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020,
- 28 Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group
- 29 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101,
- 30 Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039,
- 31 Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct
- 32 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block
- 33 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block
- 34 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002,
- 35 Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035,
- 36 Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045,
- 37 Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10,
- 38 Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25:
- 39 Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43
- 40 of Union County.
- 41 ...

42 The names and boundaries of voting tabulation districts specified for Wake County, and

43 Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line

44 Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services

45 Office's redistricting computer database on January 1, 2005; and for other counties are those

46 reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census

47 in the IVTD Version of the TIGER files.

48 (b1) The qualified voters of District Court ~~District 11~~ District 12 shall elect all eight judges

49 established for the District in subsection (a) of this section, but only persons who reside in

50 Johnston County may be candidates for five of the judgeships, only persons who reside in Harnett

1 County may be candidates for two of the judgeships, and only persons who reside in Lee County
2 may be candidates for the remaining judgeship.

3 (b2) The qualified voters of District Court District ~~13-15~~ shall elect all seven judges
4 established for the District in subsection (a) of this section, but only persons who reside in Bladen
5 County may be candidates for one of those judgeships, only persons who reside in Columbus
6 County may be candidates for two of those judgeships, and only persons who reside in Brunswick
7 County may be candidates for four of those judgeships. These district court judgeships shall be
8 numbered and assigned for residency purposes as follows:

9 ...

10 (b3) The qualified voters of District Court ~~District 22A~~ District 32 shall elect all five
11 judges established for the District in subsection (a) of this section, but only persons who reside
12 in Alexander County may be candidates for two of the judgeships, and only persons who reside
13 in Iredell County may be candidates for three of the judgeships.

14 (b4) The qualified voters of District Court ~~District 22B~~ District 33 shall elect all six judges
15 established for the District in subsection (a) of this section, but only persons who reside in Davie
16 County may be candidates for two of the judgeships, and only persons who reside in Davidson
17 County may be candidates for four of the judgeships.

18 (b5) The qualified voters of ~~District 16A~~ District 21 shall elect all judges established for
19 ~~District 16A~~ District 21 in subsection (a) of this section, but only persons who reside in Anson
20 County may be candidates for one of the judgeships, only persons who reside in Scotland County
21 may be candidates for one of the judgeships, and only persons who reside in Richmond County
22 may be candidates for the remaining judgeships. In order to implement this section the following
23 shall apply in order to transition from at large seats to residency requirements:

24 ...

25 (b6) The qualified voters of ~~District 20A~~ District 28 shall elect all judges established for
26 ~~District 20A~~ District 28 in subsection (a) of this section, but only persons who reside in
27 Montgomery County may be candidates for one of the judgeships, and only persons who reside
28 in Montgomery or Stanly County may be candidates for the remaining judgeships.

29 (b7) Subject to the provisions of this subsection, the qualified voters of ~~District 25~~ District
30 36 shall elect all judges established for ~~District 25~~ District 36 in subsection (a) of this section,
31 but only persons who reside in Catawba County may be candidates for five of the judgeships,
32 and only persons who reside in Burke or Caldwell County may be candidates for the remaining
33 judgeships. In order to implement this section the following shall apply in order to transition from
34 at large seats to residency requirements:

35 ...

36 (2) Transition of seats; vacancies. – Upon each of the first three district court
37 judgeship vacancies occurring in District Court ~~District 25~~ District 36 after
38 July 1, 2018, due to death, resignation, removal, or retirement of a person who
39 is a resident of Catawba County holding a judgeship on July 1, 2018, that
40 vacancy shall be filled according to law for the remainder of the unfilled term.
41 At the next general election held for that district court judgeship, only persons
42 who reside in Burke or Caldwell County may be candidates for that district
43 court judgeship. Any primary associated with that general election for that
44 district court judgeship after the completion of the term shall also be held
45 accordingly, in accordance with this subsection.

46 (3) Notification to State Board. – Upon each of the first three district court
47 judgeship vacancies occurring after July 1, 2018, in District Court ~~District 25~~
48 District 36 due to the death, resignation, removal, or retirement of a person
49 who is a resident of Catawba County holding a judgeship on July 1, 2018, the
50 Director of the Administrative Office of the Courts shall provide written
51 notice of the vacancy to the State Board of Elections and Ethics Enforcement.

1 During the filing period for that district court judgeship at the next general
 2 election held for that district court judgeship, the State Board of Elections and
 3 Ethics Enforcement shall ensure that only persons who reside in Burke or
 4 Caldwell County may file as candidates for that district court judgeship in
 5 accordance [with] this subsection.

6 ...
 7 (b8) The qualified voters of District Court District ~~19D-29~~ shall elect all judges established
 8 for District ~~19D-29~~ in subsection (a) of this section, but only persons who reside in Hoke County
 9 may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore
 10 County may be candidates for the remaining judgeships.

11"
 12 **SECTION 16.26.(c)** G.S. 7A-133, as amended by subsection (b) of this section,
 13 reads as rewritten:

14 "**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**
 15 **court, by counties.**

16 (a) Each district court district shall have the numbers of judges as set forth in the
 17 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
...		
30A		
30B		
30C-20B <u>30</u>	5	Union
...		

24 (b) For district court districts of less than a whole county, or with part or all of one county
 25 with part of another, the composition of the district is as follows:

- 26 ...
 27 (3) ~~30B-30A.~~
 28 (4) ~~30A.~~
 29"

30 **SECTION 16.26.(d)** G.S. 7A-60(a1), as amended by Section 3(a) of S.L. 2018-121,
 31 reads as rewritten:

32 "(a1) The counties of the State are organized into prosecutorial districts, and each district
 33 has the counties and the number of full-time assistant district attorneys set forth in the following
 34 table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
...		
<u>19</u>	<u>Catawba</u>	<u>10</u>
...		
44	<u>Catawba</u>	10"

42 **SECTION 16.26.(e)** Section 3(d) of S.L. 2018-121, as amended by Section 13(a) of
 43 S.L. 2021-91, reads as rewritten:

44 "**SECTION 3.(d)** The office and term of the district attorney for Prosecutorial District 36
 45 formerly consisting of Burke, Caldwell, and Catawba Counties is terminated upon the expiration
 46 of the term expiring December 31, 2026. Effective January 1, 2027, District 36 formerly
 47 consisting of Burke, Caldwell, and Catawba Counties is reassigned as provided in this section.
 48 All open investigations and pending cases for Prosecutorial District 36 formerly consisting of
 49 Burke, Caldwell, and Catawba Counties shall be transferred to either District 36 or ~~District 44,~~
 50 District 19, as enacted by this section. Burke and Caldwell Counties remain in District 36, as

enacted by this section, and the total number of ADAs in that district is ~~40~~11. Catawba County is added to ~~District 44, District 19,~~ and the total number of ADAs in that district is 10."

SECTION 16.26.(f) G.S. 7A-498.7(a) reads as rewritten:

"(a) The following counties of the State are organized into the defender districts listed below, and in each of those defender districts an office of public defender is established:

Defender District	Counties
...	
3A3	Pitt
3B4	Craven, Pamlico, Carteret
56	New Hanover, Pender
...	
1214	Cumberland
1416	Durham
15B18	Orange, Chatham
16A21	Scotland, Hoke
16B20	Robeson
1824	Guilford
2131	Forsyth
...	
27A38	Gaston
27B39	Cleveland, Lincoln
2840	Buncombe
29A41	McDowell, Rutherford
29B42	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 16.26.(g) The Revisor of Statutes shall reorder the Superior Court Districts in G.S. 7A-41, the District Court Districts in G.S. 7A-133, the Prosecutorial Districts in G.S. 7A-60, and the Defender Districts in G.S. 7A-498.7 to ensure that all districts are listed in numerical order and that all counties within each district are listed in alphabetical order. The Revisor of Statutes shall also reorder the counties in G.S. 7A-133(c) to be listed in alphabetical order.

SECTION 16.26.(h) Nothing in subsections (a) or (b) of this section shall be construed to affect the terms of office of any superior court judge or district court judge elected prior to the effective date of those subsections, or the terms of office of anyone appointed to fill a vacancy in any of those offices prior to the effective date of those subsections.

SECTION 16.26.(i) Subsections (a), (b), and (f) of this section become effective January 1, 2024. Subsection (c) of this section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly. Subsections (d) and (e) of this section become effective January 1, 2027. Except as otherwise provided, this section is effective when it becomes law.

EXPAND AUTHORITY TO PROVIDE LOCAL SUPPLEMENTS TO CERTAIN COURT POSITIONS

SECTION 16.28.(a) G.S. 7A-300.1 reads as rewritten:

"§ 7A-300.1. Local supplementation of salaries for certain officers and employees.

1 ...

2 (b) ~~This section applies only to (i) cities with a population of 300,000 or more according~~
3 ~~to the most recent estimate of the Office of State Budget and Management and (ii) counties with~~
4 ~~a population of 300,000 or over according to the most recent estimate of the Office of State~~
5 ~~Budget and Management."~~

6 **SECTION 16.28.(b)** This section is effective when it becomes law.

7

8 **EXTEND REVERSION DATE OF CERTAIN COURT-RELATED DIRECTED**
9 **GRANTS**

10 **SECTION 16.29.(a)** Notwithstanding any provision of law to the contrary, the funds
11 appropriated in S.L. 2021-180 to be allocated as directed grants to Cumberland County, Forsyth
12 County, Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and
13 Wayne County to be used to support innovative court pilot programs shall not revert until June
14 30, 2025.

15 **SECTION 16.29.(b)** Notwithstanding any provision of law to the contrary, the funds
16 appropriated in S.L. 2021-180 to be allocated as a directed grant to Cumberland County to be
17 used to support a Human Trafficking Court pilot program shall not revert until June 30, 2025.

18

19 **MODIFY REIMBURSEMENT RULES FOR APPELLATE JUDGES AND JUSTICES**

20 **SECTION 16.30.(a)** G.S. 7A-10(b1) reads as rewritten:

21 "(b1) In addition to the reimbursement for travel and subsistence expenses authorized by
22 subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent
23 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
24 the justice travels each trip to the City of Raleigh from the justice's home for business of the
25 court. The reimbursement authorized by this subsection shall be calculated for each justice by
26 multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a
27 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
28 exceed the business standard mileage rate set by the Internal Revenue Service. ~~The duty station~~
29 ~~for any justice of the Supreme Court whose permanent residence is at least 30 miles from the~~
30 ~~City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the~~
31 ~~Supreme Court shall be the county seat of the county in which the justice's permanent residence~~
32 ~~is located at the time of election or appointment to the office of justice of the Supreme Court for~~
33 ~~the purpose of determining eligibility for mileage reimbursement. If a justice who has previously~~
34 ~~qualified for mileage reimbursement under this subsection relocates the justice's permanent~~
35 ~~residence outside of the county of residence used in determining that justice's eligibility for~~
36 ~~reimbursement under this subsection, that justice shall not be eligible for reimbursement for~~
37 ~~mileage and the justice's duty station shall be Wake County."~~

38 **SECTION 16.30.(b)** G.S. 7A-18(a1) reads as rewritten:

39 "(a1) In addition to the reimbursement for travel and subsistence expenses authorized by
40 subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent
41 residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage
42 the judge travels each trip to the City of Raleigh from the judge's home for business of the court.
43 The reimbursement authorized by this subsection shall be calculated for each judge by
44 multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a
45 rate-per-mile established by the Director of the Administrative Office of the Courts, but not to
46 exceed the business standard mileage rate set by the Internal Revenue Service. ~~The duty station~~
47 ~~for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the~~
48 ~~City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the~~
49 ~~Court of Appeals shall be the county seat of the county in which that judge's permanent residence~~
50 ~~is located at the time of election or appointment to the office of judge of the Court of Appeals for~~
51 ~~the purpose of determining eligibility for mileage reimbursement. If a judge who has previously~~

1 ~~qualified for mileage reimbursement under this subsection relocates the judge's permanent~~
2 ~~residence outside of the county of residence used in determining that judge's eligibility under this~~
3 ~~subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty~~
4 ~~station shall be Wake County."~~

5 **SECTION 16.30.(c)** This section is effective when it becomes law and applies to
6 travel occurring on or after that date.

7
8 **MODIFY DISTRICT ATTORNEY WITNESS REIMBURSEMENT**

9 **SECTION 16.32.(a)** G.S. 7A-314 reads as rewritten:

10 **"§ 7A-314. Uniform fees for witnesses; experts; limit on number.**

11 ...

12 (b) A witness entitled to a fee set forth in subsections (a) or (a1) of this section, and a
13 law-enforcement officer who qualifies as a witness, shall be entitled to receive an allowance or
14 reimbursement for travel expenses as follows:

15 (1) A witness whose residence is outside the county of appearance but within 75
16 miles of the place of appearance shall be entitled to receive mileage
17 reimbursement at the rate currently authorized for State employees, for each
18 mile necessarily traveled from his place of resident to the place of appearance
19 and return, each day. Reimbursements to witnesses acting on behalf of the
20 court or prosecutorial offices shall be paid in accordance with the rules
21 established by the Administrative Office of the Courts. Reimbursements to
22 witnesses provided under G.S. 7A-454 shall be in accordance with rules
23 established by the Office of Indigent Defense Services.

24 (2) A witness whose residence is outside the county of appearance and more than
25 75 miles from the place of appearance shall be entitled to receive mileage
26 reimbursement at the rate currently authorized State employees for one
27 round-trip from his place of residence to the place of appearance. A witness
28 required to appear more than one day shall be entitled to receive an allowance
29 or reimbursement for ~~actual~~ expenses incurred for lodging and meals not to
30 exceed the maximum currently authorized for State employees, in lieu of daily
31 mileage. ~~Reimbursements-Allowances or reimbursements~~ to witnesses acting
32 on behalf of the court or prosecutorial offices shall be paid in accordance with
33 the rules established by the Administrative Office of the Courts.
34 Reimbursements and travel allowances to witnesses provided under
35 G.S. 7A-454 shall be in accordance with rules established by the Office of
36 Indigent Defense Services.

37 (c) A witness who resides in a state other than North Carolina and who appears for the
38 purpose of testifying in a criminal action and proves his attendance may be compensated at the
39 rate allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a) for one
40 round-trip from the witness's place of residence to the place of appearance, and five dollars
41 (\$5.00) for each day that the witness is required to travel and attend as a witness, upon order of
42 the court based upon a finding that the person was a necessary witness. If such a witness is
43 required to appear more than one day, the witness is also entitled to an allowance or
44 reimbursement for ~~actual~~ expenses incurred for lodging and meals, not to exceed the maximum
45 currently authorized for State employees. Reimbursements and travel allowances to witnesses
46 acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules
47 established by the Administrative Office of the Courts. Reimbursements to witnesses provided
48 under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent
49 Defense Services.

50"

1 **SECTION 16.32.(b)** This section is effective when it becomes law and applies to
 2 travel occurring on or after that date.

3
 4 **ALLOW APPELLATE JUDGES TO CARRY CONCEALED WEAPONS IN CERTAIN**
 5 **INSTANCES**

6 **SECTION 16.33.** G.S. 14-269.4(4b) reads as rewritten:

7 "(4b) Any judge of the North Carolina Court of Appeals, justice of the North
 8 Carolina Supreme Court, district court judge-judge, or superior court judge
 9 who carries or possesses a concealed handgun in a building housing a court of
 10 the General Court of Justice if the judge or justice is in the building to
 11 discharge his or her official duties and the judge or justice has a concealed
 12 handgun permit issued in accordance with Article 54B of this Chapter or
 13 considered valid under G.S. 14-415.24."

14
 15 **TECHNICAL CORRECTION TO GRANTS TO DEVELOP, STRENGTHEN, OR**
 16 **EXPAND HUMAN TRAFFICKING VICTIM SERVICE PROGRAMS**

17 **SECTION 16.34.(a)** Section 16.20B(a) of S.L. 2021-180, as amended by Section
 18 5.2 of S.L. 2023-11, reads as rewritten:

19 "**SECTION 16.20B.(a)** Of the funds appropriated in this act from the State Fiscal Recovery
 20 Fund to the Administrative Office of the Courts, Human Trafficking Commission (Commission),
 21 the sum of one million one hundred forty thousand dollars (\$1,140,000) in nonrecurring funds
 22 for the 2021-2022 fiscal year shall be used to develop, strengthen, or expand human trafficking
 23 victim service programs. These funds shall be allocated as follows:

- 24 (1) ~~Two~~ Five hundred ~~fifty~~ thousand dollars ~~(\$250,000)~~ (\$500,000) to
 25 Compassion to Act Incorporated, a nonprofit corporation.
 26 (2) ~~Three~~ Six hundred ~~twenty~~ forty thousand dollars ~~(\$320,000)~~ (\$640,000) to the
 27 North Carolina Institute Against Human Trafficking."

28 **SECTION 16.34.(b)** This section is effective when it becomes law.

29
 30 **PART XVII. INDIGENT DEFENSE SERVICES**

31
 32 **NEW PUBLIC DEFENDER DISTRICTS**

33 **SECTION 17.1.(a)** G.S. 7A-498.7(a), as amended by Section 16.26 of this act, reads
 34 as rewritten:

35 "(a) The following counties of the State are organized into the defender districts listed
 36 below, and in each of those defender districts an office of public defender is established:

37

Defender District	Counties
38	
39	
40	...
41	<u>5</u> <u>Sampson, Duplin, Jones</u>
42	...
43	<u>7</u> <u>Bertie, Halifax, Hertford,</u>
44	<u>Northampton</u>
45	...
46	<u>15</u> <u>Bladen, Brunswick, Columbus</u>
47	...
48	<u>17</u> <u>Alamance</u>
49	...
50	<u>30</u> <u>Union</u>
51	...

1 32 Alexander, Iredell

2 ...

3 43 Cherokee, Clay, Graham,
4 Haywood, Jackson, Macon,
5 Swain

6

7 After notice to, and consultation with, the affected district bar, senior resident superior court
8 judge, and chief district court judge, the Commission on Indigent Defense Services may
9 recommend to the General Assembly that a district or regional public defender office be
10 established. A legislative act is required in order to establish a new office or to abolish an existing
11 office."

12 **SECTION 17.1.(b)** G.S. 7A-498.7(a), as amended by Section 16.26 of this act and
13 subsection (a) of this section, reads as rewritten:

14 "(a) The following counties of the State are organized into the defender districts listed
15 below, and in each of those defender districts an office of public defender is established:

16

17 **Defender District** **Counties**

18

19 ...

20 13 Johnston

21 ...

22

23 After notice to, and consultation with, the affected district bar, senior resident superior court
24 judge, and chief district court judge, the Commission on Indigent Defense Services may
25 recommend to the General Assembly that a district or regional public defender office be
26 established. A legislative act is required in order to establish a new office or to abolish an existing
27 office."

28 **SECTION 17.1.(c)** Subsection (b) of this section becomes effective July 1, 2024.
29 The remainder of this section becomes effective January 1, 2024.

30

31 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

32 **SECTION 17.2.(a)** The Office of Indigent Defense Services shall maintain and shall
33 furnish upon request a remote work policy.

34 **SECTION 17.2.(b)** The remote work policies required by subsection (a) of this
35 section shall, at a minimum, require that all employees utilizing the remote work policy shall
36 sign an agreement to be retained in the employee's file that records the employee's assent to
37 adhere to the remote work policy.

38 **SECTION 17.2.(c)** The Office of Indigent Defense Services shall report all of the
39 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
40 March 1, 2024, and March 1, 2025:

- 41 (1) The remote work policy currently in place for its employees.
- 42 (2) Any remote work policy previously in place for its employees that was not a
43 part of the most recent report required by this subsection.
- 44 (3) The total number of employees utilizing its remote work policy.
- 45 (4) The total number of employees utilizing its remote work policy, delineated by
46 division, section, and any other organizational category.

47 **SECTION 17.2.(d)** This section becomes effective October 1, 2023.

48

49 **PART XVIII. JUSTICE**

50

51 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

1 **SECTION 18.2.(a)** The Department of Justice shall maintain and shall furnish upon
2 request a remote work policy.

3 **SECTION 18.2.(b)** The remote work policies required by subsection (a) of this
4 section shall, at a minimum, require that all employees utilizing the remote work policy shall
5 sign an agreement to be retained in the employee's file that records the employee's assent to
6 adhere to the remote work policy.

7 **SECTION 18.2.(c)** The Department of Justice shall report all of the following to the
8 Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024,
9 and March 1, 2025:

10 (1) The remote work policy currently in place for its employees.

11 (2) Any remote work policy previously in place for its employees that was not a
12 part of the most recent report required by this subsection.

13 (3) The total number of employees utilizing its remote work policy.

14 (4) The total number of employees utilizing its remote work policy, delineated by
15 division, section, and any other organizational category.

16 **SECTION 18.2.(d)** This section becomes effective October 1, 2023.

17 18 **MODIFY CRIMINAL JUSTICE FELLOWS PROGRAM**

19 **SECTION 18.3.(a)** G.S. 17C-20 reads as rewritten:

20 **"§ 17C-20. Definitions.**

21 As used in this Article, the following definitions apply:

22 ...

23 ~~(5) Eligible county.—A county with a population of less than 200,000 according~~
24 ~~to the latest federal decennial census.~~

25 "

26 **SECTION 18.3.(b)** G.S. 17C-22 reads as rewritten:

27 **"§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

28 ...

29 (b) Program Administrator. – The Director of the Division shall select a member of the
30 Division staff, with the consent of the Committee, to serve as the Program administrator. The
31 Program administrator will be responsible for all administrative duties and oversight of the
32 Program as established by the Committee. The Program administrator will conduct recruitment
33 efforts to include the following:

34 ~~(1) Target eligible counties.~~

35 ...

36 (4) Engage with employees of eligible criminal justice professions and local
37 leaders in eligible counties for input in the Program.

38 ...

39 (c) Awards of Forgivable Loans. – The Program shall provide forgivable loans of up to
40 three thousand one hundred fifty-two dollars (\$3,152.00) per year for up to year, totaling a
41 maximum of six thousand three hundred four dollars (\$6,304.00) over two years years, to selected
42 individuals. If the Committee, in its sole discretion, determines that circumstances warrant an
43 extension of the period over which the Program shall provide forgivable loans to a selected
44 individual, the Committee may extend that period to three years but may not increase the
45 maximum loan amount. The funds from the forgivable loans may be used for tuition, fees, and
46 the cost of books. The Committee may determine the maximum amount of loan proceeds that
47 may be applied to community college fees and course textbooks. The number of forgivable loans
48 awarded annually shall not exceed 100 and the total number of recipients in the Program each
49 year shall not exceed 200. The Committee shall select recipients no later than June 1 of each
50 year.

1 (d) Eligibility Criteria. – An applicant must be domiciled in this State at the time of
2 application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a high school
3 graduate or a high school senior who will graduate from high school by the end of the current
4 academic year, and demonstrate the intent upon completion of the Program to be employed in an
5 eligible criminal justice ~~profession in an eligible county.~~ profession. An applicant who has been
6 convicted of any of the following is ineligible to receive a forgivable loan:

7 ...

8 (h) Recipient Obligations. – A recipient must become and remain a ~~full-time~~ student at a
9 North Carolina community college in an Applied Associate Degree in Criminal Justice or in a
10 Committee-approved related field of study at all times during each of the recipient's two
11 academic years of community college study and pursue continuously studies that will qualify the
12 recipient to be employed in an eligible criminal justice profession upon graduation. The recipient
13 must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain
14 appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal
15 Justice or Committee-approved field of study within two years. If the Committee, in its sole
16 discretion, determines that circumstances warrant an extension of the period within which the
17 recipient must obtain an Applied Associate Degree in Criminal Justice or Committee-approved
18 field of study, the Committee may extend that period by up to 12 additional months. The recipient
19 must also accept employment ~~in an eligible county~~ in an eligible criminal justice profession for
20 at least four out of five years following graduation. The Committee may adopt additional
21 recipient obligations it deems appropriate.

22 (i) Annual Report. – The Program administrator, in coordination with the Committee,
23 shall report no later than January 1, 2020, and annually thereafter, to the Joint Legislative
24 Oversight Committee on Justice and Public Safety regarding the following:

25 ...

26 (3) Employment subsequent to completion of the Program broken down by
27 ~~eligible county~~ and eligible criminal justice profession.

28 ...

29 (5) Retention rates of recipients within eligible criminal justice professions
30 disaggregated by ~~eligible county.~~"

31 **SECTION 18.3.(c)** G.S. 17C-23(b) reads as rewritten:

32 "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the
33 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or
34 Committee-approved field of study, the recipient is employed on a full-time basis for a period of
35 at least four years ~~in an eligible county~~ in an eligible criminal justice profession. The recipient
36 shall provide the Committee within 60 days of completion of the Program verification of the
37 recipient's intent to seek employment in an eligible criminal justice ~~profession in an eligible~~
38 ~~county.~~ profession. The recipient shall provide verification of employment to the Committee each
39 year until the obligation is satisfied. The Committee shall also forgive the loan if it finds that it
40 is impossible for the recipient to meet the terms of the loan, after or before graduation, due to
41 death or permanent disability of the recipient."

42 **SECTION 18.3.(d)** This section is effective when it becomes law and applies to
43 individuals participating in the Program on or after that date and to Committee extension
44 determinations made on or after that date.

45 **PART XIX. ADULT CORRECTION**

46 **PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION**

47 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

1 **SECTION 19A.1.(a)** Notwithstanding any other provision of law, and except as
2 otherwise provided in subsection (b) of this section, the Office of State Budget and Management
3 shall not transfer any positions, personnel, or funds from the Department of Adult Correction to
4 any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in
5 the base budget for one or both fiscal years of the biennium.

6 **SECTION 19A.1.(b)** This section shall not apply to consolidation of information
7 technology positions into the Department of Information Technology pursuant to
8 G.S. 143B-1325.

9
10 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

11 **SECTION 19A.2.** Of the funds appropriated in this act for the Statewide
12 Misdemeanant Confinement Program:

- 13 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal
14 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,
15 to support the Program and for administrative and operating expenses of the
16 Association and its staff.
17 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be
18 allocated each fiscal year to the Department of Adult Correction for its
19 administrative and operating expenses for the Program.
20 (3) Up to the sum of five hundred thousand dollars (\$500,000) may be used in
21 each fiscal year of the 2023-2025 fiscal biennium to reimburse sheriffs
22 utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L.
23 2021-180.
24

25 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
26 **EXPENSES**

27 **SECTION 19A.3.** Notwithstanding G.S. 143C-6-9, the Department of Adult
28 Correction may use funds available to the Department for the 2023-2025 fiscal biennium to
29 reimburse counties for the cost of housing convicted inmates, parolees, and post-release
30 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The
31 reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer.
32 Beginning October 1, 2023, the Department shall report quarterly to the chairs of the Joint
33 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of
34 Representatives Appropriations Committee on Justice and Public Safety and the Senate
35 Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse
36 counties for prisoners awaiting transfer.
37

38 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

39 **SECTION 19A.4.(a)** The Department of Adult Correction shall maintain and shall
40 furnish upon request a remote work policy.

41 **SECTION 19A.4.(b)** The remote work policies required by subsection (a) of this
42 section shall, at a minimum, require that all employees utilizing the remote work policy shall
43 sign an agreement to be retained in the employee's file that records the employee's assent to
44 adhere to the remote work policy.

45 **SECTION 19A.4.(c)** The Department of Adult Correction shall report all of the
46 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
47 March 1, 2024, and March 1, 2025:

- 48 (1) The remote work policy currently in place for its employees.
49 (2) Any remote work policy previously in place for its employees that was not a
50 part of the most recent report required by this subsection.
51 (3) The total number of employees utilizing its remote work policy.

1 (4) The total number of employees utilizing its remote work policy, delineated by
2 division, section, and any other organizational category.

3 **SECTION 19A.4.(d)** This section becomes effective October 1, 2023.
4

5 **TRANSFER A PORTION OF ANSON CORRECTIONAL INSTITUTION TO**
6 **PROVERBS 226 NONPROFIT CORPORATION**

7 **SECTION 19A.5.(a)** The State of North Carolina shall convey to Proverbs 226, a
8 North Carolina nonprofit corporation, for consideration of one dollar (\$1.00), all its right, title,
9 and interest in the property located in Anson County, North Carolina, to be described as a
10 subdivision consisting of approximately 23 acres from the property generally described in the
11 Anson County Register of Deeds deed referenced in Book 073 Page 399. The conveyance is
12 subject to a reversionary interest reserved by the State. The property shall be conveyed to
13 Proverbs 226 for so long as it is utilized for programs serving the North Carolina Department of
14 Adult Correction or its successors. The Department of Adult Correction and Proverbs 226 shall
15 mutually agree upon the boundaries of the property to be subdivided for conveyance to Proverbs
16 226.

17 **SECTION 19A.5.(b)** The State of North Carolina shall convey the real property
18 described in subsection (a) of this section "as is" "where is" without warranty and subject to any
19 existing easements, covenants, earlier grants to others by the State Property Office, or other
20 restrictions of record. In the event the State of North Carolina requires future easements through
21 this property, Proverbs 226 shall grant these easements without limitation. The State makes no
22 representations or warranties concerning the title to the property, the boundaries of the property,
23 the uses to which the property may be put, zoning, local ordinances, or any physical,
24 environmental, health, and safety conditions relating to the property. All costs associated with
25 the conveyance of the property, including, but not limited to, subdivision, surveying, engineering
26 services, permitting, and utility connections, shall be borne by Proverbs 226.

27 **SECTION 19A.5.(c)** The conveyance of the State's right, title, and interest in the
28 portion conveyed of Anson Correctional Institution shall be exempt from the provisions of
29 Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the
30 provisions of Article 16 of Chapter 146 of the General Statutes, provided that the provisions of
31 G.S. 146-74 shall not apply.
32

33 **PART XIX-B. PRISONS**

34
35 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

36 **SECTION 19B.1.** The Department of Adult Correction may continue to contract
37 with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of
38 prison beds for minimum security female inmates during the 2023-2025 fiscal biennium. The
39 Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of
40 the House of Representatives Appropriations Committee on Justice and Public Safety and the
41 Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and
42 the average daily inmate population compared to bed capacity using the same methodology as
43 that used by the Department of Adult Correction.
44

45 **NURSE STAFFING AT STATE PRISONS REPORT**

46 **SECTION 19B.2.(a)** The Department of Adult Correction shall report the following
47 information to the Joint Legislative Oversight Committee on Justice and Public Safety by
48 February 1, 2024, and by February 1, 2025:

49 (1) The total number of permanent nursing positions allocated to the Department,
50 the number of filled positions, the number of positions that have been vacant

1 for more than six months, and information regarding the location of both filled
2 and vacant positions.

3 (2) The extent to which temporary contract services are being used to staff vacant
4 nursing positions, the method for funding the contract services, and any cost
5 differences between the use of permanent employees versus contract
6 employees.

7 (3) A progress report on the implementation of its plan to (i) reduce the use of
8 contract services to provide nursing in State prisons and (ii) attract and retain
9 qualified nurses for employment in permanent positions in State prisons.

10 **SECTION 19B.2.(b)** Notwithstanding any other provision of law, the Department
11 of Adult Correction may, in its discretion and subject to the approval of the Office of State Budget
12 and Management, convert funds appropriated for contractual nursing services to permanent
13 nursing positions when it is determined to promote security, generate cost savings, and improve
14 health care quality. The Department shall report on any such conversions to the Fiscal Research
15 Division.

16 17 **CODIFY DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

18 **SECTION 19B.3.** Part 2 of Article 16 of Chapter 143B of the General Statutes is
19 amended by adding a new section to read:

20 **"§ 143B-1457.2. Report on prison personnel matters.**

21 The Department shall report the following information to the Joint Legislative Oversight
22 Committee on Justice and Public Safety by February 1 of each year:

23 (1) The number of Department employees charged with the commission of a
24 criminal offense committed in a State prison and during the employee's work
25 hours. The information shall be provided by State facility and shall specify the
26 offense charged and the outcome of the charge.

27 (2) The number of employees disciplined, demoted, or separated from service due
28 to personal misconduct. To the extent it does not disclose confidential
29 personnel records, the information shall be organized by type of misconduct,
30 nature of corrective action taken, and outcome of the corrective action.

31 (3) The hiring and screening process, including any required credentials or skills,
32 criminal background checks, and personality assessments. The information
33 shall also include the process the Department uses to verify the information
34 provided by an applicant."

35 36 **DOT CONTRACT OF INMATE LITTER CREW**

37 **SECTION 19B.4.(a)** After the issuance of a request for information (RFI) and
38 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,
39 the Department of Transportation shall first offer the contract to the Department of Adult
40 Correction upon the same terms and conditions as the most favorable bid received by the
41 Department of Transportation from a suitable contractor. The Department of Adult Correction
42 shall have 30 days to accept or decline the offered contract.

43 **SECTION 19B.4.(b)** It is the policy of the General Assembly that the Department
44 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads
45 as often as is necessary and practicable.

46 47 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

48 **SECTION 19B.5.(a)** Section 19C.11(b) of S.L. 2021-180 reads as rewritten:

49 **"SECTION 19C.11.(b)** The Department of ~~Public Safety~~ Adult Correction shall, in
50 consultation with the vendor, report on the expenditure of the funds awarded pursuant to
51 subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public

1 Safety no later than October 1, 2022, in an interim report and no later than October 1, 2023, in a
2 final report.1 of each year in which the funds are expended, provided that if the funds are
3 exhausted after a report has already been submitted for that year, a final report shall be submitted
4 no later than May 1 of the following year."

5 **SECTION 19B.5.(b)** This section is effective when it becomes law.

6
7 **TECHNICAL CORRECTION FOR INMATE WELFARE FUND**

8 **SECTION 19B.6.(a)** G.S. 148-2(c) reads as rewritten:

9 "(c) Notwithstanding G.S. 147-77, Article 6A of Chapter 147 of the General Statutes, or
10 any other provision of law, the Division of Prisons of the Department of Adult Correction may
11 deposit revenue from prison canteens in local banks. The profits from prison canteens shall be
12 deposited with the State Treasurer on a monthly basis in a fund denominated as the ~~Correction~~
13 Inmate Welfare Fund. Once the operating budget for the ~~Correction~~-Inmate Welfare Fund has
14 been met, an amount equal to the funds allocated to each prison unit on a per inmate per year
15 basis shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23G as
16 soon as practicable after the total amount paid to each unit per inmate per year has been
17 determined."

18 **SECTION 19B.6.(b)** This section is effective when it becomes law.

19
20 **TECHNICAL CORRECTION RELATED TO NEW DEPARTMENT OF ADULT**
21 **CORRECTION**

22 **SECTION 19B.7.(a)** G.S. 148-32.1(b2) reads as rewritten:

23 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program
24 shall provide for the housing of misdemeanants from all counties serving sentences imposed for
25 a period of more than 90 days and for all sentences imposed for impaired driving under
26 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement
27 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall
28 address methods for the placement and transportation of inmates and reimbursement to counties
29 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants
30 from that county or from other counties pursuant to the Program may enter into a written
31 agreement with the Division of ~~Adult Correction and Juvenile Justice~~ Prisons to do so.

32 The North Carolina Sheriffs' Association shall:

33"

34 **SECTION 19B.7.(b)** This section is effective when it becomes law.

35
36 **PART XIX-C. COMMUNITY SUPERVISION**

37
38 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**
39 **EQUIPMENT PURCHASES SECTIONS**

40 **SECTION 19C.1.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees
41 collected for the Interstate Compact Fund during the 2023-2025 fiscal biennium may be used by
42 the Department of Adult Correction during the 2023-2025 fiscal biennium to provide training
43 programs and equipment purchases for the Division of Community Supervision and Reentry, but
44 only to the extent sufficient funds remain available in the Fund to support the mission of the
45 Interstate Compact Program.

46 **SECTION 19C.1.(b)** No later than October 1 of each fiscal year, the Department of
47 Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public
48 Safety on the amount of funds used pursuant to this section and for what purposes the funds were
49 used.

**1 MAKE DRUG AND ALCOHOL SCREENING A REGULAR CONDITION OF
2 PROBATION**

3 **SECTION 19C.2.(a)** G.S. 15A-1343(b) reads as rewritten:

4 "(b) Regular Conditions. – As regular conditions of probation, a defendant must:

5 ...

6 (16) ~~Supply a breath, urine, or blood specimen~~ Submit to drug and alcohol
7 screening for analysis of the possible presence of prohibited drugs or alcohol
8 when instructed by the defendant's probation officer for purposes directly
9 related to the probation supervision. If the results of the analysis are positive,
10 the probationer may be required to reimburse the Division of Community
11 Supervision and Reentry of the Department of Adult Correction for the actual
12 costs of drug or alcohol screening and testing.

13 ...

14 In addition to these regular conditions of probation, a defendant required to serve an active
15 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or
16 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and
17 regulations of the Division of Prisons of the Department of Adult Correction and, if applicable,
18 the Division of Juvenile Justice of the Department of Public Safety, governing the conduct of
19 inmates while imprisoned and report to a probation officer in the State of North Carolina within
20 72 hours of his discharge from the active term of imprisonment.

21 Regular conditions of probation apply to each defendant placed on supervised probation
22 unless the presiding judge specifically exempts the defendant from one or more of the conditions
23 in open court and in the judgment of the court. It is not necessary for the presiding judge to state
24 each regular condition of probation in open court, but the conditions must be set forth in the
25 judgment of the court.

26 Defendants placed on unsupervised probation are subject to the provisions of this subsection,
27 except that defendants placed on unsupervised probation are not subject to the regular conditions
28 contained in subdivisions (2), (3), (6), (8), (13), (14), (15), (16) and (17) of this subsection."

29 **SECTION 19C.2.(b)** This section becomes effective December 1, 2023, and applies
30 to offenses committed on or after that date.

**31
32 EXPAND AUTHORITY TO INCREASE WAGES PAID TO WORKING NORTH
33 CAROLINA INMATES**

34 **SECTION 19C.3.(a)** G.S. 148-18(a) reads as rewritten:

35 "(a) Prisoners employed by Correction Enterprises shall be compensated as set forth in
36 Article 14 of this Chapter. Prisoners participating in work assignments established by the
37 Division of Prisons shall be compensated at rates fixed by the Division of Prisons of the
38 Department of Adult Correction's rules and regulations; provided, that no prisoner so paid shall
39 receive more than one dollar (\$1.00) per day, unless the prisoner is performing work for the
40 Division's BRIDGE Program or the Secretary determines that the work assignment requires
41 special skills or training. Upon approval of the Secretary, inmates working for the BRIDGE
42 Program or in job assignments requiring special skills or training may be paid up to five dollars
43 (\$5.00) per day. The Correction Enterprises Fund shall be the source of wages and allowances
44 provided to inmates who are employed by the Division of Prisons of the Department of Adult
45 Correction in work assignments established by the Division of Prisons."

46 **SECTION 19C.3.(b)** This section is effective when it becomes law and applies to
47 work performed on or after that date.

**48
49 MODIFY PRISON CHAPLAIN EDUCATION REQUIREMENTS**

- c. Documentation that medical providers qualified to provide the medical services identified in the medical release plan are prepared to provide those ~~services; and~~ services.
- d. The financial program in place to cover the cost of this plan for the duration of the medical release, which shall include eligibility for enrollment in commercial insurance, Medicare, or Medicaid or access to other adequate financial resources for the duration of the medical release.

(7) ~~"Permanently and totally disabled" describes an~~ Permanently and totally disabled. – An inmate who, as determined by a licensed physician, suffers from permanent and irreversible physical incapacitation as a result of an existing physical or medical condition that was unknown at the time of sentencing or, since the time of sentencing, has progressed to render the inmate permanently and totally disabled, such that the inmate does not pose a public safety risk. ~~disabled.~~

(8) ~~"Terminally ill" describes an~~ Terminally ill. – An inmate who, as determined by a licensed physician, has an incurable condition caused by illness or disease that was unknown at the time of sentencing or, since the time of sentencing, has progressed to render the inmate terminally ill, and that will likely produce death within ~~six~~ nine months, and that is so debilitating ~~such that the inmate does not pose a~~ poses no risk or low risk to public safety. ~~risk.~~ safety.

...
"§ 15A-1369.2. Eligibility.

(a) Except as otherwise provided in this section, notwithstanding any other provision of law, an inmate is eligible to be considered for medical release if the Department determines that the inmate ~~is;~~ meets both of the following criteria:

- (1) ~~Diagnosed~~ The inmate is diagnosed as permanently and totally disabled, terminally ill, or geriatric under the procedure described in G.S. 15A-1369.3(b)(1); and ~~G.S. 15A-1369.3(b)(1).~~
- (2) ~~Incapacitated~~ The inmate is incapacitated to the extent that the inmate does not pose a ~~poses no risk or low risk to public safety risk.~~ safety.

...
"§ 15A-1369.3. Procedure for medical release.

(b) The referral shall include an assessment of the inmate's medical and psychosocial condition and the risk the inmate poses to society, as follows:

- (1) The Department medical director, or a designee of the director who is a licensed physician, shall review the case of each inmate who meets the eligibility requirements for medical release set forth in G.S. 15A-1369.2. Any physician who examines an inmate being considered for medical release shall prepare a written diagnosis that ~~includes;~~ includes both of the following:
 - a. A description of any and all terminal conditions, physical incapacities, and chronic ~~conditions;~~ and conditions.
 - b. A prognosis concerning the likelihood of recovery from any and all terminal conditions, physical incapacities, and chronic conditions.

...
"§ 15A-1369.4. Conditions of medical release.

(a) The Commission shall set reasonable conditions upon an inmate's medical release that shall apply through the date upon which the inmate's sentence would have expired. These conditions shall include all of the following:

...

(3) That the released inmate shall be subject to supervision by the Division of Community Supervision ~~and Reentry~~ of the Department of Adult Correction and shall permit officers from the Division to visit the inmate at reasonable times at the inmate's home or elsewhere.

...."

SECTION 19C.6.(b) Notwithstanding the provisions of G.S. 15A-1369.3(f), an inmate who received a medical release denial under Article 84B of Chapter 15A of the General Statutes prior to the effective date of this section may reapply or be reconsidered for medical release under Article 84B of Chapter 15A of the General Statutes, as amended by subsection (a) of this section. Any denial of a reapplication or reconsideration authorized under this subsection shall be subject to the provisions of G.S. 15A-1369.3(f).

SECTION 19C.6.(c) This section is effective when it becomes law.

PART XIX-D. REHABILITATION AND REENTRY

PART XIX-E. PUBLIC SAFETY

PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19F.1.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19F.1.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS

SECTION 19F.3.(a) Section 19A.10(f) of S.L. 2021-180 reads as rewritten:

"**SECTION 19A.10.(f)** The working group created under subsection (e) of this section shall establish the operational criteria and application process for the grant program created by this section and shall communicate information regarding the grant program to all sheriffs' offices in the State. The working group shall evaluate applications for each of the categories under subsection (b) of this section and may award lower amounts than requested to individual sheriffs' offices in order to assure broader access to funds. The working group may establish protocols for the allotment of funds to assure that funds can be expended efficiently. The working group shall ensure all Federal Drug Administration (FDA)-approved drugs for the treatment of opioid dependence through Medication-Assisted Treatment (MAT) in jails be considered as options for treatment, including, but not limited to, long-acting, injectable medication regimens."

SECTION 19F.3.(b) This section is effective when it becomes law.

MAKE STATE BUREAU OF INVESTIGATION INDEPENDENT DEPARTMENT

SECTION 19F.4.(a) The State Bureau of Investigation is established in this section as a single, unified cabinet-level department.

SECTION 19F.4.(b) G.S. 143B-2 reads as rewritten:

"**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

The Executive Organization Act of 1973 shall be applicable only to the following named departments:

1 ...
 2 (13) State Bureau of Investigation.
 3 **SECTION 19F.4.(c)** G.S. 143B-6 reads as rewritten:
 4 **"§ 143B-6. Principal departments.**

5 In addition to the principal departments enumerated in the Executive Organization Act of
 6 1971, all executive and administrative powers, duties, and functions not including those of the
 7 General Assembly and its agencies, the General Court of Justice and the administrative agencies
 8 created pursuant to Article IV of the Constitution of North Carolina, and higher education
 9 previously vested by law in the several State agencies, are vested in the following principal
 10 departments:

11 ...
 12 (15) State Bureau of Investigation.
 13 **SECTION 19F.4.(c1)** G.S. 126-5(c1) is amended by adding a new subdivision to
 14 read:

15 "(39) Employees of the State Bureau of Investigation, that the Director of the State
 16 Bureau of Investigation, at any time, in the Director of the State Bureau of
 17 Investigation's discretion, exempts from the application of this Chapter by
 18 means of a letter to the Director of the Office of State Human Resources
 19 designating these employees. The Director of the State Bureau of
 20 Investigation may exempt no more than 10 employees under the authorization
 21 set forth in this subdivision."

22 **SECTION 19F.4.(d)** Chapter 143B of the General Statutes is amended by adding a
 23 new Article 13A to be entitled "State Bureau of Investigation."

24 **SECTION 19F.4.(e)** Article 13A of Chapter 143B of the General Statutes, as enacted
 25 by subsection (d) of this section, is amended by adding a new Part 1 to be entitled "General
 26 Provisions."

27 **SECTION 19F.4.(f)** Subpart C of Part 4 of Article 13 of Chapter 143B of the General
 28 Statutes is recodified as Part 1 of Article 13A of Chapter 143B of the General Statutes, as enacted
 29 by subsection (e) of this section, as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
143B-915	143B-1208.1
143B-916	143B-1208.2
143B-917	143B-1208.3
143B-918	143B-1208.4
143B-919	143B-1208.5
143B-920	143B-1208.6
143B-921	143B-1208.7
143B-922	143B-1208.8
143B-923	143B-1208.9
143B-924	143B-1208.10
143B-925	143B-1208.11
143B-926	143B-1208.12
143B-927	143B-1208.13
143B-929	143B-1208.14

45 **SECTION 19F.4.(g)** Part 1 of Article 13A of Chapter 143B of the General Statutes,
 46 as enacted by subsections (d) and (e) of this section, reads as rewritten:

47 "Part 1. General Provisions.
 48 **"§ 143B-1208.1. Bureau of Investigation created; powers and duties.**

49 In order to secure a more effective administration of the criminal laws of the State, to prevent
 50 crime, and to procure the speedy apprehension of criminals, there is established the State Bureau
 51 of Investigation, which shall be administratively located in the Department of Public Safety. The

1 ~~Bureau shall be an independent agency under the direction and supervision of~~ Investigation. The
2 head of the Bureau is the Director, who shall serve as chief executive officer of the Bureau and
3 shall be solely responsible for all management functions. Notwithstanding any provisions to the
4 contrary, the Director shall have such authority as is necessary to direct and oversee the Bureau,
5 and may delegate any duties and responsibilities necessary to ensure the proper management of
6 the Bureau. ~~The Department of Public Safety shall provide administrative support to the Bureau.~~
7 The State Bureau of Investigation shall have charge of and administer the agencies and activities
8 herein set up for the identification of criminals, for their apprehension, and investigation and
9 preparation of evidence to be used in criminal courts; and the said Bureau shall have charge of
10 investigation of criminal matters herein especially mentioned, and of such other crimes and
11 criminal procedure as the Governor may direct.

12 In the personnel of the Bureau shall be included a sufficient number of persons of training
13 and skill in the investigation of crime and in the preparation of evidence as to be of service to
14 local enforcement officers, under the direction of the Governor, in criminal matters of major
15 importance.

16 ...

17 **"§ 143B-1208.4. Transfer of personnel.**

18 The Director of the State Bureau of Investigation shall have authority to transfer members of
19 the Bureau from one locality in the State to another as ~~he the Director~~ may deem necessary. When
20 any member of the State Bureau of Investigation is transferred from one point to another for the
21 convenience of the State, or otherwise than upon the request of the employee, the Bureau shall
22 be responsible for transporting the household goods, furniture, and personal effects of the
23 employee and members of his household.

24 **"§ 143B-1208.5. Investigations of lynchings, election frauds, etc.; services subject to call of**
25 **Governor; witness fees and mileage for employees.**

26 (a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in
27 the event of any lynching or mob violence in the State; shall investigate all cases arising from
28 frauds in connection with elections when requested to do so by the Board of Elections, and when
29 so directed by the Governor. Such investigation, however, shall in nowise interfere with the
30 power of the Attorney General to make such investigation as the Attorney General is authorized
31 to make under the laws of the State. The Bureau is authorized further, at the request of the
32 Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of
33 violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by
34 the Governor so to do. In all such cases it shall be the duty of the ~~Department~~ Bureau to keep
35 such records as may be necessary and to prepare evidence in the cases investigated, for the use
36 of enforcement officers and for the trial of causes. The services of employees of the Bureau may
37 be required by the Governor in connection with the investigation of any crime committed
38 anywhere in the State when called upon by the enforcement officers of the State, and when, in
39 the judgment of the Governor, such services may be rendered with advantage to the enforcement
40 of the criminal law. The State Bureau of Investigation is hereby authorized to investigate without
41 request the attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any
42 State-owned personal property, buildings, or other real property or any assault upon or threats
43 against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named
44 in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

45 ...

46 **"§ 143B-1208.12. Appointment and term of the Director of the State Bureau of**
47 **Investigation.**

48 ...

49 (b) The Director may be removed from office ~~only by the Governor~~ Governor, or upon a
50 three-fifths vote of the membership of the Senate and House of Representatives present and
51 voting, and solely for the grounds set forth in G.S. 143B-13(b), (c), and (d). In case of a vacancy

1 in the office of the Director of the State Bureau of Investigation for any reason prior to the
 2 expiration of the Director's term of office, the name of the Director's successor shall be submitted
 3 by the Governor to the General Assembly not later than 60 days after the vacancy arises. If a
 4 vacancy arises in the office when the General Assembly is not in session, an acting Director shall
 5 be appointed by the Governor to serve pending confirmation by the General Assembly. However,
 6 in no event shall an acting Director serve (i) for more than 12 months without General Assembly
 7 confirmation or (ii) after a bill that would confirm the appointment of the person as Director fails
 8 a reading in either chamber of the General Assembly.

9 **"§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

10 The Director of the State Bureau of Investigation may appoint a sufficient number of
 11 assistants who shall be competent and qualified to do the work of the Bureau. The Director shall
 12 be responsible for making all hiring and personnel decisions of the Bureau. ~~Notwithstanding the~~
 13 ~~provisions of this Chapter or Chapter 143A of the General Statutes, the Director may hire or fire~~
 14 ~~personnel and transfer personnel within the Bureau.~~

15 **"§ 143B-1208.14. Operation and management of Information Sharing and Analysis Center.**

16 The State Bureau of Investigation shall operate and manage the Information Sharing and
 17 Analysis Center, and its operation and management shall be under the sole direction and control
 18 of the Director of the State Bureau of Investigation. The Information Sharing and Analysis Center
 19 is authorized to analyze information related to any threat of violence to the safety of any
 20 individual associated with (i) an educational property as defined in G.S. 14-269.2 or (ii) a place
 21 of worship as defined in G.S. 14-54.1. The Information Sharing and Analysis Center shall
 22 promptly notify the sheriff and local law enforcement agency with jurisdiction if (i) a threat is
 23 determined to be credible and (ii) the location of the educational property or place of worship
 24 associated with the threat, or the location of any individual suspected of creating the threat, is
 25 ascertained. The Director of the State Bureau of Investigation and other sworn law enforcement
 26 officers of the State Bureau of Investigation may give assistance to sheriffs and police officers
 27 when called upon by them and so directed, as provided in ~~G.S. 143B-917.~~G.S. 143B-1208.3."

28 **SECTION 19F.4.(h)** Article 13A of Chapter 143B of the General Statutes, as
 29 enacted by subsection (d) of this section, is amended by adding a new Part 2 to be entitled
 30 "Criminal History Record Checks."

31 **SECTION 19F.4.(i)** Subpart D of Part 4 of Article 13 of Chapter 143B of the General
 32 Statutes is recodified as Part 2 of Article 13A of Chapter 143B of the General Statutes, as enacted
 33 by subsection (e) of this section, as follows:

<u>Former Citation</u>	<u>Recodified Citation</u>
143B-930	143B-1209.10
143B-931	143B-1209.11
143B-932	143B-1209.12
143B-933	143B-1209.13
143B-934	143B-1209.14
143B-935	143B-1209.15
143B-935.1	143B-1209.16
143B-936	143B-1209.17
143B-937	143B-1209.18
143B-938	143B-1209.19
143B-939	143B-1209.20
143B-940	143B-1209.21
143B-941	143B-1209.22
143B-942	143B-1209.23
143B-943	143B-1209.24
143B-944	143B-1209.25
143B-945	143B-1209.26

1	143B-946	143B-1209.27
2	143B-947	143B-1209.28
3	143B-948	143B-1209.29
4	143B-949	143B-1209.30
5	143B-950	143B-1209.31
6	143B-951	143B-1209.32
7	143B-952	143B-1209.33
8	143B-953	143B-1209.34
9	143B-954	143B-1209.35
10	143B-955	143B-1209.36
11	143B-956	143B-1209.37
12	143B-957	143B-1209.38
13	143B-958	143B-1209.39
14	143B-959	143B-1209.40
15	143B-960	143B-1209.41
16	143B-961	143B-1209.42
17	143B-962	143B-1209.43
18	143B-963	143B-1209.44
19	143B-964	143B-1209.45
20	143B-965	143B-1209.46
21	143B-966	143B-1209.47
22	143B-967	143B-1209.48
23	143B-968	143B-1209.49
24	143B-969	143B-1209.50
25	143B-970	143B-1209.51
26	143B-971	143B-1209.52
27	143B-972	143B-1209.53
28	143B-972.1	143B-1209.54
29	143B-973	143B-1209.55
30	143B-974	143B-1209.56
31	143B-976	143B-1209.57
32	143B-981	143B-1209.58

33 **SECTION 19F.4.(j)** Part 2 of Article 13A of Chapter 143B of the General Statutes,
 34 as enacted by subsections (d) and (h) of this section, reads as rewritten:

35 "Part 2. Criminal History Record Checks.

36 "**§ 143B-1209.09. Definition.**

37 For purposes of this Part, the term "Bureau" means the State Bureau of Investigation.

38 "**§ 143B-1209.10. Criminal history background investigations; fees.**

39 (a) When the ~~Department of Public Safety~~ State Bureau of Investigation determines that
 40 any person is entitled by law to receive information, including criminal records, from the ~~State~~
 41 ~~Bureau of Investigation, Bureau,~~ for any purpose other than the administration of criminal justice,
 42 the ~~State Bureau of Investigation~~ shall charge the recipient of such information a reasonable fee
 43 for retrieving such information. The fee authorized by this section shall not exceed the actual cost
 44 of storing, maintaining, locating, editing, researching and retrieving the information, and ~~may~~
 45 shall be budgeted for the support of the State Bureau of Investigation.

46 ...

47 (c) In providing criminal history record checks, the ~~Department of Public Safety~~ Bureau
 48 shall process requests in the following priority order:

- 49 (1) Administration of criminal justice record checks,
- 50 (2) Mandatory noncriminal justice criminal history record checks,
- 51 (3) Voluntary noncriminal justice criminal history record checks.

1 (d) Nothing in this section shall be construed as enlarging any right to receive any record
2 of the ~~State Bureau of Investigation~~. ~~Bureau~~. Such rights are and shall be controlled by
3 ~~G.S. 143B-919, 143B-906, G.S. 143B-906, 143B-1208.5, 120-19.4A~~, and other applicable
4 statutes.

5 **"§ 143B-1209.11. Criminal record checks of school personnel.**

6 (a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide a
7 criminal record check to the local board of education of a person who is employed in a public
8 school in that local school district or of a person who has applied for employment in a public
9 school in that local school district, if the employee or applicant consents to the record check. The
10 ~~Department~~ Bureau may also provide a criminal record check of school personnel as defined in
11 G.S. 115C-332 by fingerprint card to the local board of education from National Repositories of
12 Criminal Histories, in accordance with G.S. 115C-332. The information shall be kept
13 confidential by the local board of education as provided in Article 21A of Chapter 115C of the
14 General Statutes.

15 (b) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check
16 to the board of directors of a regional school of a person who is employed at a regional school or
17 of a person who has applied for employment at a regional school if the employee or applicant
18 consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record
19 check of school personnel as defined in G.S. 115C-238.73 by fingerprint card to the board of
20 directors of the regional school from the National Repositories of Criminal Histories, in
21 accordance with G.S. 115C-238.73. The information shall be kept confidential by the board of
22 directors of the regional school as provided in G.S. 115C-238.73.

23 (b1) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check
24 to the chancellor operating a University of North Carolina laboratory school of a person who is
25 employed at a laboratory school or of a person who has applied for employment at a laboratory
26 school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may
27 also provide a criminal history record check of school personnel, as defined in G.S. 116-239.12,
28 by fingerprint card to the chancellor operating the laboratory school from the National
29 Repositories of Criminal Histories, in accordance with G.S. 116-239.12. The information shall
30 be kept confidential by the chancellor operating the laboratory school as provided in
31 G.S. 116-239.12.

32 (c) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the
33 employer of a person who is employed in a nonpublic school or of a person who has applied for
34 employment in a nonpublic school, if the employee or applicant consents to the record check.
35 For purposes of this subsection, the term nonpublic school is one that is subject to the provisions
36 of Article 39 of Chapter 115C of the General Statutes, but does not include a home school as
37 defined in that Article.

38 (d) The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting
39 a criminal record check under this section. The fee shall not exceed the actual cost of locating,
40 editing, researching, and retrieving the information.

41 (e) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the
42 schools within the Department of Health and Human Services of a person who is employed,
43 applies for employment, or applies to be selected as a volunteer, if the employee or applicant
44 consents to the record check. The Department of Health and Human Services shall keep all
45 information pursuant to this subsection confidential, as provided in Article 7 of Chapter 126 of
46 the General Statutes.

47 (f) The ~~Department of Public Safety~~ Bureau shall adopt rules to implement this section.

48 **"§ 143B-1209.12. Criminal record checks of providers of treatment for or services to
49 children, the elderly, mental health patients, the sick, and the disabled.**

50 (a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation may
51 provide to any of the following entities a criminal record check of an individual who is employed

1 by that entity, has applied for employment with that entity, or has volunteered to provide direct
2 care on behalf of that entity:

- 3 (1) Hospitals licensed under Chapter 131E of the General Statutes.
- 4 (2) Hospices licensed under Chapter 131E of the General Statutes.
- 5 (3) Child placing agencies licensed under Chapter 131D of the General Statutes.
- 6 (4) Residential child care facilities licensed under Chapter 131D of the General
7 Statutes.
- 8 (5) Hospitals licensed under Chapter 122C of the General Statutes.
- 9 (6) Licensed child care facilities and nonlicensed child care homes regulated by
10 the State.
- 11 (7) Any other organization or corporation, whether for profit or nonprofit, that
12 provides direct care or services to children, the sick, the disabled, or the
13 elderly.

14 (b) Procedure. – A criminal record check may be conducted by using an individual's
15 fingerprint or any information required by the ~~Department of Public Safety Bureau~~ to identify
16 that individual. A criminal record check shall be provided only if the individual whose record is
17 checked consents to the record check. The information shall be kept confidential by the entity
18 that receives the information. Upon the disclosure of confidential information under this section
19 by the entity, the ~~Department Bureau~~ may refuse to provide further criminal record checks to that
20 entity.

21 (c) Foster or Adoptive Parent. – The ~~Department of Public Safety Bureau~~, at the request
22 of a child placing agency licensed under Chapter 131D of the General Statutes or a local
23 department of social services, may provide a criminal record check of a prospective foster care
24 or adoptive parent if the prospective parent consents to the record check. The information shall
25 be kept confidential and upon the disclosure of confidential information under this section by the
26 agency or department, the ~~Department Bureau~~ may refuse to provide further criminal record
27 checks to that agency or department.

28 (d) Fee. – The ~~Department Bureau~~ may charge a fee to offset the cost incurred by it to
29 conduct a criminal record check under this section. The fee may not exceed fourteen dollars
30 (\$14.00).

31 **"§ 143B-1209.13. Criminal record checks for foster care.**

32 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Division
33 of Social Services, Department of Health and Human Services, the criminal history from the
34 State and National Repositories of Criminal Histories as defined in G.S. 131D-10.2(6a). The
35 Division shall provide to the ~~Department of Public Safety Bureau~~, along with the request, the
36 fingerprints of the individual to be checked, any additional information required by the
37 ~~Department of Public Safety Bureau~~, and a form consenting to the check of the criminal record
38 and to the use of fingerprints and other identifying information required by the State or National
39 Repositories signed by the individual to be checked. The fingerprints of the individual shall be
40 ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal history
41 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal
42 Bureau of Investigation for a national criminal history record check. The Division shall keep all
43 information pursuant to this section privileged, as provided in G.S. 131D-10.3A(g). The
44 ~~Department of Public Safety Bureau~~ shall charge a reasonable fee only for conducting the checks
45 of the national criminal history records authorized by this section.

46 **"§ 143B-1209.14. Criminal record checks of child care providers.**

47 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Division
48 of Child Development, Department of Health and Human Services, the criminal history from the
49 State and National Repositories of Criminal Histories in accordance with G.S. 110-90.2, of any
50 child care provider, as defined in G.S. 110-90.2. The Division shall provide to the ~~Department~~
51 Bureau of Public Safety, along with the request, the fingerprints of the provider to be checked,

1 any additional information required by the ~~Department of Public Safety, Bureau~~, and a form
2 consenting to the check of the criminal record and to the use of fingerprints and other identifying
3 information required by the State or National Repositories signed by the child care provider to
4 be checked. The Division shall keep all information pursuant to this section privileged, as
5 provided in G.S. 110-90.2(e). The ~~Department of Public Safety Bureau~~ shall charge a reasonable
6 fee only for conducting the checks of the national criminal history records authorized by this
7 section.

8 **"§ 143B-1209.15. Criminal history record checks of employees of and applicants for**
9 **employment with the Department of Health and Human Services, and the**
10 **Division of Juvenile Justice of the Department of Public Safety.**

11 (a) Definitions. – As used in this section, the term:

12 (1) "Covered person" means any of the following:

- 13 a. An applicant for employment or a current employee in a position in
14 the Division of Juvenile Justice of the Department of Public Safety
15 who provides direct care for a client, patient, student, resident or ward
16 of the Division.
- 17 b. A person who supervises positions in the Division of Juvenile Justice
18 of the Department of Public Safety providing direct care for a client,
19 patient, student, resident or ward of the Division.
- 20 c. An applicant for employment or a current employee in a position in
21 the Department of Health and Human Services.
- 22 d. An independent contractor or an employee of an independent
23 contractor that has contracted to provide services to the Department of
24 Health and Human Services.
- 25 e. A person who has been approved to perform volunteer services for the
26 Department of Health and Human Services.
- 27 f. An independent contractor or an employee of an independent
28 contractor who has contracted with the Division of Juvenile Justice of
29 the Department of Public Safety to provide direct care for a client,
30 patient, student, resident, or ward of the Division.
- 31 g. A person who has been approved to perform volunteer services in or
32 for the Division of Juvenile Justice of the Department of Public Safety
33 to provide direct care for a client, patient, student, resident, or ward of
34 the Division.

35 (2) "Criminal history" means a State or federal history of conviction of a crime,
36 whether a misdemeanor or felony, that bears upon a covered person's fitness
37 for employment in the Department of Health and Human Services or the
38 Division of Juvenile Justice of the Department of Public Safety. The crimes
39 include, but are not limited to, criminal offenses as set forth in any of the
40 following Articles of Chapter 14 of the General Statutes: Article 5,
41 Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering
42 Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and
43 Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and
44 Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or
45 Incendiary Device or Material; Article 14, Burglary and Other
46 Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny;
47 Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses
48 and Cheats; Article 19A, Obtaining Property or Services by False or
49 Fraudulent Use of Credit Device or Other Means; Article 19B, Financial
50 Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article
51 26, Offenses Against Public Morality and Decency; Article 26A, Adult

1 Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29,
2 Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against
3 the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies;
4 Article 39, Protection of Minors; Article 40, Protection of the Family; Article
5 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes
6 also include possession or sale of drugs in violation of the North Carolina
7 Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes,
8 and alcohol-related offenses such as sale to underage persons in violation of
9 G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through
10 G.S. 20-138.5.

11 (b) When requested by the Department of Health and Human Services or the Division of
12 Juvenile Justice of the Department of Public Safety, the ~~North Carolina Department of Public~~
13 ~~Safety State Bureau of Investigation~~ may provide to the requesting department or division a
14 covered person's criminal history from the State Repository of Criminal Histories. Such requests
15 shall not be due to a person's age, sex, race, color, national origin, religion, creed, political
16 affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State
17 criminal history record check only, the requesting department or division shall provide to the
18 ~~Department of Public Safety Bureau~~ a form consenting to the check signed by the covered person
19 to be checked and any additional information required by the ~~Department of Public Safety~~
20 ~~Bureau~~ National criminal record checks are authorized for covered applicants who have not
21 resided in the State of North Carolina during the past five years. For national checks the
22 Department of Health and Human Services or the Division of Juvenile Justice of the Department
23 of Public Safety shall provide to the ~~North Carolina Department of Public Safety Bureau~~ the
24 fingerprints of the covered person to be checked, any additional information required by the
25 ~~Department of Public Safety Bureau~~, and a form signed by the covered person to be checked
26 consenting to the check of the criminal record and to the use of fingerprints and other identifying
27 information required by the State or National Repositories. The fingerprints of the individual
28 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State criminal
29 history record file and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the
30 Federal Bureau of Investigation for a national criminal history record check. The Department of
31 Health and Human Services and the Division of Juvenile Justice of the Department of Public
32 Safety shall keep all information pursuant to this section confidential. The ~~Department of Public~~
33 ~~Safety Bureau~~ shall charge a reasonable fee for conducting the checks of the criminal history
34 records authorized by this section.

35 (c) All releases of criminal history information to the Department of Health and Human
36 Services or the Division of Juvenile Justice of the Department of Public Safety shall be subject
37 to, and in compliance with, rules governing the dissemination of criminal history record checks
38 as adopted by the ~~North Carolina Department of Public Safety Bureau~~. All of the information
39 either department receives through the checking of the criminal history is privileged information
40 and for the exclusive use of that department.

41 ...

42 "**§ 143B-1209.16. Criminal record checks of applicants and current employees who access**
43 **federal tax information.**

44 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may, upon request,
45 provide to the Division of Social Services or Division of Health Benefits within the Department
46 of Health and Human Services or a county agency the criminal history from the State and
47 National Repositories of Criminal Histories of the following individuals if the individual is
48 permitted, or will be permitted, to access federal tax information:

- 49 (1) An applicant for employment.
- 50 (2) A current employee.
- 51 (3) A contractual employee or applicant.

1 (4) An employee of a contractor.
2 (b) Along with the request, the requesting agency shall provide the following to the
3 ~~Department of Public Safety-Bureau:~~

- 4 (1) The fingerprints of the person who is the subject of the record check.
5 (2) A form signed by the person who is the subject of the record check consenting
6 to:
7 a. The criminal record check.
8 b. The use of fingerprints.
9 c. Any other identifying information required by the State and National
10 Repositories.
11 d. Any additional information required by the Department of Public
12 Safety.

13 (c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a
14 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
15 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
16 record check.

17 (d) The requesting agency shall keep all information obtained pursuant to this section
18 confidential.

19 (e) The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred
20 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
21 cost of locating, editing, researching, and retrieving the information.

22 **"§ 143B-1209.17. Criminal record checks required prior to placement for adoption of a**
23 **minor who is in the custody or placement responsibility of a county department**
24 **of social services.**

25 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the Division
26 of Social Services, Department of Health and Human Services, the criminal history from the
27 State and National Repositories of Criminal Histories as defined in G.S. 48-1-101(5a). The
28 Division shall provide to the ~~Department of Public Safety-Bureau~~, along with the request, the
29 fingerprints of any individual to be checked, any additional information required by the
30 ~~Department of Public Safety-Bureau~~, and a form consenting to the check of the criminal record
31 and to the use of fingerprints and other identifying information required by the State or National
32 Repositories signed by the individual to be checked. The fingerprints of the individual shall be
33 ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history
34 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal
35 Bureau of Investigation for a national criminal history record check. The Division shall keep all
36 information pursuant to this section privileged, as provided in G.S. 48-3-309(f). The ~~Department~~
37 ~~of Public Safety-Bureau~~ shall charge a reasonable fee only for conducting the checks of the
38 national criminal history records authorized by this section.

39 **"§ 143B-1209.18. Criminal record checks of applicants for auctioneer, apprentice**
40 **auctioneer, or auction firm license.**

41 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North
42 Carolina Auctioneers Commission from the State and National Repositories of Criminal
43 Histories the criminal history of any applicant for an auctioneer's license under Chapter 85B of
44 the General Statutes. Along with the request, the Commission shall provide to the ~~Department of~~
45 ~~Public Safety-Bureau~~ the fingerprints of the applicant, a form signed by the applicant consenting
46 to the criminal record check and the use of fingerprints and other identifying information required
47 by the State or National Repositories, and any additional information required by the ~~Department~~
48 ~~of Public Safety-Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~
49 ~~Investigation~~ used for a check of the State's criminal history record file, and the ~~State Bureau of~~
50 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a
51 national criminal history record check. The Commission shall keep all information obtained

1 pursuant to this section confidential. ~~Department of Public Safety~~ The Bureau may charge a fee
2 to offset the cost incurred by it to conduct a criminal record check under this section. The fee
3 shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

4 **"§ 143B-1209.19. Criminal record checks of McGruff House Program volunteers.**

5 (a) Authority. – ~~The Department of Public Safety~~ State Bureau of Investigation and the
6 Federal Bureau of Investigation may provide to any local law enforcement agency a criminal
7 record check of any individual who applies as a volunteer for the McGruff House Program in
8 that community and a criminal record check of all persons 18 years of age or older who live in
9 the applying household. The North Carolina criminal record check may also be done by a
10 certified DCI operator within the local law enforcement agency.

11 (b) Procedure. – A criminal record check must be conducted by using an individual's
12 fingerprints and all identification information required by the ~~Department of Public Safety~~ State
13 Bureau of Investigation to identify that individual. A criminal record check shall be provided
14 only if: (i) the individual whose record is checked consents to the record check, and (ii) every
15 individual who is 18 years of age or older who lives in the household also consents to the record
16 check. Refusal to give consent is considered withdrawal of the application. The information shall
17 be kept confidential by the local law enforcement agency that receives the information. If the
18 confidential information is disclosed under this section, the ~~Department~~ State Bureau of
19 Investigation may refuse to provide further criminal record checks to that local law enforcement
20 agency.

21 **"§ 143B-1209.20. Criminal record checks for adult care homes, nursing homes, home care**
22 **agencies, and providers of mental health, developmental disabilities, and**
23 **substance abuse services.**

24 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the following
25 entities the criminal history from the State and National Repositories of Criminal Histories:

- 26 (1) Nursing homes or combination homes licensed under Chapter 131E of the
27 General Statutes.
- 28 (2) Adult care homes licensed under Chapter 131D of the General Statutes.
- 29 (3) Home care agencies licensed under Chapter 131E of the General Statutes.
- 30 (4) Providers licensed under Chapter 122C of the General Statutes, including a
31 contract agency of a provider that is subject to the provisions of Article 4 of
32 that Chapter.

33 The criminal history shall be provided to nursing homes and home care agencies in
34 accordance with G.S. 131E-265, to adult care homes in accordance with G.S. 131D-40, and to a
35 provider in accordance with G.S. 122C-80. The requesting entity shall provide to the ~~Department~~
36 ~~of Public Safety~~ Bureau, along with the request, the fingerprints of the individual to be checked
37 if a national criminal history record check is required, any additional information required by the
38 ~~Department of Public Safety~~ Bureau, and a form signed by the individual to be checked
39 consenting to the check of the criminal record and to the use of fingerprints and other identifying
40 information required by the State or National Repositories of Criminal Histories. If a national
41 criminal history record check is required, the fingerprints of the individual shall be ~~forwarded to~~
42 ~~the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and
43 the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of
44 Investigation for a national criminal history record check. All information received by the entity
45 shall be kept confidential in accordance with G.S. 131E-265, 131D-40, and 122C-80, as
46 applicable. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting
47 the checks authorized by this section. The fee for the State check may not exceed fourteen dollars
48 (\$14.00).

49 **"§ 143B-1209.21. Criminal record checks of applicants for licensure as registered nurses**
50 **or licensed practical nurses.**

1 ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the North
2 Carolina Board of Nursing from the State and National Repositories of Criminal Histories the
3 criminal history of any applicant for licensure as a registered nurse or licensed practical nurse
4 under Article 9A of Chapter 90 of the General Statutes. Along with the request, the Board shall
5 provide to the ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed
6 by the applicant consenting to the criminal record check and use of fingerprints and other
7 identifying information required by the State and National Repositories, and any additional
8 information required by the ~~Department of Public Safety Bureau~~. The applicant's fingerprints
9 shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal
10 history record file and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the
11 Federal Bureau of Investigation for a national criminal history record check. The Board shall
12 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~
13 ~~Safety Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record
14 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,
15 and retrieving the information.

16 **"§ 143B-1209.22. Criminal record checks of applicants for registration, certification, or**
17 **licensure as a substance abuse professional.**

18 ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the North
19 Carolina Substance Abuse Professional Practice Board from the State and National Repositories
20 of Criminal Histories the criminal history of any applicant for registration, certification, or
21 licensure pursuant to Article 5C of Chapter 90 of the General Statutes. Along with the request,
22 the Board shall provide to the ~~Department of Public Safety Bureau~~ the fingerprints of the
23 applicant, a form signed by the applicant consenting to the criminal record check and use of
24 fingerprints and other identifying information required by the State and National Repositories,
25 and any additional information required by the ~~Department of Public Safety Bureau~~. The
26 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search
27 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a
28 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record
29 check. The Board shall keep all information obtained pursuant to this section confidential. The
30 ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred by it to conduct
31 a criminal record check under this section. The fee shall not exceed the actual cost of locating,
32 editing, researching, and retrieving the information.

33 **"§ 143B-1209.23. Criminal record checks of applicants for licensure as massage and**
34 **bodywork therapists.**

35 ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the North
36 Carolina Board of Massage and Bodywork Therapy from the State and National Repositories of
37 Criminal Histories the criminal history of any applicant for licensure pursuant to Article 36 of
38 Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the
39 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the
40 applicant consenting to the criminal record check and use of fingerprints and other identifying
41 information required by the State and National Repositories, and any additional information
42 required by the ~~Department of Public Safety Bureau~~. The applicant's fingerprints shall be
43 ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history
44 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal
45 Bureau of Investigation for a national criminal history record check. The Board shall keep all
46 information obtained pursuant to this section confidential. ~~Department of Public Safety The~~
47 ~~Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record check under
48 this section. The fee shall not exceed the actual cost of locating, editing, researching, and
49 retrieving the information.

50 **"§ 143B-1209.24. Criminal history record checks of applicants to and current members of**
51 **fire departments and emergency medical services.**

1 ...

2 (b) When requested by a requesting entity, the ~~North Carolina Department of Public~~
3 ~~Safety State Bureau of Investigation~~ may provide to the requesting entity an applicant's or current
4 member's criminal history from the State and National Repositories of Criminal Histories. The
5 requesting entity shall provide to the ~~North Carolina Department of Public Safety Bureau~~ the
6 fingerprints of the applicant to be checked, any additional information required by the
7 ~~Department of Public Safety, Bureau,~~ and a form signed by the applicant to be checked
8 consenting to the (i) check of the criminal record and (ii) use of fingerprints and other identifying
9 information required by the State or National Repositories. The fingerprints of the individual
10 shall be ~~forwarded to used by the State Bureau of Investigation~~ for a search of the State criminal
11 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the
12 Federal Bureau of Investigation for a national criminal history record check.

13 (b1) A statewide criminal history record check without fingerprints may be conducted as
14 provided for in this subsection in lieu of the criminal history record check in subsection (b) of
15 this section for a State resident. The requesting entity may request the statewide criminal history
16 record check under this subsection through either of the following ways:

17 (1) A statewide criminal history record check without fingerprints may be
18 conducted by the ~~North Carolina Department of Public Safety State Bureau~~
19 ~~of Investigation.~~ The requesting entity shall provide to the ~~North Carolina~~
20 ~~Department of Public Safety Bureau~~ any information required by the
21 ~~Department Bureau~~ to conduct a name only search and a form signed by the
22 State resident to be checked consenting to the (i) check of the criminal record
23 and (ii) use of other identifying information required by the State Repository.
24 ~~The name and other required information shall be forwarded to the State~~
25 ~~Bureau of Investigation for a search of the State criminal history record file.~~

26 (2) A statewide criminal history record check of the State resident's name may be
27 conducted by a third-party vendor. The requesting entity and State resident
28 shall provide the third-party vendor's required documentation to complete the
29 request.

30 (3) A statewide criminal history record check of the State resident's name may be
31 conducted and certified by the clerk of court, at the clerk's discretion.

32 ...

33 (c) All releases of criminal history information by the ~~North Carolina Department of~~
34 ~~Public Safety State Bureau of Investigation~~ to the requesting entity shall be subject to, and in
35 compliance with, rules governing the dissemination of criminal history record checks as adopted
36 by the ~~North Carolina Department of Public Safety Bureau.~~ All of the information the requesting
37 entity receives through the checking of the criminal history is privileged information and for the
38 exclusive use of that requesting entity. The requesting entity shall keep all information received
39 pursuant to this section confidential.

40 ...

41 (h) Except as provided for in subsection (i) of this section, the ~~Department of Public~~
42 ~~Safety State Bureau of Investigation~~ shall charge a reasonable fee for conducting the checks of
43 the criminal history records authorized by this section. If the requesting entity is charged a fee
44 for obtaining a criminal history record check, the requesting entity may require the applicant or
45 current member to reimburse the requesting entity the cost incurred.

46 (i) The ~~Department of Public Safety State Bureau of Investigation~~ may charge the fire
47 chief of a nonprofit volunteer fire department a fee to cover the cost associated with submission
48 of fingerprints to the Federal Bureau of Investigation for a national criminal history record check
49 provided in accordance with subsection (b) of this section. The ~~Department of Public Safety State~~
50 ~~Bureau of Investigation~~ shall not charge a fee for conducting a statewide criminal history record

1 check for a fire chief of a nonprofit volunteer fire department provided in accordance with
2 subsection (b) or (b1) of this section.

3 **"§ 143B-1209.25. Criminal record checks of applicants for manufactured home**
4 **manufacturer, dealer, salesperson, or set-up contractor licensure.**

5 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North
6 Carolina Manufactured Housing Board from the State and National Repositories of Criminal
7 Histories the criminal history of any applicant for licensure as a manufactured home
8 manufacturer, dealer, salesperson, or set-up contractor under Article 9A of Chapter 143 of the
9 General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~
10 ~~Safety Bureau~~ the fingerprints of the applicant, a form signed by the applicant consenting to the
11 criminal record check, and use of fingerprints and other identifying information required by the
12 State and National Repositories, and any additional information required by the ~~Department of~~
13 ~~Public Safety Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~
14 ~~Investigation used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~
15 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a
16 national criminal history record check. The Board shall keep all information obtained pursuant
17 to this section confidential. The ~~Department of Public Safety Bureau~~ may charge a fee to offset
18 the cost incurred by it to conduct a criminal record check under this section. The fee shall not
19 exceed the actual cost of locating, editing, researching, and retrieving the information.

20 **"§ 143B-1209.26. Criminal record checks for municipalities and county governments.**

21 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a city or
22 county from the State and National Repositories of Criminal Histories the criminal history of any
23 person who applies for employment with the city or county. The city or county shall provide to
24 the ~~Department of Public Safety Bureau~~, along with the request, the fingerprints of the applicant,
25 a form signed by the applicant consenting to the criminal record check and use of fingerprints
26 and other identifying information required by the State and National Repositories, and any
27 additional information required by the ~~Department of Public Safety Bureau~~. The applicant's
28 fingerprints shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's
29 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of
30 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
31 The city or county shall keep all information obtained pursuant to this section confidential. The
32 ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred by it to conduct
33 a criminal record check under this section. The fee shall not exceed the actual cost of locating,
34 editing, researching, and retrieving the information.

35 **"§ 143B-1209.27. Criminal record checks of applicants for locksmith licensure or**
36 **apprentice designation.**

37 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North
38 Carolina Locksmith Licensing Board from the State and National Repositories of Criminal
39 Histories the criminal history of any applicant for licensure as a locksmith or an apprentice under
40 Chapter 74F of the General Statutes. Along with the request, the Board shall provide to the
41 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the
42 applicant consenting to the criminal record check and use of fingerprints and other identifying
43 information required by the State and National Repositories, and any additional information
44 required by the ~~Department of Public Safety Bureau~~. The applicant's fingerprints shall be
45 ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal history
46 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal
47 Bureau of Investigation for a national criminal history record check. The Board shall keep all
48 information obtained pursuant to this section confidential. The ~~Department of Public Safety~~
49 ~~Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record check under
50 this section. The fee shall not exceed the actual cost of locating, editing, researching, and
51 retrieving the information.

1 **"§ 143B-1209.28. Criminal record checks for the North Carolina State Lottery Commission**
2 **and its Director.**

3 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North
4 Carolina State Lottery Commission and to its Director from the State and National Repositories
5 of Criminal Histories the criminal history of any prospective employee of the Commission and
6 any potential contractor. The North Carolina State Lottery Commission or its Director shall
7 provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of
8 the prospective employee of the Commission, or of the potential contractor, a form signed by the
9 prospective employee of the Commission, or of the potential contractor consenting to the criminal
10 record check and use of fingerprints and other identifying information required by the State and
11 National Repositories, and any additional information required by the ~~Department of Public~~
12 ~~Safety, Bureau.~~ The fingerprints of the prospective employee of the Commission, or potential
13 contractor, shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the State's
14 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of
15 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
16 The North Carolina State Lottery Commission and its Director shall remit any fingerprint
17 information retained by the Commission to alcohol law enforcement agents appointed under
18 Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant
19 to this section confidential. The ~~Department of Public Safety Bureau~~ shall charge a reasonable
20 fee only for conducting the checks of the criminal history records authorized by this section.

21 **"§ 143B-1209.29. Criminal record checks of applicants for permit or license to conduct**
22 **exploration, recovery, or salvage operations and archaeological investigations.**

23 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the
24 Department of Natural and Cultural Resources from the State and National Repositories of
25 Criminal Histories the criminal history of any applicant for a permit or license under Article 3 of
26 Chapter 121 of the General Statutes or Article 2 of Chapter 70 of the General Statutes. Along
27 with the request, the Department of Natural and Cultural Resources shall provide to the
28 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the
29 applicant consenting to the criminal history record check and use of fingerprints and other
30 identifying information required by the State and National Repositories, and any additional
31 information required by the ~~Department of Public Safety, Bureau.~~ The applicant's fingerprints
32 shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the State's criminal
33 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the
34 Federal Bureau of Investigation for a national criminal history record check. The Department of
35 Natural and Cultural Resources shall keep all information obtained under this section
36 confidential. The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
37 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
38 cost of locating, editing, researching, and retrieving the information.

39 **"§ 143B-1209.30. Criminal record checks of applicants for licensure and licensees.**

40 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North
41 Carolina Psychology Board from the State and National Repositories of Criminal Histories the
42 criminal history of any applicant for licensure or reinstatement of a license to practice psychology
43 or a licensed psychologist or psychological associate under Article 18A of Chapter 90 of the
44 General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~
45 ~~Safety Bureau~~ the fingerprints of the applicant or licensee, a form signed by the applicant or
46 licensee consenting to the criminal record check and use of fingerprints and other identifying
47 information required by the State and National Repositories, and any additional information
48 required by the ~~Department of Public Safety, Bureau.~~ The applicant's or licensee's fingerprints
49 shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the State's criminal
50 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the
51 Federal Bureau of Investigation for a national criminal history record check. The Board shall

1 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~
2 ~~Safety Bureau~~ may charge each applicant or licensee a fee to offset the cost incurred by it to
3 conduct a criminal record check under this section. The fee shall not exceed the actual cost of
4 locating, editing, researching, and retrieving the information.

5 **"§ 143B-1209.31. Criminal record checks for the Judicial Department.**

6 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the
7 Judicial Department from the State and National Repositories of Criminal Histories the criminal
8 history of any current or prospective employee, volunteer, or contractor of the Judicial
9 Department. The Judicial Department shall provide to the ~~Department of Public Safety, Bureau,~~
10 along with the request, the fingerprints of the current or prospective employee, volunteer, or
11 contractor, a form signed by the current or prospective employee, volunteer, or contractor
12 consenting to the criminal record check and use of fingerprints and other identifying information
13 required by the State and National Repositories, and any additional information required by the
14 ~~Department of Public Safety, Bureau.~~ The fingerprints of the current or prospective employee,
15 volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation used~~ for a search
16 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a
17 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record
18 check. The Judicial Department shall keep all information obtained pursuant to this section
19 confidential.

20 (b) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
21 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
22 cost of locating, editing, researching, and retrieving the information.

23 **"§ 143B-1209.32. Criminal record checks for the Department of Information Technology.**

24 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the
25 Department of Information Technology from the State and National Repositories of Criminal
26 Histories the criminal history of any current or prospective employee, volunteer, or contractor of
27 the Department of Information Technology. The Department of Information Technology shall
28 provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of
29 the current or prospective employee, volunteer, or contractor, a form signed by the current or
30 prospective employee, volunteer, or contractor consenting to the criminal record check and use
31 of fingerprints and other identifying information required by the State and National Repositories,
32 and any additional information required by the ~~Department of Public Safety, Bureau.~~ The
33 fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded~~
34 ~~to the State Bureau of Investigation used~~ for a search of the State's criminal history record file,
35 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of
36 Investigation for a national criminal history record check. The Department of Information
37 Technology shall keep all information obtained pursuant to this section confidential.

38 (b) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
39 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
40 cost of locating, editing, researching, and retrieving the information.

41 **"§ 143B-1209.33. Criminal record checks of EMS personnel.**

42 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the
43 Department of Health and Human Services the criminal history from the State and National
44 Repositories of Criminal Histories of an individual who applies for EMS credentials, seeks to
45 renew EMS credentials, or holds EMS credentials, when the criminal history is requested by the
46 Department. The Department of Health and Human Services shall provide to the ~~Department of~~
47 ~~Public Safety Bureau~~ the request for the criminal history, the fingerprints of the individual to be
48 checked, any additional information required by the ~~Department of Public Safety, Bureau,~~ and a
49 form consenting to the check of the criminal record and to the use of fingerprints and other
50 identifying information required by the State or National Repositories signed by the individual
51 to be checked. The Department of Health and Human Services and Emergency Medical Services

1 Disciplinary Committee, established by G.S. 143-519, shall keep all information obtained
2 pursuant to this section confidential. The ~~Department of Public Safety Bureau~~ shall charge a
3 reasonable fee to offset the costs incurred by it to conduct the checks of criminal history records
4 authorized by this section.

5 **"§ 143B-1209.34. Criminal record checks of applicants for licensure as chiropractic**
6 **physicians.**

7 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the State
8 Board of Chiropractic Examiners from the State and National Repositories of Criminal Histories
9 the criminal history of any applicant for licensure pursuant to Article 8 of Chapter 90 of the
10 General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~
11 ~~Safety Bureau~~ the fingerprints of the applicant, a form signed by the applicant consenting to the
12 criminal record check and use of fingerprints and other identifying information required by the
13 State and National Repositories, and any additional information required by the ~~Department of~~
14 ~~Public Safety Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~
15 ~~Investigation used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~
16 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a
17 national criminal history record check. The Board shall keep all information obtained pursuant
18 to this section confidential. The ~~Department of Public Safety Bureau~~ may charge a fee to offset
19 the cost incurred by it to conduct a criminal record check under this section. The fee shall not
20 exceed the actual cost of locating, editing, researching, and retrieving the information.

21 **"§ 143B-1209.35. Criminal history record checks of employees of and applicants for**
22 **employment with the Department of Public Instruction.**

23 (a) Definitions. – As used in this section, the term:

24 (1) "Covered person" means any of the following:

- 25 a. An applicant for employment or a current employee in a position in
26 the Department of Public Instruction.
27 b. An independent contractor or an employee of an independent
28 contractor that has contracted to provide services to the Department of
29 Public Instruction.

30 (2) "Criminal history" means a State or federal history of conviction of a crime,
31 whether a misdemeanor or felony, that bears upon a covered person's fitness
32 for employment in the Department of Public Instruction. The crimes include,
33 but are not limited to, criminal offenses as set forth in any of the following
34 Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and
35 Issuing Monetary Substitutes; Article 5A, Endangering Executive and
36 Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex
37 Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article
38 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or
39 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson
40 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,
41 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,
42 Obtaining Property or Services by False or Fraudulent Use of Credit Device
43 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article
44 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality
45 and Decency; Article 26A, Adult Establishments; Article 27, Prostitution;
46 Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public
47 Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots,
48 Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article
49 40, Protection of the Family; Article 59, Public Intoxication; and Article 60,
50 Computer-Related Crime. The crimes also include possession or sale of drugs
51 in violation of the North Carolina Controlled Substances Act, Article 5 of

1 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale
2 to underage persons in violation of G.S. 18B-302, or driving while impaired
3 violation of G.S. 20-138.1 through G.S. 20-138.5.

4 (b) When requested by the Department of Public Instruction, the ~~North Carolina~~
5 ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the requesting
6 department a covered person's criminal history from the State Repository of Criminal Histories.
7 Such request shall not be due to a person's age, sex, race, color, national origin, religion, creed,
8 political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State
9 criminal history record check only, the requesting department shall provide to the ~~Department of~~
10 ~~Public Safety-Bureau~~ a form consenting to the check, signed by the covered person to be checked
11 and any additional information required by the ~~Department of Public Safety-Bureau~~. National
12 criminal record checks are authorized for covered applicants who have not resided in the State
13 of North Carolina during the past five years. For national checks the Department of Public
14 Instruction shall provide to the ~~North Carolina Department of Public Safety-Bureau~~ the
15 fingerprints of the covered person to be checked, any additional information required by the
16 ~~Department of Public Safety-Bureau~~, and a form signed by the covered person to be checked,
17 consenting to the check of the criminal record and to the use of fingerprints and other identifying
18 information required by the State or National Repositories. The fingerprints of the individual
19 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State criminal
20 history record file and forwarded to the Federal Bureau of Investigation for a national criminal
21 history record check. The Department of Public Instruction shall keep all information pursuant
22 to this section confidential. The ~~Department of Public Safety-Bureau~~ shall charge a reasonable
23 fee for conducting the checks of the criminal history records authorized by this section.

24 (c) All releases of criminal history information to the Department of Public Instruction
25 shall be subject to, and in compliance with, rules governing the dissemination of criminal history
26 record checks as adopted by the ~~North Carolina Department of Public Safety-Bureau~~. All of the
27 information the department receives through the checking of the criminal history is privileged
28 information and for the exclusive use of the department.

29 ...
30 **"§ 143B-1209.36. Criminal record checks of applicants and of current employees who are**
31 **involved in the manufacture or production of drivers licenses and identification**
32 **cards.**

33 (a) The ~~Department of Public Safety-State Bureau of Investigation~~ may, upon request,
34 provide to the Department of Transportation, Division of Motor Vehicles, the criminal history
35 from the State and National Repositories of Criminal Histories of the following individuals if the
36 individual (i) is or will be involved in the manufacture or production of drivers licenses and
37 identification cards, or (ii) has or will have the ability to affect the identity information that
38 appears on drivers licenses or identification cards:

- 39 (1) An applicant for employment.
- 40 (2) A current employee.
- 41 (3) A contractual employee or applicant.
- 42 (4) An employee of a contractor.

43 (b) Along with the request, the Division of Motor Vehicles shall provide the following to
44 the ~~Department of Public Safety-Bureau~~:

- 45 (1) The fingerprints of the person who is the subject of the record check.
- 46 (2) A form signed by the person who is the subject of the record check consenting
47 to:
 - 48 a. The criminal record check.
 - 49 b. The use of fingerprints.
 - 50 c. Any other identifying information required by the State and National
51 Repositories.

1 d. Any additional information required by the Department of Public
2 Safety.

3 (c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a
4 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
5 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
6 record check.

7 (d) The Division of Motor Vehicles shall keep all information obtained pursuant to this
8 section confidential.

9 (e) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
10 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
11 cost of locating, editing, researching, and retrieving the information.

12 **"§ 143B-1209.37. Criminal history record checks of applicants for licensure as nursing**
13 **home administrators.**

14 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the
15 North Carolina State Board of Examiners for Nursing Home Administrators from the State and
16 National Repositories of Criminal Histories the criminal history of any applicant for licensure as
17 a nursing home administrator under Article 20 of Chapter 90 of the General Statutes. Along with
18 the request, the Board shall provide to the ~~Department of Public Safety Bureau~~ the fingerprints
19 of the applicant, a form signed by the applicant consenting to the criminal history record check
20 and use of fingerprints and other identifying information required by the State and National
21 Repositories, and any additional information required by the ~~Department of Public Safety~~
22 ~~Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used
23 for a search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
24 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
25 record check. The Board shall keep all information obtained pursuant to this section confidential.

26 (b) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
27 by it to conduct a criminal history record check under this section. The fee shall not exceed the
28 actual cost of locating, editing, researching, and retrieving the information.

29 **"§ 143B-1209.38. Criminal record checks of applicants for licensure as clinical mental**
30 **health counselors.**

31 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the North
32 Carolina Board of Licensed Clinical Mental Health Counselors from the State and National
33 Repositories of Criminal Histories the criminal history of any applicant for licensure or
34 reinstatement of a license or licensee under Article 24 of Chapter 90 of the General Statutes.
35 Along with the request, the Board shall provide to the ~~Department of Public Safety Bureau~~ the
36 fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to
37 the criminal record check and use of fingerprints and other identifying information required by
38 the State and National Repositories, and any additional information required by the ~~Department~~
39 ~~of Public Safety Bureau~~. The applicant or licensee's fingerprints shall be ~~forwarded to the State~~
40 ~~Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~
41 ~~Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation
42 for a national criminal history record check. The Board shall keep all information obtained
43 pursuant to this section confidential. The ~~Department of Public Safety Bureau~~ may charge a fee
44 to offset the cost incurred by it to conduct a criminal record check under this section. The fee
45 shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

46 **"§ 143B-1209.39. Criminal history record checks of applicants for licensure as marriage**
47 **and family therapists and marriage and family therapy associates.**

48 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the North
49 Carolina Marriage and Family Therapy Licensure Board from the State and National
50 Repositories of Criminal Histories the criminal history of any applicant for licensure or
51 reinstatement of a license or licensee under Article 18C of Chapter 90 of the General Statutes.

1 Along with the request, the Board shall provide to the ~~Department of Public Safety Bureau~~ the
2 fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to
3 the criminal history record check and use of fingerprints and other identifying information
4 required by the State and National Repositories, and any additional information required by the
5 ~~Department of Public Safety Bureau~~. The applicant's or licensee's fingerprints shall be forwarded
6 to the ~~State Bureau of Investigation~~ used for a search of the State's criminal history record file,
7 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of
8 Investigation for a national criminal history record check. The Board shall keep all information
9 obtained pursuant to this section confidential. The ~~Department of Public Safety Bureau~~ may
10 charge a fee to offset the cost incurred by the Department to conduct a criminal history record
11 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,
12 and retrieving the information.

13 **"§ 143B-1209.40. Criminal record checks of petitioners for restoration of firearms rights.**

14 (a) A person who petitions the court to have the person's firearms rights restored shall
15 submit a full set of the petitioner's fingerprints, to be administered by the sheriff. The petitioner
16 shall also submit to the sheriff a form signed by the petitioner consenting to the criminal record
17 check and use of fingerprints and other identifying information required by the State and National
18 Repositories, and any additional information required by the State Bureau of Investigation or the
19 Federal Bureau of Investigation. The sheriff shall forward the set of fingerprints and the signed
20 consent form to the State Bureau of Investigation for a records check of State and national
21 databases.

22 (b) Upon receipt of the fingerprints and consent form forwarded by the sheriff pursuant
23 to subsection (a) of this section, the State Bureau of Investigation shall conduct a search of the
24 State criminal history record file and shall forward a set of the fingerprints and a copy of the
25 signed consent form to the Federal Bureau of Investigation for a national criminal history record
26 check.

27 (c) The State Bureau of Investigation shall provide a copy of the information obtained
28 pursuant to this section to the clerk of superior court, which shall be kept confidential in the court
29 file for the petition for restoration of firearms rights.

30 (d) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred
31 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
32 cost of locating, editing, researching, and retrieving the information.

33 **"§ 143B-1209.41. Criminal record checks of applicants for certification by the Department
34 of Agriculture and Consumer Services as euthanasia technicians.**

35 The ~~Department of Public Safety State Bureau of Investigation~~ may provide a criminal record
36 check to the Department of Agriculture and Consumer Services for a person who has applied for
37 a new or renewal certification as a euthanasia technician. The Department of Agriculture and
38 Consumer Services shall provide the ~~Department of Public Safety Bureau~~ a request for the
39 criminal record check, the fingerprints of the individual to be checked, any additional information
40 required by the ~~Department of Public Safety Bureau~~, and a form signed by the person seeking
41 certification consenting to the check of the criminal record. The fingerprints shall be forwarded
42 to the ~~State Bureau of Investigation~~ used for a search of the State's criminal history record file,
43 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of
44 Investigation for a national criminal history record check. The Department of Agriculture and
45 Consumer Services shall keep all information pursuant to this section privileged, in accordance
46 with applicable State law and federal guidelines, and the information shall be confidential and
47 shall not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public
48 Safety Bureau~~ may charge each applicant a fee for conducting the checks of criminal history
49 records authorized by this section.

1 **"§ 143B-1209.42. Criminal history record checks of applicants for trainee registration,**
2 **appraiser licensure, appraiser certification, or registrants for registration as real**
3 **estate appraisal management companies.**

4 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North
5 Carolina Appraisal Board from the State and National Repositories of Criminal Histories the
6 criminal history of any applicant or registrant for registration under Article 1 and Article 2 of
7 Chapter 93E of the General Statutes. Along with the request, the Board shall provide to the
8 ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or registrant, a form signed
9 by the applicant or registrant consenting to the criminal history record check and use of
10 fingerprints and other identifying information required by the State and National Repositories,
11 and any additional information required by the ~~Department of Public Safety~~ Bureau. The
12 applicant's or registrant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used
13 for a search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
14 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
15 record check. The Board shall keep all information obtained pursuant to this section confidential.
16 The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the
17 ~~Department~~ Bureau to conduct a criminal history record check under this section. The fee shall
18 not exceed the actual cost of locating, editing, researching, and retrieving the information.

19 **"§ 143B-1209.43. Criminal history record checks of applicants for a restoration of a**
20 **revoked drivers license.**

21 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division
22 of Motor Vehicles, from the State and National Repositories of Criminal Histories, the criminal
23 history record of any applicant for a restoration of a revoked drivers license. Along with the
24 request, the Division shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of
25 the applicant, a form signed by the applicant consenting to the criminal history record check and
26 use of fingerprints, other identifying information required by the State and National Repositories,
27 and any additional information required by the ~~Department of Public Safety~~ Bureau. The
28 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search
29 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a
30 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record
31 check. The Division shall keep all information obtained pursuant to this section confidential. The
32 ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct
33 a criminal history record check under this section. The fee shall not exceed the actual cost of
34 locating, editing, researching, and retrieving the information. Fees and other costs incurred by
35 the Division under this statute may be charged to the applicant.

36 **"§ 143B-1209.44. Criminal history record checks of applicants for and current holders of**
37 **certificate to transport household goods.**

38 (a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the
39 Utilities Commission from the State and National Repositories of Criminal Histories the criminal
40 history of any applicant for or current holder of a certificate to transport household goods. Along
41 with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the
42 fingerprints of the applicant or current holder, a form signed by the applicant or current holder
43 consenting to the criminal history record check and use of fingerprints and other identifying
44 information required by the State and National Repositories of Criminal Histories, and any
45 additional information required by the ~~Department of Public Safety~~ Bureau. The applicant's or
46 current holder's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a
47 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
48 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
49 record check. The Utilities Commission shall keep all information obtained pursuant to this
50 section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost
51 incurred by it to conduct a criminal history record check under this section. The fee shall not

1 exceed the actual cost of locating, editing, researching, and retrieving the information. The
2 ~~Department of Public Safety-Bureau~~ shall send a copy of the results of the criminal history record
3 checks directly to the Utilities Commission Chief Clerk.

4 ...

5 **"§ 143B-1209.45. Criminal history record checks of applicants for licensure as physical**
6 **therapists or physical therapist assistants.**

7 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North
8 Carolina Board of Physical Therapy Examiners a criminal history record from the State and
9 National Repositories of Criminal Histories for applicants for licensure by the Board. Along with
10 a request for criminal history records, the Board shall provide to the ~~Department of Public Safety-~~
11 ~~Bureau~~ the fingerprints of the applicant or subject, a form signed by the applicant consenting to
12 the criminal history record check and use of the fingerprints and other identifying information
13 required by the Repositories, and any additional information required by the ~~Department-Bureau.~~
14 The fingerprints shall be ~~forwarded to the State Bureau of Investigation-used~~ for a search of the
15 State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of
16 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
17 The Board shall keep all information obtained pursuant to this section confidential. The
18 ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred by the
19 ~~Department of Public Safety-Bureau~~ to conduct a criminal history record check under this section,
20 but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the
21 information.

22 **"§ 143B-1209.46. Criminal record checks of applicants and recipients of programs of public**
23 **assistance.**

24 (a) Upon receipt of a request from a county department of social services pursuant to
25 G.S. 108A-26.1, the ~~Department of Public Safety-State Bureau of Investigation~~ shall, to the
26 extent allowed by federal law, provide to the county department of social services the criminal
27 history from the State or National Repositories of Criminal Histories of an applicant for, or
28 recipient of, program assistance under Part 2 or Part 5 of Article 2 of Chapter 108A of the General
29 Statutes.

30 (b) The county department of social services shall provide to the ~~Department of Public~~
31 ~~Safety-Bureau,~~ along with the request, any information required by the ~~Department of Public~~
32 ~~Safety-Bureau~~ and a form signed by the individual to be checked consenting to the check of the
33 criminal record and to the use of any necessary identifying information required by the State or
34 National Repositories. The county department of social services shall keep all information
35 pursuant to this section confidential and privileged, except as provided in G.S. 108A-26.1.

36 (c) The ~~Department of Public Safety-Bureau~~ may charge a reasonable fee only for
37 conducting the checks of the criminal history records authorized by this section.

38 **"§ 143B-1209.47. Criminal record checks for the Office of State Controller.**

39 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the Office of
40 State Controller from the State and National Repositories of Criminal Histories the criminal
41 history of any current or prospective employee, volunteer, or contractor of the Office of State
42 Controller. The Office of State Controller shall provide to the ~~Department of Public Safety-~~
43 ~~Bureau,~~ along with the request, the fingerprints of the current or prospective employee, volunteer,
44 or contractor, a form signed by the current or prospective employee, volunteer, or contractor
45 consenting to the criminal record check and use of fingerprints and other identifying information
46 required by the State and National Repositories, and any additional information required by the
47 ~~Department of Public Safety-Bureau.~~ The fingerprints of the current or prospective employee,
48 volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation-used~~ for a search
49 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a
50 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record
51 check. The Office of State Controller shall keep all information obtained pursuant to this section

1 confidential. The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred
2 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
3 cost of locating, editing, researching, and retrieving the information.

4 **"§ 143B-1209.48. Criminal record checks for the Department of Revenue.**

5 (a) The ~~Department of Public Safety-State Bureau of Investigation~~ shall, upon request,
6 provide to the Department of Revenue from the State and National Repositories of Criminal
7 Histories the criminal history of any of the following individuals:

- 8 (1) A current or prospective permanent or temporary employee.
- 9 (2) A contractor with the Department.
- 10 (3) An employee or agent of a contractor with the Department.
- 11 (4) Any other individual otherwise engaged by the Department who will have
12 access to federal tax information.

13 (b) Along with the request, the Department of Revenue shall provide to the ~~Department~~
14 ~~of Public Safety-Bureau~~ the fingerprints of the individual whose record is being sought, a form
15 signed by the individual consenting to the criminal record check and use of fingerprints and other
16 identifying information required by the State and National Repositories, and any additional
17 information required by the ~~Department of Public Safety-Bureau~~. The individual's fingerprints
18 shall be ~~forwarded to the State Bureau of Investigation-used~~ for a search of the State's criminal
19 history record file, and the ~~State-Bureau of Investigation~~ shall forward a set of fingerprints to the
20 Federal Bureau of Investigation for a national criminal history record check. The Department of
21 Revenue shall keep all information obtained pursuant to this section confidential.

22 (c) The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred
23 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
24 cost of locating, editing, researching, and retrieving the information.

25 **"§ 143B-1209.49. Criminal record checks for the Office of State Human Resources.**

26 (a) The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the
27 Office of State Human Resources from the State and National Repositories of Criminal Histories
28 the criminal history of any prospective temporary employee of a State agency or department if a
29 criminal record check is a requirement for employment by the agency or department with which
30 the individual would be temporarily assigned. The Office of State Human Resources shall
31 provide to the ~~Department of Public Safety-Bureau~~, along with the request, the fingerprints of
32 the prospective temporary employee, a form signed by the prospective temporary employee
33 consenting to the criminal record check and use of fingerprints and other identifying information
34 required by the State and National Repositories, and any additional information required by the
35 ~~Department of Public Safety-Bureau~~. The fingerprints of the prospective employee shall be
36 ~~forwarded to the State Bureau of Investigation-used~~ for a search of the State's criminal history
37 record file, and the ~~State-Bureau of Investigation~~ shall forward a set of fingerprints to the Federal
38 Bureau of Investigation for a national criminal history record check. The Office of State Human
39 Resources shall keep all information obtained pursuant to this section confidential.

40 (b) The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred
41 by it to conduct a criminal record check under this section. The fee shall not exceed the actual
42 cost of locating, editing, researching, and retrieving the information. If the ~~Department of Public~~
43 ~~Safety-Bureau~~ charges the Office of State Human Resources a fee for conducting the criminal
44 record check, the agency or department with which the individual would be temporarily assigned
45 shall reimburse the Office of State Human Resources for the fee charged.

46 **"§ 143B-1209.50. Criminal record checks for employees and contractors of the State Board**
47 **of Elections and county directors of elections.**

48 (a) As used in this section, the term:

- 49 (1) "Current or prospective employee" means any of the following:
 - 50 a. A current or prospective permanent or temporary employee of the
51 State Board or a current or prospective county director of elections.

- b. A current or prospective contractor with the State Board.
- c. An employee or agent of a current or prospective contractor with the State Board.
- d. Any other individual otherwise engaged by the State Board who has or will have the capability to update, modify, or change elections systems or confidential elections or ethics data.

(2) "State Board" means the State Board of Elections.

(b) ~~The Department of Public Safety-State Bureau of Investigation~~ may provide to the Executive Director of the State Board a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The Executive Director shall provide to the ~~Department of Public Safety-Bureau,~~ along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety-Bureau.~~ The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State-Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) ~~The Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

...

"§ 143B-1209.51. Criminal record checks for employees of county boards of elections.

(a) As used in this section, the term:

- (1) "Current or prospective employee" means a current or prospective permanent or temporary employee of a county board of elections.
- (2) "State Board" means the State Board of Elections.

(b) ~~The Department of Public Safety-State Bureau of Investigation~~ may provide to a county board of elections a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The county board of elections shall provide to the ~~Department of Public Safety-Bureau,~~ along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety-Bureau.~~ The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State-Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) ~~The Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

...

"§ 143B-1209.52. Criminal record checks of applicants for licensure as dietitian/nutritionists or nutritionists.

The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North Carolina Board of Dietetics/Nutrition a criminal history record from the State and National Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request for criminal history records, the Board shall provide to the ~~Department of Public Safety-Bureau~~ the fingerprints of the applicant or subject, a form signed by the applicant consenting to the criminal history record check and use of the fingerprints and other identifying information required by the Repositories, and any additional information required by the ~~Department-Bureau.~~

1 The fingerprints shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the
2 State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of
3 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
4 The Board shall keep all information obtained pursuant to this section confidential. The
5 ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred by the
6 ~~Department of Public Safety Bureau~~ to conduct a criminal history record check under this section,
7 but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the
8 information.

9 **"§ 143B-1209.53. National criminal record checks for child care institutions.**

10 The ~~Department of Public Safety State Bureau of Investigation~~ shall provide to the
11 Department of Health and Human Services, Criminal Records Check Unit, in accordance with
12 G.S. 108A-150, the criminal history of any current or prospective employee or volunteer in a
13 child care institution as defined by Title IV-E of the Social Security Act, including individuals
14 working with a contract agency in a child care institution. The Department of Health and Human
15 Services, Criminal Records Check Unit, shall provide to the ~~Department of Public Safety,~~
16 Bureau, along with the request, the fingerprints of the individual to be checked, any additional
17 information required by the ~~Department of Public Safety, Bureau~~, and a form signed by the
18 individual to be checked consenting to the check of the criminal record and to the use of
19 fingerprints and other identifying information required by the State or National Repositories of
20 Criminal Histories. The fingerprints of the individual shall be forwarded to the ~~State Bureau of~~
21 Investigation used for a search of the State's criminal history record file, and the ~~State Bureau of~~
22 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a
23 national criminal history record check. All information received by the Department of Health and
24 Human Services, Criminal Records Check Unit, shall be kept confidential in accordance with
25 G.S. 108A-150. The ~~Department of Public Safety Bureau~~ may charge a reasonable fee to conduct
26 a criminal record check under this section.

27 ...

28 **"§ 143B-1209.55. Criminal record checks for the Legislative Services Commission.**

29 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Legislative
30 Services Officer from the State and National Repositories of Criminal Histories the criminal
31 history of any prospective employee, volunteer, or contractor of the General Assembly. The
32 Legislative Services Officer shall provide to the ~~Department of Public Safety, Bureau~~, along with
33 the request, the fingerprints of the prospective employee, volunteer, or contractor, a form signed
34 by the prospective employee, volunteer, or contractor consenting to the criminal record check
35 and use of fingerprints and other identifying information required by the State and National
36 Repositories and any additional information required by the ~~Department of Public Safety,~~
37 Bureau. The fingerprints of the prospective employee, volunteer, or contractor shall be forwarded
38 to the ~~State Bureau of Investigation used~~ for a search of the State's criminal history record file,
39 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of
40 Investigation for a national criminal history record check. The Legislative Services Officer shall
41 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~
42 Safety Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record
43 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,
44 and retrieving the information.

45 **"§ 143B-1209.56. Criminal record checks for sheriffs.**

46 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the
47 North Carolina Sheriffs' Education and Training Standards Commission a criminal history from
48 the State and National Repositories of Criminal Histories for any person filing a notice of
49 candidacy, or any potential appointee to fill a vacancy, to the office of sheriff. The North Carolina
50 Sheriffs' Education and Training Standards Commission shall provide to the ~~Department of~~
51 Public Safety, Bureau, along with the request, the fingerprints of the person filing a notice of

1 candidacy, or any potential appointee to fill a vacancy, to the office of sheriff; a form signed by
2 the individual consenting to the criminal record check and use of fingerprints and other
3 identifying information required by the State and National Repositories; and any additional
4 information required by the ~~Department of Public Safety, Bureau~~. The fingerprints of the
5 individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's
6 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of
7 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

8 ...

9 **"§ 143B-1209.57. Criminal record check for platform licensees.**

10 (a) The ~~Department of Public Safety, State Bureau of Investigation~~ may provide to the
11 Secretary of State a criminal history from the State and National Repositories of Criminal
12 Histories for any applicant seeking a platform license. The Secretary shall provide to the
13 ~~Department of Public Safety, Bureau~~, along with the request, the fingerprints of the applicant and
14 its key persons; a form signed by the individual consenting to the criminal record check and use
15 of fingerprints and other identifying information required by the State and National Repositories;
16 and any additional information required by the ~~Department of Public Safety, Bureau~~. The
17 fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a
18 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall
19 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
20 record check.

21 ...

22 **"§ 143B-1209.58. The National Crime Prevention and Privacy Compact.**

23 The National Crime Prevention and Privacy Compact is enacted into law and entered into
24 with all jurisdictions legally joining in the compact in the form substantially as set forth in this
25 section, as follows:

26 Preamble.

27 Whereas, it is in the interest of the State to facilitate the dissemination of criminal
28 history records from other states for use in North Carolina as authorized by State law; and

29 Whereas, the National Crime Prevention and Privacy Compact creates a legal
30 framework for the cooperative exchange of criminal history records for noncriminal justice
31 purposes; and

32 Whereas, the compact provides for the organization of an electronic
33 information-sharing system among the federal government and the states to exchange criminal
34 history records for noncriminal justice purposes authorized by federal or state law, such as
35 background checks for governmental licensing and employment; and

36 Whereas, under the compact, the FBI and the party states agree to maintain detailed
37 databases of their respective criminal history records, including arrests and dispositions, and to
38 make them available to the federal government and party states for authorized purposes; and

39 Whereas, the FBI shall manage the federal data facilities that provide a significant
40 part of the infrastructure for the system; and

41 Whereas, entering into the compact would facilitate the interstate and federal-state
42 exchange of criminal history information to streamline the processing of background checks for
43 noncriminal justice purposes; and

44 Whereas, release and use of information obtained through the system for noncriminal
45 justice purposes would be governed by the laws of the receiving state; and

46 Whereas, entering into the compact will provide a mechanism for establishing and
47 enforcing uniform standards for record accuracy and for the confidentiality and privacy interests
48 of record subjects.

49 Article I.

50 Definitions.

51 As used in this compact, the following definitions apply:

1 ...
2 (4) "Criminal history record repository" means the ~~Department of Public~~
3 ~~Safety~~ State Bureau of Investigation.

4"

5 **SECTION 19F.4.(k)** G.S. 143B-600(b)(2) is repealed.

6 **SECTION 19F.4.(l)** G.S. 14-16.9 reads as rewritten:

7 **"§ 14-16.9. Officers-elect to be covered.**

8 Any person who has been elected to any office covered by this Article but has not yet taken
9 the oath of office shall be considered to hold the office for the purpose of this Article and
10 ~~G.S. 143B-919~~ G.S. 143B-1208.5."

11 **SECTION 19F.4.(m)** G.S. 113-172(a) reads as rewritten:

12 "(a) The Secretary shall designate license agents for the Department. The Division and
13 license agents designated by the Secretary under this section shall issue licenses authorized under
14 this Article in accordance with this Article and the rules of the Commission. The Secretary may
15 require license agents to enter into a contract that provides for their duties and compensation,
16 post a bond, and submit to reasonable inspections and audits. If a license agent violates any
17 provision of this Article, the rules of the Commission, or the terms of the contract, the Secretary
18 may initiate proceedings for the forfeiture of the license agent's bond and may summarily
19 suspend, revoke, or refuse to renew a designation as a license agent and may impound or require
20 the return of all licenses, moneys, record books, reports, license forms and other documents,
21 ledgers, and materials pertinent or apparently pertinent to the license agency. The Secretary shall
22 report evidence or misuse of State property, including license fees, by a license agent to the State
23 Bureau of Investigation as provided by ~~G.S. 143B-920~~ G.S. 143B-1208.6."

24 **SECTION 19F.4.(n)** G.S. 164-44(a) reads as rewritten:

25 "(a) The Commission shall have the secondary duty of collecting, developing, and
26 maintaining statistical data relating to sentencing, corrections, and juvenile justice so that the
27 primary duties of the Commission will be formulated using data that is valid, accurate, and
28 relevant to this State. All State agencies shall provide data as it is requested by the Commission.
29 For the purposes of ~~G.S. 143B-930~~, G.S. 143B-1209.10, the Commission shall be considered to
30 be engaged in the administration of criminal justice. All meetings of the Commission shall be
31 open to the public and the information presented to the Commission shall be available to any
32 State agency or member of the General Assembly."

33 **SECTION 19F.4.(o)** G.S. 110-90.2(g) reads as rewritten:

34 "(g) The child care provider shall pay the cost of the fingerprinting and the federal criminal
35 history record check in accordance with ~~G.S. 143B-934~~ G.S. 143B-1209.14. The ~~Department of~~
36 ~~Public Safety~~ State Bureau of Investigation shall perform the State criminal history record check.
37 The Department of Health and Human Services shall pay for and conduct the county criminal
38 history record check. Child care providers who reside outside the State bear the cost of the county
39 criminal history record check and shall provide the county criminal history record check to the
40 Division of Child Development as required by this section."

41 **SECTION 19F.4.(p)** G.S. 18C-151(a)(3) reads as rewritten:

42 "(3) All proposals shall be accompanied by a bond or letter of credit in an amount
43 equal to not less than five percent (5%) of the proposal and the fee to cover
44 the cost of the criminal record check conducted under
45 ~~G.S. 143B-935~~ G.S. 143B-1209.15."

46 **SECTION 19F.4.(q)** G.S. 122C-80 reads as rewritten:

47 **"§ 122C-80. Criminal history record check required for certain applicants for employment.**

48 ...

49 (b) Requirement. – An offer of employment by a provider licensed under this Chapter to
50 an applicant to fill a position that does not require the applicant to have an occupational license
51 is conditioned on consent to a State and national criminal history record check of the applicant.

1 If the applicant has been a resident of this State for less than five years, then the offer of
2 employment is conditioned on consent to a State and national criminal history record check of
3 the applicant. The national criminal history record check shall include a check of the applicant's
4 fingerprints. If the applicant has been a resident of this State for five years or more, then the offer
5 is conditioned on consent to a State criminal history record check of the applicant. A provider
6 shall not employ an applicant who refuses to consent to a criminal history record check required
7 by this section. Except as otherwise provided in this subsection, within five business days of
8 making the conditional offer of employment, a provider shall submit a request to the ~~Department~~
9 ~~of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to
10 conduct a criminal history record check required by this section or shall submit a request to a
11 private entity to conduct a State criminal history record check required by this section.
12 Notwithstanding ~~G.S. 143B-939~~, G.S. 143B-1209.20, the ~~Department of Public Safety~~ State
13 Bureau of Investigation shall return the results of national criminal history record checks for
14 employment positions not covered by Public Law 105-277 to the Department of Health and
15 Human Services, Criminal Records Check Unit. Within five business days of receipt of the
16 national criminal history of the person, the Department of Health and Human Services, Criminal
17 Records Check Unit, shall notify the provider as to whether the information received may affect
18 the employability of the applicant. In no case shall the results of the national criminal history
19 record check be shared with the provider. Providers shall make available upon request
20 verification that a criminal history check has been completed on any staff covered by this section.
21 A county that has adopted an appropriate local ordinance and has access to the ~~Department of~~
22 ~~Public Safety~~ State Bureau of Investigation data bank may conduct on behalf of a provider a State
23 criminal history record check required by this section without the provider having to submit a
24 request to the ~~Department of Justice~~ State Bureau of Investigation. In such a case, the county
25 shall commence with the State criminal history record check required by this section within five
26 business days of the conditional offer of employment by the provider. All criminal history
27 information received by the provider is confidential and may not be disclosed, except to the
28 applicant as provided in subsection (c) of this section. For purposes of this subsection, the term
29 "private entity" means a business regularly engaged in conducting criminal history record checks
30 utilizing public records obtained from a State agency.

31 ...

32 (g) Conditional Employment. – A provider may employ an applicant conditionally prior
33 to obtaining the results of a criminal history record check regarding the applicant if both of the
34 following requirements are met:

- 35 (1) The provider shall not employ an applicant prior to obtaining the applicant's
36 consent for criminal history record check as required in subsection (b) of this
37 section or the completed fingerprint cards as required in
38 ~~G.S. 143B-939~~ G.S. 143B-1209.20.
- 39 (2) The provider shall submit the request for a criminal history record check not
40 later than five business days after the individual begins conditional
41 employment."

42 **SECTION 19F.4.(r)** G.S. 131D-40 reads as rewritten:

43 **"§ 131D-40. Criminal history record checks required for certain applicants for**
44 **employment.**

45 (a) Requirement; Adult Care Home. – An offer of employment by an adult care home
46 licensed under this Chapter to an applicant to fill a position that does not require the applicant to
47 have an occupational license is conditioned on consent to a criminal history record check of the
48 applicant. If the applicant has been a resident of this State for less than five years, then the offer
49 of employment is conditioned on consent to a State and national criminal history record check of
50 the applicant. The national criminal history record check shall include a check of the applicant's
51 fingerprints. If the applicant has been a resident of this State for five years or more, then the offer

1 is conditioned on consent to a State criminal history record check of the applicant. An adult care
2 home shall not employ an applicant who refuses to consent to a criminal history record check
3 required by this section. Within five business days of making the conditional offer of
4 employment, an adult care home shall submit a request to the ~~Department of Public Safety State~~
5 ~~Bureau of Investigation~~ under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national
6 criminal history record check required by this section, or shall submit a request to a private entity
7 to conduct a State criminal history record check required by this section. Notwithstanding
8 ~~G.S. 143B-939~~, G.S. 143B-1209.20, the ~~Department of Public Safety State Bureau of~~
9 ~~Investigation~~ shall return the results of national criminal history record checks for employment
10 positions not covered by Public Law 105-277 to the Department of Health and Human Services,
11 Criminal Records Check Unit. Within five business days of receipt of the national criminal
12 history of the person, the Department of Health and Human Services, Criminal Records Check
13 Unit, shall notify the adult care home as to whether the information received may affect the
14 employability of the applicant. In no case shall the results of the national criminal history record
15 check be shared with the adult care home. Adult care homes shall make available upon request
16 verification that a criminal history check has been completed on any staff covered by this section.
17 All criminal history information received by the home is confidential and may not be disclosed,
18 except to the applicant as provided in subsection (b) of this section.

19 (a1) Requirement; Contract Agency of Adult Care Home. – An offer of employment by a
20 contract agency of an adult care home licensed under this Chapter to an applicant to fill a position
21 that does not require the applicant to have an occupational license is conditioned upon consent
22 to a criminal history record check of the applicant. If the applicant has been a resident of this
23 State for less than five years, then the offer of employment is conditioned on consent to a State
24 and national criminal history record check of the applicant. The national criminal history record
25 check shall include a check of the applicant's fingerprints. If the applicant has been a resident of
26 this State for five years or more, then the offer is conditioned on consent to a State criminal
27 history record check of the applicant. A contract agency of an adult care home shall not employ
28 an applicant who refuses to consent to a criminal history record check required by this section.
29 Within five business days of making the conditional offer of employment, a contract agency of
30 an adult care home shall submit a request to the ~~Department of Public Safety State Bureau of~~
31 ~~Investigation~~ under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal
32 history record check required by this section, or shall submit a request to a private entity to
33 conduct a State criminal history record check required by this section. Notwithstanding
34 ~~G.S. 143B-939~~, G.S. 143B-1209.20, the ~~Department of Public Safety State Bureau of~~
35 ~~Investigation~~ shall return the results of national criminal history record checks for employment
36 positions not covered by Public Law 105-277 to the Department of Health and Human Services,
37 Criminal Records Check Unit. Within five business days of receipt of the national criminal
38 history of the person, the Department of Health and Human Services, Criminal Records Check
39 Unit, shall notify the contract agency of the adult care home as to whether the information
40 received may affect the employability of the applicant. In no case shall the results of the national
41 criminal history record check be shared with the contract agency of the adult care home. Contract
42 agencies of adult care homes shall make available upon request verification that a criminal history
43 check has been completed on any staff covered by this section. All criminal history information
44 received by the contract agency is confidential and may not be disclosed, except to the applicant
45 as provided by subsection (b) of this section.

46 ...

47 (f) Conditional Employment. – An adult care home may employ an applicant
48 conditionally prior to obtaining the results of a criminal history record check regarding the
49 applicant if both of the following requirements are met:

- 50 (1) The adult care home shall not employ an applicant prior to obtaining the
51 applicant's consent for a criminal history record check as required in

1 subsection (a) of this section or the completed fingerprint cards as required in
2 ~~G.S. 143B-939~~G.S. 143B-1209.20.

- 3 (2) The adult care home shall submit the request for a criminal history record
4 check not later than five business days after the individual begins conditional
5 employment.

6"

7 **SECTION 19F.4.(s)** G.S. 131E-265 reads as rewritten:

8 "**§ 131E-265. Criminal history record checks required for certain applicants for**
9 **employment.**

10 (a) Requirement; Nursing Home or Home Care Agency. – An offer of employment by a
11 nursing home licensed under this Chapter to an applicant to fill a position that does not require
12 the applicant to have an occupational license is conditioned on consent to a criminal history
13 record check of the applicant. If the applicant has been a resident of this State for less than five
14 years, then the offer of employment is conditioned on consent to a State and national criminal
15 history record check of the applicant. The national criminal history record check shall include a
16 check of the applicant's fingerprints. If the applicant has been a resident of this State for five
17 years or more, then the offer is conditioned on consent to a State criminal history record check
18 of the applicant. An offer of employment by a home care agency licensed under this Chapter to
19 an applicant to fill a position that requires entering the patient's home is conditioned on consent
20 to a criminal history record check of the applicant. In addition, employment status change of a
21 current employee of a home care agency licensed under this Chapter from a position that does
22 not require entering the patient's home to a position that requires entering the patient's home shall
23 be conditioned on consent to a criminal history record check of that current employee. If the
24 applicant for employment or if the current employee who is changing employment status has
25 been a resident of this State for less than five years, then the offer of employment or change in
26 employment status is conditioned on consent to a State and national criminal history record
27 check. The national criminal history record check shall include a check of the applicant's or
28 current employee's fingerprints. If the applicant or current employee has been a resident of this
29 State for five years or more, then the offer is conditioned on consent to a State criminal history
30 record check of the applicant or current employee applying for a change in employment status.
31 A nursing home or a home care agency shall not employ an applicant who refuses to consent to
32 a criminal history record check required by this section. In addition, a home care agency shall
33 not change a current employee's employment status from a position that does not require entering
34 the patient's home to a position that requires entering the patient's home who refuses to consent
35 to a criminal history record check required by this section. Within five business days of making
36 the conditional offer of employment, a nursing home or home care agency shall submit a request
37 to the ~~Department of Public Safety~~State Bureau of Investigation under ~~G.S. 143B-939~~
38 G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this
39 section, or shall submit a request to a private entity to conduct a State criminal history record
40 check required by this section. Notwithstanding ~~G.S. 143B-939~~, G.S. 143B-1209.20, the
41 ~~Department of Public Safety~~State Bureau of Investigation shall return the results of national
42 criminal history record checks for employment positions not covered by Public Law 105-277 to
43 the Department of Health and Human Services, Criminal Records Check Unit. Within five
44 business days of receipt of the national criminal history of the person, the Department of Health
45 and Human Services, Criminal Records Check Unit, shall notify the nursing home or home care
46 agency as to whether the information received may affect the employability of the applicant. In
47 no case shall the results of the national criminal history record check be shared with the nursing
48 home or home care agency. Nursing homes and home care agencies shall make available upon
49 request verification that a criminal history check has been completed on any staff covered by this
50 section. All criminal history information received by the home or agency is confidential and may
51 not be disclosed, except to the applicant as provided in subsection (b) of this section.

1 (a1) Requirement; Contract Agency of Nursing Home or Home Care Agency. – An offer
 2 of employment by a contract agency of a nursing home or home care agency licensed under this
 3 Chapter to an applicant to fill a position that does not require the applicant to have an occupational
 4 license is conditioned upon consent to a criminal history record check of the applicant. If the
 5 applicant has been a resident of this State for less than five years, then the offer of employment
 6 is conditioned on consent to a State and national criminal history record check of the applicant.
 7 The national criminal history record check shall include a check of the applicant's fingerprints.
 8 If the applicant has been a resident of this State for five years or more, then the offer is
 9 conditioned on consent to a State criminal history record check of the applicant. A contract
 10 agency of a nursing home or home care agency shall not employ an applicant who refuses to
 11 consent to a criminal history record check required by this section. Within five business days of
 12 making the conditional offer of employment, a contract agency of a nursing home or home care
 13 agency shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation
 14 under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record
 15 check required by this section, or shall submit a request to a private entity to conduct a State
 16 criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939~~,
 17 G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return
 18 the results of national criminal history record checks for employment positions not covered by
 19 Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check
 20 Unit. Within five business days of receipt of the national criminal history of the person, the
 21 Department of Health and Human Services, Criminal Records Check Unit, shall notify the
 22 contract agency of the nursing home or home care agency as to whether the information received
 23 may affect the employability of the applicant. In no case shall the results of the national criminal
 24 history record check be shared with the contract agency of the nursing home or home care agency.
 25 Contract agencies of nursing homes and home care agencies shall make available upon request
 26 verification that a criminal history check has been completed on any staff covered by this section.
 27 All criminal history information received by the contract agency is confidential and may not be
 28 disclosed, except to the applicant as provided by subsection (b) of this section.

29 ...

30 (f) Conditional Employment. – A nursing home or home care agency may employ an
 31 applicant conditionally prior to obtaining the results of a criminal history record check regarding
 32 the applicant if both of the following requirements are met:

- 33 (1) The nursing home or home care agency shall not employ an applicant prior to
 34 obtaining the applicant's consent for a criminal history record check as
 35 required in subsection (a) of this section or the completed fingerprint cards as
 36 required in ~~G.S. 143B-939~~ G.S. 143B-1209.20.
- 37 (2) The nursing home or home care agency shall submit the request for a criminal
 38 history record check not later than five business days after the individual
 39 begins conditional employment.

40"

41 **SECTION 19F.4.(t)** G.S. 90-171.23(b)(19) reads as rewritten:

42 "(19) Request that the Department of Public Safety conduct criminal history record
 43 checks of applicants for licensure pursuant to
 44 ~~G.S. 143B-940~~ G.S. 143B-1209.21."

45 **SECTION 19F.4.(u)** G.S. 90-113.33(10) reads as rewritten:

46 "(10) Request that the Department of Public Safety conduct criminal history record
 47 checks of applicants for registration, certification, or licensure pursuant to
 48 ~~G.S. 143B-941~~ G.S. 143B-1209.22."

49 **SECTION 19F.4.(v)** The following statutes are amended by deleting the language
 50 "G.S. 143B-943" wherever it appears and substituting "G.S. 143B-1209.23": G.S. 153A-233,
 51 153A-234, and 160A-292.

1 **SECTION 19F.4.(w)** G.S. 143-143.10(b)(6) reads as rewritten:

2 "(6) To request that the ~~Department of Public Safety~~ State Bureau of Investigation
3 conduct criminal history checks of applicants for licensure pursuant to
4 ~~G.S. 143B-944~~ G.S. 143B-1209.24."

5 **SECTION 19F.4.(x)** G.S. 153A-94.2 reads as rewritten:

6 "**§ 153A-94.2. Criminal history record checks of employees permitted.**

7 The board of commissioners may adopt or provide for rules and regulations or ordinances
8 concerning a requirement that any applicant for employment be subject to a criminal history
9 record check of State and National Repositories of Criminal Histories conducted by the
10 ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945~~
11 G.S. 143B-1209.25. The local or regional public employer may consider the results of these
12 criminal history record checks in its hiring decisions."

13 **SECTION 19F.4.(y)** G.S. 160A-164.2 reads as rewritten:

14 "**§ 160A-164.2. Criminal history record check of employees permitted.**

15 The council may adopt or provide for rules and regulations or ordinances concerning a
16 requirement that any applicant for employment be subject to a criminal history record check of
17 State and National Repositories of Criminal Histories conducted by the ~~Department of Public~~
18 ~~Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945~~ G.S. 143B-1209.25. The
19 city may consider the results of these criminal history record checks in its hiring decisions."

20 **SECTION 19F.4.(z)** G.S. 74F-6(16) reads as rewritten:

21 "(16) Request that the ~~Department of Public Safety~~ State Bureau of Investigation
22 conduct criminal history record checks of applicants for licensure and
23 apprenticeships pursuant to ~~G.S. 143B-946~~ G.S. 143B-1209.26."

24 **SECTION 19F.4.(aa)** G.S. 7A-349 reads as rewritten:

25 "**§ 7A-349. Criminal history record check; denial of employment, contract, or volunteer**
26 **opportunity.**

27 The Judicial Department may deny employment, a contract, or a volunteer opportunity to any
28 person who refuses to consent to a criminal history check authorized under ~~G.S. 143B-950~~
29 G.S. 143B-1209.31 and may dismiss a current employee, terminate a contractor, or terminate a
30 volunteer relationship if that employee, contractor, or volunteer refuses to consent to a criminal
31 history record check authorized under ~~G.S. 143B-950~~ G.S. 143B-1209.31."

32 **SECTION 19F.4.(bb)** G.S. 131E-159(g) reads as rewritten:

33 "(g) An individual who applies for EMS credentials, seeks to renew EMS credentials, or
34 holds EMS credentials is subject to a criminal background review by the Department. At the
35 request of the Department, the Emergency Medical Services Disciplinary Committee, established
36 by G.S. 143-519, shall review criminal background information and make a recommendation
37 regarding the eligibility of an individual to obtain initial EMS credentials, renew EMS
38 credentials, or maintain EMS credentials. The Department and the Emergency Medical Services
39 Disciplinary Committee shall keep all information obtained pursuant to this subsection
40 confidential. The Medical Care Commission shall adopt rules to implement the provisions of this
41 subsection, including rules to establish a reasonable fee to offset the actual costs of criminal
42 history information obtained pursuant to ~~G.S. 143B-952~~ G.S. 143B-1209.33."

43 **SECTION 19F.4.(cc)** G.S. 90-345(b) reads as rewritten:

44 "(b) The Board may request that an applicant for licensure, an applicant seeking
45 reinstatement of a license, or a licensee under investigation by the Board for alleged criminal
46 offenses in violation of this Article consent to a criminal history record check. Refusal to consent
47 to a criminal history record check may constitute grounds for the Board to deny licensure to an
48 applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The
49 Board shall ensure that the State and national criminal history of an applicant is checked. The
50 Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State
51 Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed

1 by the applicant or licensee consenting to the criminal record check and the use of fingerprints
2 and other identifying information required by the State or National Repositories of Criminal
3 Histories, and any additional information required by the ~~Department of Public Safety State~~
4 ~~Bureau of Investigation~~ in accordance with ~~G.S. 143B-957.~~ G.S. 143B-1209.38. The Board shall
5 keep all information obtained pursuant to this section confidential. The Board shall collect any
6 fees required by the ~~Department of Public Safety State Bureau of Investigation~~ and shall remit
7 the fees to the ~~Department of Public Safety State Bureau of Investigation~~ for expenses associated
8 with conducting the criminal history record check."

9 **SECTION 19F.4.(dd)** G.S. 90-270.63(b) reads as rewritten:

10 "(b) The Board may request that an applicant for licensure, an applicant seeking
11 reinstatement of a license, or a licensee under investigation by the Board for alleged criminal
12 offenses in violation of this Article consent to a criminal history record check. Refusal to consent
13 to a criminal history record check may constitute grounds for the Board to deny licensure to an
14 applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The
15 Board shall ensure that the State and national criminal history of an applicant is checked. The
16 Board shall be responsible for providing to the ~~North Carolina Department of Public Safety State~~
17 ~~Bureau of Investigation~~ the fingerprints of the applicant or licensee to be checked, a form signed
18 by the applicant or licensee consenting to the criminal history record check and the use of
19 fingerprints and other identifying information required by the State or National Repositories of
20 Criminal Histories, and any additional information required by the ~~Department of Public Safety~~
21 ~~State Bureau of Investigation~~ in accordance with ~~G.S. 143B-958.~~ G.S. 143B-1209.39. The Board
22 shall keep all information obtained pursuant to this section confidential. The Board shall collect
23 any fees required by the ~~Department of Public Safety State Bureau of Investigation~~ and shall
24 remit the fees to the ~~Department of Public Safety State Bureau of Investigation~~ for expenses
25 associated with conducting the criminal history record check."

26 **SECTION 19F.4.(ee)** G.S. 14-415.4(d)(5) reads as rewritten:

27 (5) The petitioner submits his or her fingerprints to the sheriff of the county in
28 which the petitioner resides for a criminal background check pursuant to
29 ~~G.S. 143B-959.~~ G.S. 143B-1209.40."

30 **SECTION 19F.4.(ff)** G.S. 93E-1-6(c1) reads as rewritten:

31 "(c1) The Board shall also make an investigation as it deems necessary into the background
32 of the applicant to determine the applicant's qualifications with due regard to the paramount
33 interest of the public as to the applicant's competency, honesty, truthfulness, and integrity. All
34 applicants shall consent to a criminal history record check. Refusal to consent to a criminal
35 history record check may constitute grounds for the Board to deny an application. The Board
36 shall ensure that the State and national criminal history of an applicant is checked. The Board
37 shall be responsible for providing to the ~~North Carolina Department of Public Safety State Bureau~~
38 ~~of Investigation~~ the fingerprints of the applicant to be checked, a form signed by the applicant
39 consenting to the criminal history record check, and the use of fingerprints and other identifying
40 information required by the State or National Repositories of Criminal Histories and any
41 additional information required by the ~~Department of Public Safety State Bureau of Investigation~~
42 in accordance with ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information
43 obtained pursuant to this section confidential. The Board shall collect any fees required by the
44 ~~Department of Public Safety State Bureau of Investigation~~ and shall remit the fees to the
45 ~~Department of Public Safety State Bureau of Investigation~~ for expenses associated with
46 conducting the criminal history record check."

47 **SECTION 19F.4.(gg)** G.S. 93E-2-11(b) reads as rewritten:

48 "(b) The Board may require that an applicant for registration as an appraisal management
49 company or a registrant consent to a criminal history record check. Refusal to consent to a
50 criminal history record check may constitute grounds for the Board to deny registration to an
51 applicant or registrant. The Board shall ensure that the State and national criminal history of an

1 applicant or registrant is checked. The Board shall be responsible for providing to the ~~North~~
2 ~~Carolina Department of Public Safety State Bureau of Investigation~~ the fingerprints of the
3 applicant or registrant to be checked, a form signed by the applicant or registrant consenting to
4 the criminal record check and the use of fingerprints and other identifying information required
5 by the State or National Repositories of Criminal Histories, and any additional information
6 required by the ~~Department of Public Safety State Bureau of Investigation~~ in accordance with
7 ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to
8 this section confidential. The Board shall collect any fees required by the ~~Department of Public~~
9 ~~Safety State Bureau of Investigation~~ and shall remit the fees to the ~~Department of Public Safety~~
10 ~~State Bureau of Investigation~~ for expenses associated with conducting the criminal history record
11 check."

12 **SECTION 19F.4.(hh)** G.S. 90-356(15) reads as rewritten:

13 "(15) Request that the ~~Department of Public Safety State Bureau of Investigation~~
14 conduct criminal history record checks of applicants for licensure pursuant to
15 ~~G.S. 143B-966.~~ G.S. 143B-1209.47."

16 **SECTION 19F.4.(ii)** G.S. 143B-426.39(18) reads as rewritten:

17 "(18) Require a criminal history record check of any current or prospective
18 employee, volunteer, or contractor, which shall be conducted by the State
19 Bureau of Investigation as provided in ~~G.S. 143B-966.~~ G.S. 143B-1209.47.
20 The criminal history report shall be provided to the State Controller and is not
21 a public record under Chapter 132 of the General Statutes."

22 **SECTION 19F.4.(jj)** G.S. 163-27.2(b) reads as rewritten:

23 "(b) A criminal history record check shall be required of all current or prospective
24 permanent or temporary employees of the State Board and all current or prospective county
25 directors of elections, which shall be conducted by the ~~Department of Public Safety State Bureau~~
26 ~~of Investigation~~ as provided in ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The criminal history report
27 shall be provided to the Executive Director, who shall keep all information obtained pursuant to
28 this section confidential to the State Board, as provided in ~~G.S. 143B-968(d).~~
29 G.S. 143B-1209.49(d). A criminal history report provided under this subsection is not a public
30 record under Chapter 132 of the General Statutes."

31 **SECTION 19F.4.(kk)** G.S. 163-35(b) reads as rewritten:

32 "(b) Appointment, Duties; Termination. – Upon receipt of a nomination from the county
33 board of elections stating that the nominee for director of elections is submitted for appointment
34 upon majority selection by the county board of elections the Executive Director shall issue a
35 letter of appointment of such nominee to the chairman of the county board of elections within 10
36 days after receipt of the nomination, unless good cause exists to decline the appointment. The
37 Executive Director may delay the issuance of appointment for a reasonable time if necessary to
38 obtain a criminal history records check sought under ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The
39 Executive Director shall apply the standards provided in G.S. 163-27.2 in determining whether
40 a nominee with a criminal history shall be selected. If the Executive Director determines a
41 nominee shall not be selected and does not issue a letter of appointment, the decision of the
42 Executive Director of the State Board shall be final unless the decision is, within 10 days from
43 the official date on which it was made, deferred by the State Board. If the State Board defers the
44 decision, then the State Board shall make a final decision on appointment of the director of
45 elections and may direct the Executive Director to issue a letter of appointment. If an Executive
46 Director issues a letter of appointment, the county board of elections shall enter in its official
47 minutes the specified duties, responsibilities and designated authority assigned to the director by
48 the county board of elections. The specified duties and responsibilities shall include adherence
49 to the duties delegated to the county board of elections pursuant to G.S. 163-33. A copy of the
50 specified duties, responsibilities and designated authority assigned to the director shall be filed
51 with the State Board of Elections. In the event the Executive Director is recused due to an actual

1 or apparent conflict of interest from rendering a decision under this section, the chair and
2 vice-chair of the State Board shall designate a member of staff to fulfill those duties."

3 **SECTION 19F.4.(ll)** G.S. 163-37.1(b) reads as rewritten:

4 "(b) The county board of elections shall require a criminal history record check of all
5 current or prospective employees, which shall be conducted by the ~~Department of Public Safety~~
6 State Bureau of Investigation as provided in ~~G.S. 143B-969~~. G.S. 143B-1209.50. The criminal
7 history report shall be provided to the county board of elections. A county board of elections
8 shall provide the criminal history record of all current or prospective employees required by
9 G.S. 163-27.2 to the Executive Director and the State Board. The criminal history report shall be
10 kept confidential as provided in ~~G.S. 143B-969(d)~~ G.S. 143B-1209.50(d) and is not a public
11 record under Chapter 132 of the General Statutes."

12 **SECTION 19F.4.(mm)** G.S. 108A-150 reads as rewritten:

13 "**§ 108A-150. Criminal history record checks required for child care institutions.**

14 ...

15 (c) Process. – Within five business days of making the conditional offer of employment,
16 or formally discussing a volunteer opportunity, a child care institution, or a contract agency of a
17 child care institution, shall submit a request to the ~~Department of Public Safety~~ State Bureau of
18 Investigation under ~~G.S. 143B-972~~ G.S. 143B-1209.53 to conduct a State and national criminal
19 history record check as required by this section. The ~~Department of Public Safety~~ State Bureau
20 of Investigation shall return the results of the national criminal history record check to the
21 Department of Health and Human Services, Criminal Records Check Unit.

22 ...

23 (g) Conditional Employment. – A child care institution may employ an applicant
24 conditionally prior to obtaining the results of a criminal history record check regarding the
25 applicant if both of the following requirements are met:

- 26 (1) The child care institution shall not employ an applicant prior to obtaining the
27 applicant's consent for a criminal history record check as required in
28 subsection (b) of this section or the completed fingerprint cards as required in
29 ~~G.S. 143B-972~~ G.S. 143B-1209.53.
- 30 (2) The child care institution shall submit the request for a criminal history record
31 check not later than five business days after the individual begins conditional
32 employment.

33"

34 **SECTION 19F.4.(nn)** G.S. 120-32(2a) reads as rewritten:

35 "(2a) Obtain a criminal history record check of a prospective employee, volunteer,
36 or contractor of the General Assembly. The criminal history record check shall
37 be conducted by the State Bureau of Investigation as provided in
38 ~~G.S. 143B-972~~ G.S. 143B-1209.55. The criminal history report shall be
39 provided to the Legislative Services Officer and is not a public record under
40 Chapter 132 of the General Statutes."

41 **SECTION 19F.4.(oo)** Article 5 of Chapter 15A of the General Statutes reads as
42 rewritten:

43 "Article 5.

44 "Expunction of Records.

45 "**§ 15A-145. Expunction of records for first offenders under the age of 18 at the time of**
46 **conviction of misdemeanor; expunction of certain other misdemeanors.**

47 (a) Whenever any person who has not previously been convicted of any felony, or
48 misdemeanor other than a traffic violation, under the laws of the United States, the laws of this
49 State or any other state, (i) pleads guilty to or is guilty of a misdemeanor other than a traffic
50 violation, and the offense was committed before the person attained the age of 18 years, or (ii)
51 pleads guilty to or is guilty of a misdemeanor possession of alcohol pursuant to

1 G.S. 18B-302(b)(1), and the offense was committed before the person attained the age of 21
2 years, he may file a petition in the court of the county where he was convicted for expunction of
3 the misdemeanor from his criminal record. The petition cannot be filed earlier than: (i) two years
4 after the date of the conviction, or (ii) the completion of any period of probation, whichever
5 occurs later, and the petition shall contain, but not be limited to, the following:

6 ...

7 (4a) An application on a form approved by the Administrative Office of the Courts
8 requesting and authorizing a name-based State and national criminal record
9 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
10 any information required by the Administrative Office of the Courts to
11 identify the individual and a search of the confidential record of expunctions
12 maintained by the Administrative Office of the Courts. The application shall
13 be filed with the clerk of superior court. The clerk of superior court shall
14 forward the application to the ~~Department of Public Safety~~ State Bureau of
15 Investigation and to the Administrative Office of the Courts, which shall
16 conduct the searches and report their findings to the court.

17 (5) An affidavit by the petitioner that no restitution orders or civil judgments
18 representing amounts ordered for restitution entered against him are
19 outstanding.

20 The petition shall be served upon the district attorney of the court wherein the case was tried
21 resulting in conviction. The district attorney shall have 10 days thereafter in which to file any
22 objection thereto and shall be duly notified as to the date of the hearing of the petition.

23 The judge to whom the petition is presented is authorized to call upon a probation officer for
24 any additional investigation or verification of the petitioner's conduct during the two-year period
25 that he deems desirable.

26 ...

27 (e) A person who files a petition for expunction of a criminal record under this section
28 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
29 time the petition is filed. Fees collected under this subsection are payable to the Administrative
30 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
31 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
32 of Investigation for the costs of criminal record checks performed in connection with processing
33 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents
34 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
35 the costs of processing petitions for expunctions under this section. This subsection does not
36 apply to petitions filed by an indigent.

37 **"§ 15A-145.1. Expunction of records for first offenders under the age of 18 at the time of**
38 **conviction of certain gang offenses.**

39 (a) Whenever any person who has not previously been convicted of any felony or
40 misdemeanor other than a traffic violation under the laws of the United States or the laws of this
41 State or any other state pleads guilty to or is guilty of (i) a Class H felony under Article 13A of
42 Chapter 14 of the General Statutes or (ii) an enhanced offense under G.S. 14-50.22, or has been
43 discharged and had the proceedings against the person dismissed pursuant to G.S. 14-50.29, and
44 the offense was committed before the person attained the age of 18 years, the person may file a
45 petition in the court of the county where the person was convicted for expunction of the offense
46 from the person's criminal record. Except as provided in G.S. 14-50.29 upon discharge and
47 dismissal, the petition cannot be filed earlier than (i) two years after the date of the conviction or
48 (ii) the completion of any period of probation, whichever occurs later. The petition shall contain,
49 but not be limited to, the following:

50 ...

- 1 (4a) An application on a form approved by the Administrative Office of the Courts
2 requesting and authorizing a name-based State and national criminal record
3 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
4 any information required by the Administrative Office of the Courts to
5 identify the individual and a search of the confidential record of expunctions
6 maintained by the Administrative Office of the Courts. The application shall
7 be filed with the clerk of superior court. The clerk of superior court shall
8 forward the application to the ~~Department of Public Safety~~ State Bureau of
9 Investigation and to the Administrative Office of the Courts, which shall
10 conduct the searches and report their findings to the court.
- 11 (5) An affidavit by the petitioner that no restitution orders or civil judgments
12 representing amounts ordered for restitution entered against the petitioner are
13 outstanding.

14 The petition shall be served upon the district attorney of the court wherein the case was tried
15 resulting in conviction. The district attorney shall have 10 days thereafter in which to file any
16 objection thereto and shall be duly notified as to the date of the hearing of the petition.

17 The judge to whom the petition is presented is authorized to call upon a probation officer for
18 any additional investigation or verification of the petitioner's conduct during the probationary
19 period or during the two-year period after conviction.

20 ...

21 (d) A person who files a petition for expunction of a criminal record under this section
22 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
23 time the petition is filed. Fees collected under this subsection are payable to the Administrative
24 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
25 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
26 of Investigation for the costs of criminal record checks performed in connection with processing
27 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents
28 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
29 the costs of processing petitions for expunctions under this section. This subsection does not
30 apply to petitions filed by an indigent.

31 **"§ 15A-145.2. Expunction of records for first offenders not over 21 years of age at the time**
32 **of the offense of certain drug offenses.**

33 (a) Whenever a person is discharged, and the proceedings against the person dismissed,
34 pursuant to G.S. 90-96(a) or (a1), and the person was not over 21 years of age at the time of the
35 offense, the person may apply to the court of the county where charged for an order to expunge
36 from all official records, other than the confidential files retained under G.S. 15A-151, all
37 recordation relating to the person's arrest, indictment or information, trial, finding of guilty, and
38 dismissal and discharge pursuant to this section. The applicant shall attach to the petition the
39 following:

40 ...

- 41 (3a) An application on a form approved by the Administrative Office of the Courts
42 requesting and authorizing a name-based State and national criminal record
43 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
44 any information required by the Administrative Office of the Courts to
45 identify the individual and a search of the confidential record of expunctions
46 maintained by the Administrative Office of the Courts. The application shall
47 be filed with the clerk of superior court. The clerk of superior court shall
48 forward the application to the ~~Department of Public Safety~~ State Bureau of
49 Investigation and to the Administrative Office of the Courts, which shall
50 conduct the searches and report their findings to the court.

1 The judge to whom the petition is presented is authorized to call upon a probation officer for
2 any additional investigation or verification of the petitioner's conduct during the probationary
3 period deemed desirable.

4 If the court determines, after hearing, that such person was discharged and the proceedings
5 against him or her dismissed and that the person was not over 21 years of age at the time of the
6 offense, it shall enter such order. The effect of such order shall be to restore such person in the
7 contemplation of the law to the status the person occupied before such arrest or indictment or
8 information.

9 ...

10 (d) A person who files a petition for expunction of a criminal record under this section
11 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
12 time the petition is filed. Fees collected under this subsection are payable to the Administrative
13 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
14 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
15 of Investigation for the costs of criminal record checks performed in connection with processing
16 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents
17 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
18 the costs of processing petitions for expunctions under this section. This subsection does not
19 apply to petitions filed by an indigent.

20 **"§ 15A-145.3. Expunction of records for first offenders not over 21 years of age at the time**
21 **of the offense of certain toxic vapors offenses.**

22 (a) Whenever a person is discharged and the proceedings against the person dismissed
23 under G.S. 90-113.14(a) or (a1), such person, if he or she was not over 21 years of age at the time
24 of the offense, may apply to the court of the county where charged for an order to expunge from
25 all official records, other than the confidential files retained under G.S. 15A-151, all recordation
26 relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal
27 and discharge pursuant to this section. The applicant shall attach to the petition the following:

28 ...

29 (3a) An application on a form approved by the Administrative Office of the Courts
30 requesting and authorizing a name-based State and national criminal record
31 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
32 any information required by the Administrative Office of the Courts to
33 identify the individual and a search of the confidential record of expunctions
34 maintained by the Administrative Office of the Courts. The application shall
35 be filed with the clerk of superior court. The clerk of superior court shall
36 forward the application to the ~~Department of Public Safety~~ State Bureau of
37 Investigation and to the Administrative Office of the Courts, which shall
38 conduct the searches and report their findings to the court.

39 The judge to whom the petition is presented is authorized to call upon a probation officer for
40 any additional investigation or verification of the petitioner's conduct during the probationary
41 period deemed desirable.

42 If the court determines, after hearing, that such person was discharged and the proceedings
43 against the person dismissed and that he or she was not over 21 years of age at the time of the
44 offense, it shall enter such order. The effect of such order shall be to restore such person in the
45 contemplation of the law to the status the person occupied before such arrest or indictment or
46 information. No person as to whom such order was entered shall be held thereafter under any
47 provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the
48 person's failures to recite or acknowledge such arrest, or indictment or information, or trial in
49 response to any inquiry made of him or her for any purpose.

50 The court shall also order that all records of the proceeding be expunged from the records of
51 the court and direct all law enforcement agencies bearing records of the same to expunge their

1 records of the proceeding. The clerk shall notify State and local agencies of the court's order as
2 provided in G.S. 15A-150.

3 ...

4 (d) A person who files a petition for expunction of a criminal record under this section
5 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
6 time the petition is filed. Fees collected under this subsection are payable to the Administrative
7 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
8 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
9 of Investigation for the costs of criminal record checks performed in connection with processing
10 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents
11 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
12 the costs of processing petitions for expunctions under this section. This subsection does not
13 apply to petitions filed by an indigent.

14 **"§ 15A-145.4. Expunction of records for first offenders who are under 18 years of age at**
15 **the time of the commission of a nonviolent felony.**

16 ...

17 (c) Whenever any person who had not yet attained the age of 18 years at the time of the
18 commission of the offense and has not previously been convicted of any felony or misdemeanor
19 other than a traffic violation under the laws of the United States or the laws of this State or any
20 other state pleads guilty to or is guilty of a nonviolent felony, the person may file a petition in
21 the court of the county where the person was convicted for expunction of the nonviolent felony
22 from the person's criminal record. The petition shall not be filed earlier than four years after the
23 date of the conviction or when any active sentence, period of probation, and post-release
24 supervision has been served, whichever occurs later. The person shall also perform at least 100
25 hours of community service, preferably related to the conviction, before filing a petition for
26 expunction under this section. The petition shall contain the following:

27 ...

- 28 (4) An application on a form approved by the Administrative Office of the Courts
29 requesting and authorizing (i) a State and national criminal history record
30 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
31 any information required by the Administrative Office of the Courts to
32 identify the individual; (ii) a search by the ~~Department of Public Safety~~ State
33 Bureau of Investigation for any outstanding warrants or pending criminal
34 cases; and (iii) a search of the confidential record of expunctions maintained
35 by the Administrative Office of the Courts. The application shall be filed with
36 the clerk of superior court. The clerk of superior court shall forward the
37 application to the ~~Department of Public Safety~~ State Bureau of Investigation
38 and to the Administrative Office of the Courts, which shall conduct the
39 searches and report their findings to the court.
- 40 (5) An affidavit by the petitioner that no restitution orders or civil judgments
41 representing amounts ordered for restitution entered against the petitioner are
42 outstanding.
- 43 (6) An affidavit by the petitioner that the petitioner has performed at least 100
44 hours of community service since the conviction for the nonviolent felony.
45 The affidavit shall include a list of the community services performed, a list
46 of the recipients of the services, and a detailed description of those services.
- 47 (7) An affidavit by the petitioner that the petitioner possesses a high school
48 diploma, a high school graduation equivalency certificate, or a General
49 Education Development degree.

50 The petition shall be served upon the district attorney of the court wherein the case was tried
51 resulting in conviction. The district attorney shall have 30 days thereafter in which to file any

1 objection thereto and shall be duly notified as to the date of the hearing of the petition. The district
2 attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the
3 request for expunction prior to the date of the hearing.

4 ...

5 (j) A person who files a petition for expunction of a criminal record under this section
6 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
7 time the petition is filed. Fees collected under this subsection are payable to the Administrative
8 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
9 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
10 of Investigation for the costs of criminal record checks performed in connection with processing
11 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents
12 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
13 the costs of processing petitions for expunctions under this section. This subsection does not
14 apply to petitions filed by an indigent.

15 **"§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.**

16 ...

17 (c1) A petition filed pursuant to this section shall contain, but not be limited to, the
18 following:

19 ...

- 20 (4) An application on a form approved by the Administrative Office of the Courts
21 requesting and authorizing a name-based State and national criminal history
22 record check by the ~~Department of Public Safety~~ State Bureau of Investigation
23 using any information required by the Administrative Office of the Courts to
24 identify the individual, a search by the ~~Department of Public Safety~~ State
25 Bureau of Investigation for any outstanding warrants on pending criminal
26 cases, and a search of the confidential record of expunctions maintained by
27 the Administrative Office of the Courts. The application shall be filed with the
28 clerk of superior court. The clerk of superior court shall forward the
29 application to the ~~Department of Public Safety~~ State Bureau of Investigation
30 and to the Administrative Office of the Courts, which shall conduct the
31 searches and report their findings to the court.

32 ...

33 Upon filing of the petition, the petition shall be served upon the district attorney of the court
34 wherein the case was tried resulting in conviction. The district attorney shall have 30 days
35 thereafter in which to file any objection thereto and shall be duly notified as to the date of the
36 hearing of the petition. Upon good cause shown, the court may grant the district attorney an
37 additional 30 days to file objection to the petition. The district attorney shall make his or her best
38 efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the
39 date of the hearing. Upon request by the victim, the victim has a right to be present at any hearing
40 on the petition for expunction and the victim's views and concerns shall be considered by the
41 court at such hearing.

42 The presiding judge is authorized to call upon a probation officer for any additional
43 investigation or verification of the petitioner's conduct since the conviction. The court shall
44 review any other information the court deems relevant, including, but not limited to, affidavits
45 or other testimony provided by law enforcement officers, district attorneys, and victims of crimes
46 committed by the petitioner.

47 ...

48 **"§ 15A-145.6. Expunctions for certain defendants convicted of prostitution.**

49 ...

50 (c) The petition shall contain all of the following:

51 ...

- 1 (4) An application on a form approved by the Administrative Office of the Courts
 2 requesting and authorizing (i) a State and national criminal history record
 3 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
 4 any information required by the Administrative Office of the Courts to
 5 identify the individual; (ii) a search by the ~~Department of Public Safety~~ State
 6 Bureau of Investigation for any outstanding warrants or pending criminal
 7 cases; and (iii) a search of the confidential record of expunctions maintained
 8 by the Administrative Office of the Courts. The application shall be filed with
 9 the clerk of superior court. The clerk of superior court shall forward the
 10 application to the ~~Department of Public Safety~~ State Bureau of Investigation
 11 and to the Administrative Office of the Courts, which shall conduct the
 12 searches and report their findings to the court.
- 13 (5) An affidavit by the petitioner that no restitution orders or civil judgments
 14 representing amounts ordered for restitution entered against the petitioner are
 15 outstanding.

16 ...
 17 **"§ 15A-145.7. Expunction of records for first offenders under 20 years of age at the time of**
 18 **the offense of certain offenses.**

19 (a) Whenever a person is discharged, and the proceedings against the person dismissed,
 20 pursuant to G.S. 14-277.8, and the person was under 20 years of age at the time of the offense,
 21 the person may apply to the court of the county where charged for an order to expunge from all
 22 official records, other than the confidential files retained under G.S. 15A-151, all recordation
 23 relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal
 24 and discharge pursuant to this section. The applicant shall attach to the petition the following:

- 25 ...
- 26 (3) An application on a form approved by the Administrative Office of the Courts
 27 requesting and authorizing a name-based State and national criminal record
 28 check by the ~~Department of Public Safety~~ State Bureau of Investigation using
 29 any information required by the Administrative Office of the Courts to
 30 identify the individual and a search of the confidential record of expunctions
 31 maintained by the Administrative Office of the Courts. The application shall
 32 be filed with the clerk of superior court. The clerk of superior court shall
 33 forward the application to the ~~Department of Public Safety~~ State Bureau of
 34 Investigation and to the Administrative Office of the Courts, which shall
 35 conduct the searches and report their findings to the court.

36 The judge to whom the petition is presented is authorized to call upon a probation officer for
 37 any additional investigation or verification of the petitioner's conduct during the probationary
 38 period deemed desirable.

39 If the court determines, after hearing, that such person was discharged and the proceedings
 40 against him or her dismissed and that the person was under 20 years of age at the time of the
 41 offense, it shall enter such order. The effect of such order shall be to restore such person in the
 42 contemplation of the law to the status the person occupied before such arrest or indictment or
 43 information.

44 ...

45 (d) A person who files a petition for expunction of a criminal record under this section
 46 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the
 47 time the petition is filed. Fees collected under this subsection are payable to the Administrative
 48 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and
 49 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau
 50 of Investigation for the costs of criminal record checks performed in connection with processing
 51 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents

1 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay
2 the costs of processing petitions for expunctions under this section. This subsection does not
3 apply to petitions filed by an indigent.

4 ...

5 **"§ 15A-145.8A. Expunction of records for offenders under the age of 18 at the time of**
6 **commission of certain misdemeanors and felonies upon completion of the**
7 **sentence.**

8 ...

9 (h) A person who files a petition for expunction of a criminal record under this section
10 must pay the clerk of superior court a fee of ~~one hundred seventy-five~~ forty-two dollars ~~(\$175.00)~~
11 and fifty cents (\$52.50) at the time the petition is filed. Fees collected under this subsection are
12 payable to the Administrative Office of the Courts. ~~The clerk of superior court shall remit one~~
13 ~~hundred twenty-two dollars and fifty cents (\$122.50) of each fee to the North Carolina~~
14 ~~Department of Public Safety for the costs of criminal record checks performed in connection with~~
15 ~~processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty~~
16 ~~cents (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used~~
17 ~~to pay the costs of processing petitions for expunctions under this section. This subsection does~~
18 ~~not apply to petitions filed by an indigent.~~

19 **"§ 15A-145.9. Expunctions of certain offenses committed by human trafficking victims.**

20 ...

21 (c) Petition Requirements. – The petition shall contain all of the following:

- 22 (1) An affidavit by the petitioner that the petitioner is a victim of human
23 trafficking and was coerced or deceived into committing the offense as a direct
24 result of their status as a trafficking victim.
- 25 (2) A statement that the petition is a motion in the cause in the case wherein the
26 petitioner was convicted.
- 27 (3) An application on a form approved by the Administrative Office of the Courts
28 requesting and authorizing a search by the ~~Department of Public Safety~~ State
29 Bureau of Investigation for any outstanding warrants. The application shall be
30 filed with the clerk of superior court. The clerk of superior court shall forward
31 the application to the ~~Department of Public Safety~~, State Bureau of
32 Investigation, which shall conduct the search and report its findings to the
33 court.
- 34 (4) An affidavit by the petitioner that no restitution orders or civil judgments
35 representing amounts ordered for restitution entered against the petitioner are
36 outstanding.

37 ...

38 **"§ 15A-146. Expunction of records when charges are dismissed or there are findings of not**
39 **guilty.**

40 ...

41 (d) A person charged with a crime that is dismissed pursuant to compliance with a
42 deferred prosecution agreement or the terms of a conditional discharge and who files a petition
43 for expunction of a criminal record under this section must pay the clerk of superior court a fee
44 of one hundred seventy-five dollars (\$175.00) at the time the petition is filed. Fees collected
45 under this subsection are payable to the Administrative Office of the Courts. The clerk of superior
46 court shall remit one hundred twenty-two dollars and fifty cents (\$122.50) of each fee to the
47 ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of
48 criminal record checks performed in connection with processing petitions for expunctions under
49 this section. The remaining fifty-two dollars and fifty cents (\$52.50) of each fee shall be retained
50 by the Administrative Office of the Courts and used to pay the costs of processing petitions for
51 expunctions under this section. This subsection does not apply to petitions filed by an indigent.

1 ...
2 **"§ 15A-153. Effect of expunction; prohibited practices by employers, educational**
3 **institutions, agencies of State and local governments.**

4 ...
5 (b) Nondisclosure Protected. – No person as to whom an order of expunction has been
6 entered pursuant to this Article shall be held thereafter under any provision of any laws to be
7 guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite
8 or acknowledge any expunged arrest, apprehension, charge, indictment, information, trial, or
9 conviction in response to any inquiry made of him or her for any purpose other than as provided
10 in subsection (e) of this section.

11 ...
12 (e) Exceptions. – The provisions of subsection (d) of this section do not apply to any
13 applicant or licensee seeking or holding any certification issued by the North Carolina Criminal
14 Justice Education and Training Standards Commission pursuant to Article 1 of Chapter 17C of
15 the General Statutes or the North Carolina Sheriffs Education and Training Standards
16 Commission pursuant to Article 2 of Chapter 17E of the General Statutes:

- 17 (1) Convictions expunged pursuant to G.S. 15A-145.4. – Persons pursuing
18 certification under the provisions of Article 1 of Chapter 17C or Article 2 of
19 Chapter 17E of the General Statutes shall disclose any and all felony
20 convictions to the certifying Commission regardless of whether or not the
21 felony convictions were expunged pursuant to the provisions of
22 G.S. 15A-145.4.
- 23 (2) Convictions expunged pursuant to G.S. 15A-145.5. – Persons pursuing
24 certification under the provisions of Article 1 of Chapter 17C or Article 2 of
25 Chapter 17E of the General Statutes shall disclose any and all convictions to
26 the certifying Commission regardless of whether or not the convictions were
27 expunged pursuant to the provisions of G.S. 15A-145.5.

28 ...
29 **"§ 15A-160. Reporting requirement.**

30 ~~The Department of Public Safety, State Bureau of Investigation,~~ in conjunction with the
31 Department of Justice and the Administrative Office of the Courts, shall report jointly to the
32 Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety Oversight by
33 September 1 of each year regarding expunctions. The report shall include all of the following
34 information:

- 35 (1) The number and types of expunctions granted during the fiscal year in which
36 the report is made.
- 37 (2) The number and type of expunctions granted each fiscal year for the five fiscal
38 years preceding the date of the report.
- 39 (3) A full accounting of how the agencies have spent the receipts generated by the
40 expunction fees received during the fiscal year in which the report is made
41 and for the five preceding fiscal years.

42"

43
44 **SECTION 19F.4.(pp) [RESERVED]**

45 **SECTION 19F.4.(qq) [RESERVED]**

46 **SECTION 19F.4.(rr)** G.S. 48-3-309 reads as rewritten:

47 **"§ 48-3-309. Mandatory preplacement criminal checks of prospective adoptive parents**
48 **seeking to adopt a minor who is in the custody or placement responsibility of a**
49 **county department of social services and mandatory preplacement criminal**
50 **checks of all individuals 18 years of age or older who reside in the prospective**
51 **adoptive home.**

1 ...
2 (c) ~~The Department of Public Safety State Bureau of Investigation~~ shall provide to the
3 Department of Health and Human Services the criminal history of any individual required to be
4 checked under subsection (a) of this section as requested by the Department and obtained from
5 the State and National Repositories of Criminal Histories. The Department shall provide to the
6 ~~Department of Public Safety, State Bureau of Investigation,~~ along with the request, the
7 fingerprints of any individual to be checked, any additional information required by the
8 ~~Department of Public Safety, State Bureau of Investigation,~~ and a form consenting to the check
9 of the criminal record and to the use of fingerprints and other identifying information required
10 by the State or National Repositories signed by the individual to be checked. The fingerprints of
11 any individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for
12 a search of the State's criminal history record file, and the State Bureau of Investigation shall
13 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history
14 record check.

15 ...
16 (h) ~~The Department of Public Safety State Bureau of Investigation~~ shall perform the State
17 and national criminal history checks on prospective adoptive parents seeking to adopt a minor in
18 the custody or placement responsibility of a county department of social services and all
19 individuals 18 years of age or older who reside in the prospective adoptive home and shall charge
20 the Department of Health and Human Services a reasonable fee only for conducting the checks
21 of the national criminal history records authorized by this section. The Division of Social
22 Services, Department of Health and Human Services, shall bear the costs of implementing this
23 section."

24 **SECTION 19F.4.(ss)** G.S. 53-244.050 reads as rewritten:

25 "**§ 53-244.050. License and registration application; claim of exemption.**

26 ...
27 (d) For the purposes of this section and in order to reduce the points of contact that the
28 Federal Bureau of Investigation may have to maintain for purposes of the criminal information
29 required by this section, the Commissioner may use the Nationwide Mortgage Licensing System
30 and Registry as a channeling agent for requesting information from and distributing information
31 to the ~~Department of Public Safety State Bureau of Investigation~~ or any governmental agency.

32 ...
33 (f) For purposes of this section, the Commissioner may request and the ~~North Carolina~~
34 ~~Department of Public Safety State Bureau of Investigation~~ may provide a criminal record check
35 to the Commissioner for any person who (i) has applied for or holds a mortgage lender, mortgage
36 broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator
37 license as provided by this section or (ii) has applied for or holds a registration as a registrant
38 under this section. The Commissioner shall provide the ~~Department of Public Safety, State~~
39 Bureau of Investigation, along with the request, the fingerprints of the person, any additional
40 information required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a
41 form signed by the person consenting to the check of the criminal record and to the use of the
42 fingerprints and other identifying information required by the State or national repositories. The
43 person's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search
44 of the State's criminal history record file, and the State Bureau of Investigation shall forward a
45 set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check.
46 The ~~Department of Public Safety State Bureau of Investigation~~ may charge a fee for each person
47 for conducting the checks of criminal history records authorized by this section.

48"

49 **SECTION 19F.4.(tt)** G.S. 58-71-51(a) reads as rewritten:

50 "(a) Authorization. – The ~~Department of Public Safety State Bureau of Investigation~~ may
51 provide a criminal history record check to the Commissioner for a person who has applied to the

1 Commissioner for a new or renewal license as a bail bondsman or runner. The Commissioner
2 shall provide to the ~~Department of Public Safety, State Bureau of Investigation~~, along with the
3 request, the fingerprints of the new or renewal applicant. The applicant shall furnish the
4 Commissioner with a complete set of the applicant's fingerprints in a manner prescribed by the
5 Commissioner. The ~~Department of Public Safety, State Bureau of Investigation~~ shall provide a
6 criminal history record check based upon the new or renewal applicant's fingerprints. The
7 Commissioner shall provide any additional information required by the ~~Department of Public~~
8 ~~Safety, State Bureau of Investigation~~ and a form signed by the applicant consenting to the check
9 of the criminal record and to the use of the fingerprints and other identifying information required
10 by the State or national repositories. The new or renewal applicant's fingerprints shall be
11 ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history
12 record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the
13 Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public~~
14 ~~Safety, State Bureau of Investigation~~ may charge each new or renewal applicant a fee for
15 conducting the checks of criminal history records authorized by this subsection."

16 **SECTION 19F.4.(uu)** G.S. 58-89A-60(d) reads as rewritten:

17 "(d) Every applicant shall furnish the Commissioner a complete set of fingerprints of each
18 officer, director, and controlling person in a form prescribed by the Commissioner. Each set of
19 fingerprints shall be certified by an authorized law enforcement officer.

20 Upon request by the Department, the ~~Department of Public Safety, State Bureau of~~
21 ~~Investigation~~ shall provide to the Department from the State and National Repositories of
22 Criminal Histories the criminal history of any applicant and the officer, director, and controlling
23 person of any applicant. Along with the request, the Department shall provide to the ~~Department~~
24 ~~of Public Safety, State Bureau of Investigation~~ the fingerprints of the person that is the subject of
25 the request, a form signed by the person that is the subject of the request consenting to the
26 criminal record check and use of fingerprints and other identifying information required by the
27 State and National Repositories, and any additional information required by the ~~Department of~~
28 ~~Public Safety, State Bureau of Investigation~~. The person's fingerprints shall be ~~forwarded to~~ used
29 by the State Bureau of Investigation for a search of the State's criminal history record file, and
30 the State Bureau of Investigation may forward a set of fingerprints to the Federal Bureau of
31 Investigation for a national criminal history record check. The Department shall keep all
32 information obtained pursuant to this subsection confidential. The ~~Department of Public Safety,~~
33 ~~State Bureau of Investigation~~ may charge a fee to offset the cost incurred by it to conduct a
34 criminal record check under this section. The fee shall not exceed the actual cost of locating,
35 editing, researching, and retrieving the information.

36 In the event that an applicant has secured a professional employer organization license in
37 another state in which the professional employer organization's controlling persons have
38 completed a criminal background investigation within 12 months of this application, a certified
39 copy of the report from the appropriate authority of that state may satisfy the requirement of this
40 subsection. This subsection also applies to a change in a controlling party of a professional
41 employer organization. For purposes of investigation under this subsection, the Commissioner
42 shall have all the power conferred by G.S. 58-2-50 and other applicable provisions of this
43 Chapter."

44 **SECTION 19F.4.(vv)** G.S. 66-407 reads as rewritten:

45 "**§ 66-407. Permits.**

46 (a) Dealer Permit. – Except as provided in subsection (c) of this section, it is unlawful
47 for any person to engage as a dealer in the business of purchasing precious metals either as a
48 separate business or in connection with other business operations without first obtaining a permit
49 for the business from the local law enforcement agency. The Department of Public Safety shall
50 approve the forms for both the application and the permit. The application shall be given under
51 oath and shall be notarized. A 30-day waiting period from the date of filing of the application is

1 required prior to initial issuance of a permit. A separate permit shall be issued for each location,
2 place, or premises within the jurisdiction of the local law enforcement agency which is used for
3 conducting a precious metals business, and each permit shall designate the location, place or
4 premises to which it applies. No business shall be conducted in a place other than that designated
5 in the permit, or in a mobile home, trailer, camper, or other vehicle, or structure not permanently
6 affixed to the ground or in any room customarily used for lodging in any hotel, motel, tourist
7 court, or tourist home. The permit shall be posted in a prominent place on the designated
8 premises. Permits shall be valid for a period of 12 months from the date issued and may be
9 renewed without a waiting period upon filing of an application and payment of the annual fee.
10 The annual fee for a permit within each jurisdiction is one hundred eighty dollars (\$180.00) to
11 provide for the administrative costs of the local law enforcement agency, including the purchase
12 of required forms and the cost of conducting the criminal history record check of the applicant.
13 The fee is not refundable even if the permits are denied or later suspended or revoked. A permit
14 issued under this section is in addition to and not in lieu of other business licenses and is not
15 transferable. No person other than the dealer named on the permit and that dealer's employees
16 may engage in the business of purchasing precious metals under the authority of the permit.

17 Any dealer applying to the local law enforcement agency for a permit shall furnish the local
18 law enforcement agency with the following information:

- 19 (1) The applicant's full name, and any other names used by the applicant during
20 the preceding five years. In the case of a partnership, association, or
21 corporation, the applicant shall list any partnership, association, or corporate
22 names used during the preceding five years.
- 23 (2) Current address, and all addresses used by the applicant during the preceding
24 five years.
- 25 (3) Physical description.
- 26 (4) Age.
- 27 (5) Driver's license number, if any, and state of issuance.
- 28 (6) Recent photograph.
- 29 (7) Record of felony convictions.
- 30 (8) Record of other convictions during the preceding five years.
- 31 (9) A full set of fingerprints of the applicant.

32 If the applicant for a dealer's permit is a partnership or association, all persons owning a ten
33 percent (10%) or more interest in the partnership or association shall comply with the provisions
34 of this subsection. These permits shall be issued in the name of the partnership or association.

35 If the applicant for a dealer's permit is a corporation, each officer, director and stockholder
36 owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the
37 provisions of this subsection. These permits shall be issued in the name of the corporation.

38 No permit shall be issued to an applicant who has been convicted of a felony involving a
39 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal
40 court or a court of this or any other state, unless the applicant has had his or her rights of
41 citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer
42 immediately preceding the date of application. In the case of a partnership, association, or
43 corporation, no permit shall be issued to any applicant with an officer, partner, or director who
44 has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving
45 stolen goods or of similar charges in any federal court or a court of this or any other state, unless
46 that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General
47 Statutes for five years or longer immediately preceding the date of application.

48 The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal
49 history record check to the local law enforcement agency for a person who has applied for a
50 permit through the agency. The agency shall provide to the ~~Department of Public Safety~~, State
51 Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional

1 information required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a
2 form signed by the applicant consenting to the check of the criminal record and to the use of the
3 fingerprints and other identifying information required by the State or national repositories. The
4 applicant's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a
5 search of the State's criminal history record file, and the State Bureau of Investigation shall
6 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal
7 history record check. The agency shall keep all information pursuant to this subsection
8 privileged, in accordance with applicable State law and federal guidelines, and the information
9 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

10 The ~~Department of Public Safety, State Bureau of Investigation~~ may charge each applicant a
11 fee for conducting the checks of criminal history records authorized by this subsection.

12 (b) Employee Requirements. – Every employee engaged in the precious metals
13 purchasing business shall, within two business days of being so engaged, register his or her name
14 and address with the local law enforcement agency and have his or her photograph taken by the
15 agency. The employee also shall consent to a criminal history record check, which shall be
16 performed by the local law enforcement agency. A person who refuses to consent to a criminal
17 history record check shall not be employed by a dealer required to be licensed under this section.
18 A person who has been convicted of a felony involving a crime of moral turpitude, larceny,
19 receiving stolen goods, or of similar charges shall not be employed by a dealer required to be
20 licensed under this section, unless the person has had his or her rights of citizenship restored
21 pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the
22 date of registration. The agency shall issue to the employee a certificate of compliance with this
23 section upon the applicant's payment of the sum of ten dollars (\$10.00) to the agency. The
24 certificate shall be renewed annually for a three-dollar (\$3.00) fee and shall be posted in the work
25 area of the registered employee. An employee is not subject to the requirements of this subsection
26 if the employee is engaged in the precious metals purchasing business only incidentally to his or
27 her main job responsibilities, and each precious metals transaction with which the employee is
28 involved is overseen by a licensed dealer or registered employee. All records of transactions must
29 be signed by the licensed dealer or registered employee at the time of the transaction, as required
30 under G.S. 66-410(a).

31 The ~~Department of Public Safety, State Bureau of Investigation~~ may provide a criminal
32 history record check to the local law enforcement agency for an employee engaged in the
33 precious metals business. The agency shall provide to the ~~Department of Public Safety, State~~
34 ~~Bureau of Investigation,~~ along with the request, the fingerprints of the employee, any additional
35 information required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a
36 form signed by the employee consenting to the check of the criminal record and to the use of the
37 fingerprints and other identifying information required by the State or national repositories. The
38 employee's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a
39 search of the State's criminal history record file, and the State Bureau of Investigation shall
40 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal
41 history record check. The agency shall keep all information pursuant to this subsection
42 privileged, in accordance with applicable State law and federal guidelines, and the information
43 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

44 The ~~Department of Public Safety, State Bureau of Investigation~~ may charge each employee a
45 fee for conducting the checks of criminal history records authorized by this subsection.

46 (c) Special Occasion Permit. – A special occasion permit authorizes the permittee to
47 purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts
48 shows conducted within the State. A special occasion permit shall be issued by any local law
49 enforcement agency; provided, however, that a permittee under subsection (a) of this section
50 shall apply for a special occasion permit with the local law enforcement agency that issued the
51 dealer's permit. The Department of Public Safety shall approve the forms for both the application

1 and the permit. The application shall be given under oath and notarized. A 30-day waiting period
2 from the date of filing of the application is required prior to initial issuance of a permit.

3 Any dealer applying to a local law enforcement agency for a special occasion permit shall
4 furnish the local law enforcement agency with the information required in an application for a
5 dealer's permit as set forth in subsection (a) of this section. In addition, the applicant shall provide
6 a physical address where any item included in a dealer purchase will be held for the period
7 required under G.S. 66-411. The physical address shall be the location where the purchase was
8 made, unless another physical address within the law enforcement jurisdiction where the
9 purchase was made is approved by the law enforcement agency that issues the permit. The items
10 shall be available at all reasonable times for inspection on the premises by law enforcement
11 agencies.

12 If the applicant for a special occasion permit is a partnership or association, all persons
13 owning a ten percent (10%) or more interest in the partnership or association shall comply with
14 the provisions of this subsection. Any such permits shall be issued in the name of the partnership
15 or association.

16 If the applicant for a special occasion permit is a corporation, each officer, director and
17 stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall
18 comply with the provisions of this subsection. Any such permits shall be issued in the name of
19 the corporation.

20 No permit shall be issued to an applicant who has been convicted of a felony involving a
21 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal
22 court or a court of this or any other state, unless the applicant has had his or her rights of
23 citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer
24 immediately preceding the date of application. In the case of a partnership, association, or
25 corporation, no permit shall be issued to any applicant with an officer, partner, or director who
26 has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving
27 stolen goods or of similar charges in any federal court or a court of this or any other state, unless
28 that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General
29 Statutes for five years or longer immediately preceding the date of application.

30 The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal
31 history record check to the local law enforcement agency for a person who has applied for a
32 permit through the agency. The agency shall provide to the ~~Department of Public Safety, State~~
33 Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional
34 information required by the ~~Department of Public Safety, State Bureau of Investigation~~, and a
35 form signed by the applicant consenting to the check of the criminal record and to the use of the
36 fingerprints and other identifying information required by the State or national repositories. The
37 applicant's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a
38 search of the State's criminal history record file, and the State Bureau of Investigation shall
39 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal
40 history record check. The agency shall keep all information pursuant to this subsection
41 privileged, in accordance with applicable State law and federal guidelines, and the information
42 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

43 The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a
44 fee for conducting the checks of criminal history records authorized by this subsection.

45 The filing fee for a special occasion permit application is one hundred eighty dollars
46 (\$180.00) to provide for the administrative cost of the local law enforcement agency including
47 purchase of required forms and the cost of conducting the criminal history record check of the
48 applicant. The fee is not refundable even if the permit is denied or is later suspended or revoked.
49 A special occasion permit is in addition to and not in lieu of other business licenses and is not
50 transferable. No person other than the dealer named on the permit and that dealer's employees
51 may engage in the business of purchasing precious metals under the authority of the permit.

1 A special occasion permit is valid for 12 months from the date issued, unless earlier
2 surrendered, suspended, or revoked. Application for renewal of a permit for an additional 12
3 months shall be on a form approved by the Department of Public Safety and shall be accompanied
4 by a nonrefundable renewal fee of one hundred eighty dollars (\$180.00).

5 Each special occasion permit shall be posted in a prominent place on the premises of any
6 show at which the permittee purchases precious metals."

7 **SECTION 19F.4.(ww)** G.S. 70-13.1(b) reads as rewritten:

8 "(b) All applicants shall consent to a criminal history record check. Refusal to consent to
9 a criminal history record check or to the use of fingerprints or other identifying information may
10 constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a
11 license to an applicant. The Department of Natural and Cultural Resources shall be responsible
12 for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation
13 the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the
14 criminal record check and the use of fingerprints and other identifying information required by
15 the State or National Repositories of Criminal Histories, and any additional information required
16 by the ~~Department of Public Safety~~ State Bureau of Investigation. If the applicant is not an
17 individual, the applicant shall provide fingerprints for the principals, officers, directors, and
18 controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized
19 law enforcement officer. The Department of Natural and Cultural Resources shall keep all
20 information obtained under this section confidential."

21 **SECTION 19F.4.(xx)** G.S. 74F-18(b) reads as rewritten:

22 "(b) All applicants for licensure or apprentice designation shall consent to a criminal
23 history record check. Refusal to consent to a criminal history record check may constitute
24 grounds for the Board to deny licensure or apprentice designation to an applicant. The Board
25 shall ensure that the State and national criminal history of an applicant is checked. The Board
26 shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau
27 of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant
28 consenting to the criminal record check and the use of fingerprints and other identifying
29 information required by the State or National Repositories of Criminal Histories, and any
30 additional information required by the ~~Department of Public Safety~~ State Bureau of
31 Investigation. The Board shall keep all information obtained pursuant to this section confidential.
32 The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of
33 Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of
34 Investigation for expenses associated with conducting the criminal history record check."

35 **SECTION 19F.4.(yy)** G.S. 85B-3.2 reads as rewritten:

36 "**§ 85B-3.2. Criminal history record checks of applicants for licensure.**

37 ...

38 (b) The Commission shall ensure that the State criminal history of an applicant is
39 checked. National criminal history checks are authorized for an applicant who has not resided in
40 the State of North Carolina during the past five years. The Commission shall provide to the ~~North~~
41 ~~Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the
42 applicant to be checked, a form signed by the applicant to be checked consenting to the check of
43 the criminal history and to the use of fingerprints and other identifying information required by
44 the State or National Repositories, and any additional information required by the ~~Department of~~
45 ~~Public Safety~~ State Bureau of Investigation.

46 (c) All releases of criminal history information to the Commission are subject to, and
47 shall comply with, rules governing the dissemination of criminal history record checks as adopted
48 by the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation. All of the
49 information the Commission receives through the checking of the criminal history is for the
50 exclusive use of the Commission and shall be kept confidential.

51 ...

1 (g) The Commission shall collect any fees required by the ~~Department of Public Safety~~
2 State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety State~~
3 Bureau of Investigation for expenses associated with conducting the criminal history record
4 check."

5 **SECTION 19F.4.(zz)** G.S. 90-113.46A(a) reads as rewritten:

6 "(a) All applicants for registration, certification, or licensure shall consent to a criminal
7 history record check. Refusal to consent to a criminal history record check may constitute
8 grounds for the Board to deny registration, certification, or licensure to an applicant. The Board
9 shall ensure that the State and national criminal history of an applicant is checked. The Board
10 shall be responsible for providing to the ~~North Carolina Department of Public Safety State Bureau~~
11 of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant
12 consenting to the criminal history record check and the use of fingerprints and other identifying
13 information required by the State or National Repositories, the fee required by the ~~Department~~
14 of Public Safety State Bureau of Investigation for providing this service, and any additional
15 information required by the ~~Department of Public Safety State Bureau of Investigation~~. The
16 Board shall keep all information obtained pursuant to this section confidential."

17 **SECTION 19F.4.(aaa)** G.S. 90-171.48 reads as rewritten:

18 **"§ 90-171.48. Criminal history record checks of applicants for licensure.**

19 ...

20 (b) All applicants for licensure shall consent to a criminal history record check. Refusal
21 to consent to a criminal history record check may constitute grounds for the Board to deny
22 licensure to an applicant. The Board shall ensure that the State and national criminal history of
23 an applicant applying for initial licensure as a registered nurse or licensed practical nurse either
24 by examination pursuant to G.S. 90-171.29 or G.S. 90-171.30 or without examination pursuant
25 to G.S. 90-171.32 is checked. The Board may request a criminal history record check for
26 applicants applying for reinstatement of licensure pursuant to G.S.90-171.35 or returning to
27 active status pursuant to G.S. 90-171.36 as a registered nurse or licensed practical nurse.

28 The Board shall be responsible for providing to the ~~North Carolina Department of Public~~
29 Safety State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed
30 by the applicant consenting to the criminal record check and the use of fingerprints and other
31 identifying information required by the State or National Repositories, and any additional
32 information required by the ~~Department of Public Safety State Bureau of Investigation~~. The
33 Board shall keep all information obtained pursuant to this section confidential.

34 (c) If an applicant's criminal history record check reveals one or more convictions listed
35 under ~~subsection-subdivision~~ (a)(2) of this section, the conviction shall not automatically bar
36 licensure. The Board shall consider all of the following factors regarding the conviction:

- 37 (1) The level of seriousness of the crime.
- 38 (2) The date of the crime.
- 39 (3) The age of the person at the time of the conviction.
- 40 (4) The circumstances surrounding the commission of the crime, if known.
- 41 (5) The nexus between the criminal conduct of the person and the job duties of
42 the position to be filled.
- 43 (6) The person's prison, jail, probation, parole, rehabilitation, and employment
44 records since the date the crime was committed.
- 45 (7) The subsequent commission by the person of a crime listed in subsection (a)
46 of this section.

47 If, after reviewing the factors, the Board determines that the grounds set forth in G.S. 90-171.37
48 exist, the Board may deny licensure of the applicant. The Board may disclose to the applicant
49 information contained in the criminal history record check that is relevant to the denial. The
50 Board shall not provide a copy of the criminal history record check to the applicant. The applicant
51 shall have the right to appear before the Board to appeal the Board's decision. However, an

1 appearance before the full Board shall constitute an exhaustion of administrative remedies in
2 accordance with Chapter 150B of the General Statutes.

3"

4 **SECTION 19F.4.(bbb)** G.S. 90-270.155(a) reads as rewritten:

5 "(a) The Board may request that an applicant for licensure or reinstatement of a license or
6 that a licensed psychologist or psychological associate currently under investigation by the Board
7 for allegedly violating this Article consent to a criminal history record check. Refusal to consent
8 to a criminal history record check may constitute grounds for the Board to deny licensure or
9 reinstatement of a license to an applicant or take disciplinary action against a licensee, including
10 revocation of a license. The Board shall be responsible for providing to the ~~North Carolina~~
11 ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or
12 licensee to be checked, a form signed by the applicant or licensee consenting to the criminal
13 record check and the use of fingerprints and other identifying information required by the State
14 or National Repositories, and any additional information required by the ~~Department of Public~~
15 ~~Safety~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to
16 this section confidential.

17 The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau
18 of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of
19 Investigation for the cost of conducting the criminal history record check."

20 **SECTION 19F.4.(ccc)** G.S. 90-270.96 reads as rewritten:

21 "**§ 90-270.96. Criminal history record checks of applicants for licensure.**

22 (a) All applicants for licensure shall consent to a criminal history record check. Refusal
23 to consent to a criminal history record check may constitute grounds for the Board to deny
24 licensure to an applicant. The Board shall be responsible for providing to the ~~North Carolina~~
25 ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be
26 checked, a form signed by the applicant consenting to the criminal history record check and the
27 use of fingerprints and other identifying information required by the State or National
28 Repositories, and any additional information required by the ~~Department of Public Safety~~ State
29 Bureau of Investigation. The Board shall keep all information obtained pursuant to this section
30 confidential.

31 (b) The cost of the criminal history record check and the fingerprinting shall be borne by
32 the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State
33 Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau
34 of Investigation for expenses associated with conducting the criminal history record check.

35"

36 **SECTION 19F.4.(ddd)** G.S. 90-288.01(b) reads as rewritten:

37 "(b) Criminal History Record Check. – The Board shall require a criminal history record
38 check of all applicants for initial licensure and temporary licensure. The Board, in its discretion,
39 may require a criminal history record check of an applicant for license renewal. Refusal to
40 consent to a criminal history record check may constitute grounds for the Board to deny licensure
41 to an applicant. The Board shall provide to the ~~North Carolina~~ Department of Public Safety State
42 Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the
43 applicant consenting to the criminal history record check and the use of fingerprints and other
44 identifying information required by the State or National Repositories, and any additional
45 information required by the ~~Department of Public Safety~~ State Bureau of Investigation. The
46 Board shall keep all information obtained pursuant to this section confidential. The Board shall
47 collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and
48 shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses
49 associated with conducting the criminal history record check."

50 **SECTION 19F.4.(eee)** G.S. 90-357.6 reads as rewritten:

51 "**§ 90-357.6. Criminal history record checks of applicants for licensure.**

1 (a) All applicants for licensure shall consent to a criminal history record check. The
2 Board may request a criminal history record check of applicants returning to active status as a
3 licensed dietitian/nutritionist or a licensed nutritionist. Refusal to consent to a criminal history
4 record check may constitute grounds for the Board to deny licensure to an applicant. The Board
5 shall ensure that the State and national criminal history of each applicant is checked. The Board
6 shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau
7 of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant
8 consenting to the criminal history record check and the use of fingerprints and other identifying
9 information required by the State or National Repositories, the fee required by the ~~Department~~
10 ~~of Public Safety~~ State Bureau of Investigation for providing this service, and any additional
11 information required by the ~~Department of Public Safety~~ State Bureau of Investigation. The
12 Board shall keep all information obtained pursuant to this section confidential.

13 (b) The cost of the criminal history record check and the fingerprinting shall be borne by
14 the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State
15 Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau
16 of Investigation for expenses associated with conducting the criminal history record check.

17"

18 **SECTION 19F.4.(fff)** G.S. 90-622(2b) reads as rewritten:

19 "(2b) Criminal history record check. – A report resulting from a request made by
20 the Board to the ~~North Carolina Department of Public Safety~~ State Bureau of
21 Investigation for a history of conviction of a crime, whether a misdemeanor
22 or felony, that bears on an applicant's fitness for licensure to practice massage
23 and bodywork therapy."

24 **SECTION 19F.4.(ggg)** G.S. 90-629(6) reads as rewritten:

25 "(6) Has submitted fingerprint cards in a form acceptable to the Board at the time
26 the license application is filed and consented to a criminal history record check
27 by the ~~North Carolina Department of Public Safety~~ State Bureau of
28 Investigation."

29 **SECTION 19F.4.(hhh)** G.S. 90-629.1(a) reads as rewritten:

30 "(a) All applicants for licensure to practice massage and bodywork therapy or to operate
31 a massage and bodywork therapy establishment shall consent to a criminal history record check.
32 Refusal to consent to a criminal history record check may constitute grounds for the Board to
33 deny licensure to an applicant. The Board shall ensure that the State and national criminal history
34 of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina~~
35 ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be
36 checked, a form signed by the applicant consenting to the criminal record check and the use of
37 fingerprints and other identifying information required by the State or National Repositories, and
38 any additional information required by the ~~Department of Public Safety~~ State Bureau of
39 Investigation. The Board shall keep all information obtained pursuant to this section
40 confidential."

41 **SECTION 19F.4.(iii)** G.S. 90-632.11(a)(4) reads as rewritten:

42 "(4) Fingerprint cards submitted in accordance with G.S. 90-629.1 at the time the
43 license application is filed and consented to a criminal history record check
44 by the ~~Department of Public Safety~~ State Bureau of Investigation."

45 **SECTION 19F.4.(jjj)** G.S. 90-652(1) reads as rewritten:

46 "(1) Determine the qualifications and fitness of applicants for licensure, renewal
47 of licensure, and reciprocal licensure. The Board shall, in its discretion,
48 investigate the background of an applicant to determine the applicant's
49 qualifications with due regard given to the applicant's competency, honesty,
50 truthfulness, and integrity. The ~~Department of Public Safety~~ State Bureau of
51 Investigation may provide a criminal record check to the Board for a person

1 who has applied for a license through the Board. The Board shall provide to
2 the ~~Department of Public Safety, State Bureau of Investigation~~, along with the
3 request, the fingerprints of the applicant, any additional information required
4 by the ~~Department of Public Safety, State Bureau of Investigation~~, and a form
5 signed by the applicant consenting to the check of the criminal record and to
6 the use of the fingerprints and other identifying information required by the
7 State or national repositories. The applicant's fingerprints shall be ~~forwarded~~
8 ~~to used by~~ the State Bureau of Investigation for a search of the State's criminal
9 history record file, and the State Bureau of Investigation shall forward a set of
10 the fingerprints to the Federal Bureau of Investigation for a national criminal
11 history check. The Board shall keep all information pursuant to this
12 subdivision privileged, in accordance with applicable State law and federal
13 guidelines, and the information shall be confidential and shall not be a public
14 record under Chapter 132 of the General Statutes. The Board shall collect any
15 fees required by the ~~Department of Public Safety State Bureau of Investigation~~
16 and shall remit the fees to the ~~Department of Public Safety State Bureau of~~
17 ~~Investigation~~ for expenses associated with conducting the criminal history
18 record check."

19 **SECTION 19F.4.(kkk)** G.S. 115C-238.73(c) reads as rewritten:

20 "(c) The board of directors shall require the person to be checked by the ~~Department of~~
21 ~~Public Safety State Bureau of Investigation~~ (i) to be fingerprinted and to provide any additional
22 information required by the ~~Department of Public Safety State Bureau of Investigation~~ to a person
23 designated by the board of directors or to the local sheriff or the municipal police, whichever is
24 more convenient for the person, and (ii) to sign a form consenting to the check of the criminal
25 record and to the use of fingerprints and other identifying information required by the
26 repositories. The board of directors shall consider refusal to consent when making employment
27 decisions and decisions with regard to independent contractors. The fingerprints of the individual
28 shall be ~~forwarded to used by~~ the State Bureau of Investigation for a search of the State criminal
29 history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the
30 Federal Bureau of Investigation for a national criminal history record check. The ~~Department of~~
31 ~~Public Safety State Bureau of Investigation~~ shall provide to the board of directors the criminal
32 history from the State and National Repositories of Criminal Histories of any school personnel
33 for which the board of directors requires a criminal history record check.

34 The board of directors shall not require school personnel to pay for the fingerprints authorized
35 under this section."

36 **SECTION 19F.4.(lll)** G.S. 115C-332(c) reads as rewritten:

37 "(c) The ~~Department of Public Safety State Bureau of Investigation~~ shall provide to the
38 local board of education the criminal history from the State and National Repositories of Criminal
39 Histories of any applicant for a school personnel position in the local school administrative unit
40 for which a local board of education requires a criminal history check. The local board of
41 education shall require the person to be checked by the ~~Department of Public Safety State Bureau~~
42 ~~of Investigation~~ to (i) be fingerprinted and to provide any additional information required by the
43 ~~Department of Public Safety State Bureau of Investigation~~ to a person designated by the local
44 board, or to the local sheriff or the municipal police, whichever is more convenient for the person,
45 and (ii) sign a form consenting to the check of the criminal record and to the use of fingerprints
46 and other identifying information required by the repositories. The local board of education shall
47 consider refusal to consent when making employment decisions and decisions with regard to
48 independent contractors.

49 The local board of education shall not require an applicant to pay for being fingerprinted."

50 **SECTION 19F.4.(mmm)** G.S. 116-239.12(c) reads as rewritten:

1 "(c) The chancellor shall require the person to be checked by the ~~Department of Public~~
2 ~~Safety State Bureau of Investigation~~ (i) to be fingerprinted and to provide any additional
3 information required by the ~~Department of Public Safety State Bureau of Investigation~~ to a person
4 designated by the chancellor or to the local sheriff, the campus police department of the
5 constituent institution, or the municipal police, whichever is more convenient for the person and
6 (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints
7 and other identifying information required by the repositories. The chancellor shall consider
8 refusal to consent when making employment decisions and decisions with regard to independent
9 contractors. The fingerprints of the individual shall be ~~forwarded to used by~~ the State Bureau of
10 Investigation for a search of the State criminal history record file, and the State Bureau of
11 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a
12 national criminal history record check. The ~~Department of Public Safety State Bureau of~~
13 ~~Investigation~~ shall provide to the chancellor the criminal history from the State and National
14 Repositories of Criminal Histories of any school personnel for which the chancellor requires a
15 criminal history record check.

16 The chancellor shall not require school personnel to pay for fingerprints authorized under this
17 section."

18 **SECTION 19F.4.(nnn)** G.S. 121-25.1(b) reads as rewritten:

19 "(b) All applicants shall consent to a criminal history record check. Refusal to consent to
20 a criminal history record check or to the use of fingerprints or other identifying information may
21 constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a
22 license to an applicant. The Department of Natural and Cultural Resources shall be responsible
23 for providing to the ~~North Carolina Department of Public Safety State Bureau of Investigation~~
24 the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the
25 criminal record check and the use of fingerprints and other identifying information required by
26 the State or National Repositories of Criminal Histories, and any additional information required
27 by the ~~Department of Public Safety State Bureau of Investigation~~. If the applicant is not an
28 individual, the applicant shall provide fingerprints for the principals, officers, directors, and
29 controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized
30 law enforcement officer. The Department of Natural and Cultural Resources shall keep all
31 information obtained under this section confidential."

32 **SECTION 19F.4.(ooo)** G.S. 131D-10.3A reads as rewritten:

33 **"§ 131D-10.3A. Mandatory criminal checks.**

34 ...

35 (d) The ~~Department of Public Safety State Bureau of Investigation~~ shall provide to the
36 Department the criminal history of the individuals specified in subsection (a) of this section
37 obtained from the State and National Repositories of Criminal Histories as requested by the
38 Department. The Department shall provide to the ~~Department of Public Safety State Bureau of~~
39 ~~Investigation~~, along with the request, the fingerprints of the individual to be checked, any
40 additional information required by the ~~Department of Public Safety State Bureau of~~
41 ~~Investigation~~, and a form consenting to the check of the criminal record and to the use of
42 fingerprints and other identifying information required by the State or National Repositories
43 signed by the individual to be checked. The fingerprints of the individual to be checked shall be
44 ~~forwarded to used by~~ the State Bureau of Investigation for a search of the State's criminal history
45 record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal
46 Bureau of Investigation for a national criminal history record check.

47 (e) At the time of application, the individual whose criminal history is to be checked shall
48 be furnished with a statement substantially similar to the following:

49 "NOTICE

50 MANDATORY CRIMINAL HISTORY CHECK

1 NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY
2 CHECK BE CONDUCTED ON ALL PERSONS 18 YEARS OF AGE OR
3 OLDER WHO RESIDE IN A LICENSED FAMILY FOSTER HOME.

4 "Criminal history" includes any county, State, and federal conviction of a
5 felony by a court of competent jurisdiction or pending felony indictment of a crime
6 for child abuse or neglect, spousal abuse, a crime against a child, including child
7 pornography, or for a crime involving violence, including rape, sexual assault, or
8 homicide, other than physical assault or battery; a county, State, or federal
9 conviction of a felony by a court of competent jurisdiction or a pending felony
10 indictment for physical assault, battery, or a drug related offense, if the offense
11 was committed within the past five years; or similar crimes under federal law or
12 under the laws of other states. Your fingerprints will be used to check the criminal
13 history records of the State Bureau of Investigation (SBI) and the Federal Bureau
14 of Investigation (FBI).

15 If it is determined, based on your criminal history, that you are unfit to have a
16 foster child reside with you, you shall have the opportunity to complete or
17 challenge the accuracy of the information contained in the SBI or FBI
18 identification records.

19 If licensure is denied or the foster home license is revoked by the Department
20 of Health and Human Services as a result of the criminal history check, if you are
21 a foster parent, or are applying to become a foster parent, you may request a
22 hearing pursuant to Article 3 of Chapter 150B of the General Statutes, the
23 Administrative Procedure Act.

24 Any person who intentionally falsifies any information required to be furnished
25 to conduct the criminal history is guilty of a Class 2 misdemeanor.

26 Refusal to consent to a criminal history check is grounds for the Department to deny or revoke
27 a license to provide foster care. Any person who intentionally falsifies any information required
28 to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

29 ...

30 (i) ~~The Department of Public Safety~~ State Bureau of Investigation shall perform the State
31 and national criminal history checks on individuals required by this section and shall charge the
32 Department a reasonable fee only for conducting the checks of the national criminal history
33 records authorized by this section. The Division of Social Services, Department of Health and
34 Human Services, shall bear the costs of implementing this section."

35 **SECTION 19F.4.(ppp)** G.S. 143-143.10A(b) reads as rewritten:

36 "(b) All applicants for initial licensure shall consent to a criminal history record check.
37 Refusal to consent to a criminal history record check may constitute grounds for the Board to
38 deny licensure to an applicant. The Board shall ensure that the State and national criminal history
39 of an applicant is checked. Applicants shall obtain criminal record reports from one or more
40 reporting services designated by the Board to provide criminal record reports. Each applicant is
41 required to pay the designated service for the cost of the criminal record report. In the alternative,
42 the Board may provide to the ~~North Carolina Department of Public Safety~~ State Bureau of
43 Investigation the fingerprints of the applicant to be checked, a form signed by the applicant
44 consenting to the criminal record check and the use of fingerprints and other identifying
45 information required by the State or National Repositories of Criminal Histories, and any
46 additional information required by the ~~Department of Public Safety~~ State Bureau of
47 Investigation. The Board shall keep all information obtained pursuant to this section
48 confidential."

49 **SECTION 19F.4.(qqq)** Notwithstanding any provision of law to the contrary,
50 positions exempted within the State Bureau of Investigation by the Governor under the authority
51 set forth in G.S. 126-5(d)(1) shall no longer be exempt under that authority upon the effective

1 date of this section. Nothing in this subsection shall be construed as prohibiting the Director of
2 the State Bureau of Investigation from exempting those same positions under the authority set
3 forth in G.S. 126-5(c1)(39), as enacted by subsection (c1) of this section.

4 **SECTION 19F.4.(rrr)** The State Bureau of Investigation shall adopt rules, or amend
5 its rules, consistent with the provisions of this section. The Bureau may use the procedure set
6 forth in G.S. 150B-21.1 to adopt or amend any rules as required under this subsection.

7 **SECTION 19F.4.(sss)** Subsections (c1), (qqq), and (sss) of this section are effective
8 when they become law. Subsections (j) through (ppp) of this section become effective December
9 1, 2023, and apply to criminal history checks requested, expunction petitions filed, and fees
10 collected on or after that date. The remainder of this section becomes effective December 1, 2023.

11 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

12 **SECTION 19F.5.(a)** The Department of Public Safety shall maintain and shall
13 furnish upon request a remote work policy.

14 **SECTION 19F.5.(b)** The remote work policies required by subsection (a) of this
15 section shall, at a minimum, require that all employees utilizing the remote work policy shall
16 sign an agreement to be retained in the employee's file that records the employee's assent to
17 adhere to the remote work policy.

18 **SECTION 19F.5.(c)** The Department of Public Safety shall report all of the
19 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than
20 March 1, 2024, and March 1, 2025:

- 21 (1) The remote work policy currently in place for its employees.
- 22 (2) Any remote work policy previously in place for its employees that was not a
23 part of the most recent report required by this subsection.
- 24 (3) The total number of employees utilizing its remote work policy.
- 25 (4) The total number of employees utilizing its remote work policy, delineated by
26 division, section, and any other organizational category.

27 **SECTION 19F.5.(d)** This section becomes effective October 1, 2023.

28 **EXPANSION OF ALTERNATIVES TO PRE-TRIAL DETENTION FUND**

29 **SECTION 19F.7.** Of the funds appropriated in this act from the General Fund to the
30 Department of Public Safety, the sum of four million dollars (\$4,000,000) in recurring funds for
31 the 2023-2024 fiscal year shall be used for the Alternatives to Pre-Trial Detention Fund to expand
32 the electronic monitoring program in accordance with Section 19A.7B(a) through (e) of S.L.
33 2021-180 and Section 5.3 of S.L. 2021-189.

34 **PART XIX-G. LAW ENFORCEMENT**

35 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

36 **SECTION 19G.1.(a)** Creation of Receipt-Supported Positions Authorized. – The
37 State Capitol Police may contract with State agencies for the creation of receipt-supported
38 positions to provide security services to the buildings occupied by those agencies.

39 **SECTION 19G.1.(b)** Annual Report Required. – No later than September 1 of each
40 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on
41 Justice and Public Safety the following information for the fiscal year in which the report is due:

- 42 (1) A list of all positions in the State Capitol Police. For each position listed, the
43 report shall include at least the following information:
 - 44 a. The position type.
 - 45 b. The agency to which the position is assigned.
 - 46 c. The source of funding for the position.

- 1 (2) For each receipt-supported position listed, the contract and any other terms of
2 the contract.

3 **SECTION 19G.1.(c)** Additional Reporting Required Upon Creation of
4 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,
5 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this
6 section to the chairs of the House of Representatives Appropriations Committee on Justice and
7 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the
8 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant
9 to this section shall include at least all of the following information:

- 10 (1) The position type.
11 (2) The agency to which the position is being assigned.
12 (3) The position salary.
13 (4) The total amount of the contract.
14 (5) The terms of the contract.

15 **SECTION 19G.1.(d)** Format of Reports. – Reports submitted pursuant to this section
16 shall be submitted electronically and in accordance with any applicable General Assembly
17 standards.

18 **USE OF SEIZED AND FORFEITED PROPERTY**

19 **SECTION 19G.2.(a)** Seized and forfeited assets transferred to the Department of
20 Justice, Department of Public Safety, and Department of Adult Correction during the 2023-2025
21 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient
22 department and shall result in an increase of law enforcement resources for that department. The
23 Department of Justice, Department of Public Safety, and Department of Adult Correction shall
24 each make the following reports to the chairs of the House of Representatives Appropriations
25 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and
26 Public Safety:

- 27 (1) A report upon receipt of any assets.
28 (2) A report that shall be made prior to use of the assets on their intended use and
29 the departmental priorities on which the assets may be expended.
30 (3) A report on receipts, expenditures, encumbrances, and availability of these
31 assets for the previous fiscal year, which shall be made no later than
32 September 1 of each year.

33 **SECTION 19G.2.(b)** The General Assembly finds that the use of seized and
34 forfeited assets transferred pursuant to federal law for new personnel positions, new projects,
35 acquisition of real property, repair of buildings where the repair includes structural change, and
36 construction of or additions to buildings may result in additional expenses for the State in future
37 fiscal periods. Therefore, the Department of Justice, Department of Public Safety, and
38 Department of Adult Correction are prohibited from using these assets for such purposes without
39 the prior approval of the General Assembly.

40 **SECTION 19G.2.(c)** Nothing in this section prohibits State law enforcement
41 agencies from receiving funds from the United States Department of Justice, the United States
42 Department of the Treasury, and the United States Department of Health and Human Services.

43 **SECTION 19G.2.(d)** The Joint Legislative Oversight Committee on Justice and
44 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of
45 seized and forfeited assets. The Committee shall report its findings and recommendations prior
46 to the convening of the 2024 Regular Session of the 2023 General Assembly.
47

48 **TEMPORARILY INCREASE THE LIEUTENANT GOVERNOR'S STATE HIGHWAY** 49 **PATROL SECURITY DETAIL** 50

1 **SECTION 19G.6.(a)** Notwithstanding any provision of G.S. 20-189.1 to the
2 contrary, the Lieutenant Governor's Executive Protection Detail shall consist of four sworn
3 members in good standing of the North Carolina State Highway Patrol. The fourth member of
4 the Detail shall hold the rank of Sergeant by the approval of the Commander's Office.

5 **SECTION 19G.6.(b)** This section is effective when it becomes law and shall expire
6 on December 31, 2024.

7 8 9 **PART XIX-H. JUVENILE JUSTICE**

10 11 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

12 **SECTION 19H.1.(a)** Funds appropriated in this act to the Department of Public
13 Safety for the 2023-2025 fiscal biennium for community program contracts, that are not required
14 for or used for community program contracts, may be used only for the following:

- 15 (1) Other statewide residential programs that provide Level 2 intermediate
16 dispositional alternatives for juveniles.
- 17 (2) Statewide community programs that provide Level 2 intermediate
18 dispositional alternatives for juveniles.
- 19 (3) Regional programs that are collaboratives of two or more Juvenile Crime
20 Prevention Councils which provide Level 2 intermediate dispositional
21 alternatives for juveniles.
- 22 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2
23 intermediate dispositional alternatives for juveniles listed in
24 G.S. 7B-2506(13) through (23).

25 **SECTION 19H.1.(b)** Funds appropriated by this act to the Department of Public
26 Safety for the 2023-2025 fiscal biennium for community programs may not be used for staffing,
27 operations, maintenance, or any other expenses of youth development centers or detention
28 facilities.

29 **SECTION 19H.1.(c)** The Department of Public Safety shall submit an electronic
30 report by October 1 of each year of the 2023-2025 fiscal biennium on all expenditures made in
31 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of
32 the House of Representatives Appropriations Committee on Justice and Public Safety and the
33 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.
34 The report shall include all of the following: an itemized list of the contracts that have been
35 executed, the amount of each contract, the date the contract was executed, the purpose of the
36 contract, the number of juveniles that will be served and the manner in which they will be served,
37 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized
38 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

39 40 41 **PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

42 43 **COMPETITIVE EMERGENCY MANAGEMENT GRANTS**

44 **SECTION 19I.2.(a)** The funds appropriated in this act to the Department of Public
45 Safety, Division of Emergency Management, to provide competitive grants to county emergency
46 management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to
47 county emergency management agencies located in counties with a population of 230,000 or
48 fewer, based upon the 2021 Certified County Population Estimates from the State Demographer
49 in the Office of State Budget and Management, as of July 1, 2021. Grants shall be used to ensure
50 local emergency management offices are adequately equipped, trained, and prepared for all

1 hazards and emergencies. The Division shall develop policies and procedures to implement a
2 competitive grant program consistent with this section.

3 **SECTION 19I.2.(b)** The Division shall report to the chairs of the Joint Legislative
4 Emergency Management Oversight Committee and the Fiscal Research Division on the awarding
5 of grant funds pursuant to subsection (a) of this section by April 1, 2024.

6 7 **CYBERSECURITY SUPPORT REQUESTS**

8 **SECTION 19I.3.(a)** Part 8 of Article 1A of Chapter 166A of the General Statutes is
9 amended by adding a new section to read:

10 **"§ 166A-19.78A. Cybersecurity support requests.**

11 Requests from units of local government, State agencies, or critical infrastructure partners for
12 operational support from or access to operational cyber resources shall be sent to the North
13 Carolina Emergency Management 24-Hour Watch for intake and activation. For purposes of this
14 section, the term "critical infrastructure partners" means any entity that manages, oversees, or is
15 otherwise responsible for critical infrastructure, as defined in 42 U.S.C. § 5195c."

16 **SECTION 19I.3.(b)** This section is effective when it becomes law.

17 18 **PART XX. ADMINISTRATION**

19 20 **DOA/E-PROCUREMENT TRANSACTION FEES**

21 **SECTION 20.1.** Article 3 of Chapter 143 of the General Statutes is amended by
22 adding a new section to read:

23 **"§ 143-48.3A. Electronic procurement fees.**

24 The Department of Administration shall impose a transaction fee of one and seventy-five
25 hundredths percent (1.75%) on purchase orders for material goods. The Department shall not
26 increase or decrease the transaction fee on purchase orders for material goods or impose a
27 transaction fee on purchase orders for services without the express authorization of the General
28 Assembly."

29 30 **CHANGE REPORTING REQUIREMENT FOR DOMESTIC VIOLENCE AND** 31 **SEXUAL ASSAULT GRANTS**

32 **SECTION 20.2.(a)** G.S. 50B-9(c) reads as rewritten:

33 "(c) On or before September 1, the North Carolina Council for Women and Youth
34 Involvement shall report on the quarterly distributions of ~~the~~ grants from the Domestic Violence
35 Center Fund for the current fiscal year and the prior fiscal year to the chairs of the House
36 Appropriations Committee on General Government and the Senate Appropriations Committee
37 on General Government and Information Technology and to the Fiscal Research Division. The
38 report shall include the following:

- 39 (1) Date, amount, and recipients of the fund disbursements.
- 40 (2) Eligible programs which are ineligible to receive funding during the relative
41 reporting cycle as well as the reason of the ineligibility for that relative
42 reporting cycle."

43 **SECTION 20.2.(b)** G.S. 143B-394.21(c) reads as rewritten:

44 "(c) On or before September 1, the North Carolina Council for Women and Youth
45 Involvement shall report on the quarterly distributions of ~~the~~ grants from the Sexual Assault and
46 Rape Crisis Center Fund for the current fiscal year and the prior fiscal year to the chairs of the
47 House Appropriations Committee on General Government, the chairs of the Senate
48 Appropriations Committee on General Government and Information Technology, and the Fiscal
49 Research Division. The report shall include the following:

- 50 (1) Date, amount, and recipients of the fund disbursements.

- 1 (2) Eligible programs which are ineligible to receive funding during the relative
 2 reporting cycle, as well as the reason of the ineligibility for that relative
 3 reporting cycle."
 4

5 **PROCUREMENT BENCHMARK/DEPARTMENT OF AGRICULTURE AND**
 6 **CONSUMER SERVICES**

7 **SECTION 20.3.(a)** G.S. 143-53.1 reads as rewritten:

8 **"§ 143-53.1. Setting of benchmarks; increase by Secretary.**

9 (a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to
 10 competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to
 11 rule making by the Secretary of Administration for competitive bidding shall promote
 12 compliance with the principles of procurement efficiency, transparency, and fair competition to
 13 obtain the State's business. For State departments, institutions, and agencies, except the
 14 Department of Agriculture and Consumer Services and the President of The University of North
 15 Carolina or a special responsibility constituent institution of The University of North Carolina
 16 and community colleges, the benchmark shall not be greater than one hundred thousand dollars
 17 (\$100,000). For the President of The University of North Carolina or a special responsibility
 18 constituent institution of The University of North Carolina, the benchmark prescribed in this
 19 section is as provided in G.S. 116-31.10. For community colleges, the benchmark prescribed in
 20 this section is as provided in G.S. 115D-58.14. For the Department of Agriculture and Consumer
 21 Services, the benchmark shall be two hundred fifty thousand dollars (\$250,000).

22 (b) Expired pursuant to Session Laws 2009-475, s. 16, effective June 30, 2012."

23 **SECTION 20.3.(b)** This section is effective when it becomes law and applies to the
 24 purchase of goods and services on or after that date.

25 **PUBLIC CONTRACTS/EXPAND DEFINITION OF THE TERMS "MINORITY**
 26 **BUSINESS" AND "HISTORICALLY UNDERUTILIZED BUSINESS"**

27 **SECTION 20.4.(a)** G.S. 143-128.2 reads as rewritten:

28 **"§ 143-128.2. Minority business participation goals.**

29 ...
 30 (g) As used in this section:

31 (1) The term "minority business" ~~means a business;~~ means either of the following:

32 a. A business that meets both of the following conditions:

33 1. ~~In which at At~~ at least fifty-one percent (51%) of the business is
 34 owned by one or more minority persons or socially and
 35 economically disadvantaged individuals, or in the case of a
 36 corporation, in which at least fifty-one percent (51%) of the
 37 stock is owned by one or more minority persons or socially and
 38 economically disadvantaged individuals; and

39 b-2. ~~Of which the The~~ management and daily business operations
 40 are controlled by one or more of the minority persons or
 41 socially and economically disadvantaged individuals who own
 42 it.

43 b. An Employee Stock Ownership Plan company in which at least
 44 fifty-one percent (51%) of the stock is owned by one or more minority
 45 persons or socially and economically disadvantaged individuals.

46"

47 **SECTION 20.4.(b)** G.S. 143-128.4 reads as rewritten:

48 **"§ 143-128.4. Historically underutilized business defined; statewide uniform certification.**

49 (a) As used in this Chapter, the term "historically underutilized business" ~~means a~~ means
 50 either of the following:

51 (1) A business that meets all both of the following conditions:

1 (1)a. At least fifty-one percent (51%) of the business is owned by one or
 2 more persons who are members of at least one of the groups set forth
 3 in subsection (b) of this section, or in the case of a corporation, at least
 4 fifty-one percent (51%) of the stock is owned by one or more persons
 5 who are members of at least one of the groups set forth in subsection
 6 (b) of this ~~section~~section; and

7 (2)b. The management and daily business operations are controlled by one
 8 or more owners of the business who are members of at least one of the
 9 groups set forth in subsection (b) of this section.

10 (2) An Employee Stock Ownership Plan company in which at least fifty-one
 11 percent (51%) of the stock is owned by one or more persons who are members
 12 of at least one of the groups set forth in subsection (b) of this section.

13 "

14 **SECTION 20.4.(c)** This section is effective when it becomes law and applies to
 15 contracts awarded on or after that date.

16
 17 **STATE PROPERTY AND LAND USE REGULATION**

18 **SECTION 20.5.(a)** G.S. 160D-913 reads as rewritten:

19 **"§ 160D-913. Public buildings.**

20 (a) All Except as provided in G.S. 143-345.5 and this section, local government zoning
 21 and development regulations are applicable to the erection, construction, and use of buildings by
 22 the State of North Carolina and its political subdivisions.

23 (b) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction,
 24 erection, alteration, enlargement, renovation, substantial repair, movement to another site,
 25 demolition, or use of any building or property by the State of North Carolina, including The
 26 University of North Carolina or any of its constituent institutions, located in whole or in part in
 27 Wake County and the project is managed by the State Construction Office.

28 (c) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction,
 29 erection, alteration, enlargement, renovation, substantial repair, movement to another site,
 30 demolition, or use of any building or property when the project is managed by the Legislative
 31 Services Commission.

32 (d) Notwithstanding the provisions of any general or local law or ordinance, except as
 33 provided in Part 4 of Article 9 of this Chapter, no land owned by the State of North Carolina may
 34 be included within an overlay district or a conditional zoning district without approval of the
 35 Council of State or its delegate.

36 (e) For properties exempt from this Chapter under subsection (b) or (c) of this section,
 37 the State Construction Office or the Legislative Services Commission shall consult with the
 38 appropriate county or city with jurisdiction with regard to all of the following:

- 39 (1) Water and sewer services to be provided to the project.
- 40 (2) Stormwater implications of the project.
- 41 (3) Impacts on traffic patterns and parking.
- 42 (4) Perimeter buffering, landscaping, tree protection, and riparian buffer
 43 requirements.
- 44 (5) Local environmental regulations adopted under Part 2 of Article 9 of this
 45 Chapter."

46 **SECTION 20.5.(b)** This section is effective when it becomes law and applies to any
 47 erection, construction, repair, or renovation in existence on or after that date.

48
 49 **PART XXI. ADMINISTRATIVE HEARINGS**

50
 51 **INCREASE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

1 **SECTION 21.1.** G.S. 143B-30.1(d) reads as rewritten:

2 "(d) Members of the Commission who are not officers or employees of the State shall
3 receive compensation of two hundred fifty dollars ~~(\$200.00)-(\$250.00)~~ for each day or part of a
4 day of service plus reimbursement for travel and subsistence expenses at the rates specified in
5 G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive
6 reimbursement for travel and subsistence at the rate set out in G.S. 138-6."
7

8 **AMEND RULEMAKING PROCEDURES IN THE ADMINISTRATIVE PROCEDURE**
9 **ACT**

10 **SECTION 21.2.(a)** G.S. 150B-21.1 reads as rewritten:

11 "**§ 150B-21.1. Procedure for adopting a temporary rule.**

12 ...

13 (b1) If the Commission or its designee finds that the statement does not meet the criteria
14 listed in subsection (a) of this section or that the rule does not meet the standards in
15 G.S. 150B-21.9, the Commission or its designee must immediately notify the head of the agency.
16 The agency may supplement its statement of need with additional findings or submit a new
17 statement. ~~statement within 30 days of the notification. If the agency fails to supplement its~~
18 statement of need with additional findings or submit a new statement to the Commission within
19 30 days, or submits written notice within 30 days to the Commission that the agency does not
20 intend to supplement its statement of need with additional findings or submit a new statement,
21 the Commission or its designee shall immediately return the rule to the agency. If the agency
22 provides additional findings or submits a new ~~statement,~~ statement within 30 days of the
23 notification, the Commission or its designee must review the additional findings or new statement
24 within five business days after the agency submits the additional findings or new statement. If
25 the Commission or its designee again finds that the statement does not meet the criteria listed in
26 subsection (a) of this section or that the rule does not meet the standards in G.S. 150B-21.9, the
27 Commission or its designee must immediately notify the head of the agency and return the rule
28 to the agency. When the Commission returns a rule to an agency in accordance with this
29 subsection, the agency may file an action for declaratory judgment within 30 days after
30 notification of the return of the rule by the Commission in Wake County Superior Court pursuant
31 to Article 26 of Chapter 1 of the General Statutes.

32 (b2) If an agency decides not to provide additional findings or submit a new statement
33 when notified by the Commission or its designee that the agency's findings of need for a rule do
34 not meet the required criteria or that the rule does not meet the required standards, the agency
35 must notify the Commission or its designee of its decision. The Commission or its designee shall
36 then return the rule to the agency. When the Commission returns a rule to an agency in
37 accordance with this subsection, the agency may file an action for declaratory judgment in Wake
38 County Superior Court pursuant to Article 26 of Chapter 1 of the General ~~Statutes.~~ Statutes within
39 30 days of the date the rule is returned to the agency.

40 (b3) Notwithstanding any other provision of this subsection, if the agency has not
41 complied with the provisions of G.S. 12-3.1, the Codifier of Rules shall not enter the rule into
42 the Code.

43 (b4) When the Commission returns to an agency a proposed permanent rule intended to
44 replace a temporary rule, the holder of a permit from the agency may submit revised plans for a
45 revised permit removing the impacts of the returned rule if all of the following conditions apply:

46 (1) The permit was conditioned upon adherence to the requirements of a
47 temporary rule that the returned proposed permanent rule was intended to
48 replace.

49 (2) The revised plans comply with all other applicable regulations.

1 The agency shall review the revised plans and approve or deny the revised permit within 45
2 days of the receipt of the revised plans. The agency may not impose an additional permit fee for
3 review of a revised plan resulting from the expiration of a temporary rule.

4 (c) Standing. – A person aggrieved by a temporary rule adopted by an agency may file
5 an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of
6 Chapter 1 of the General Statutes. In the action, the court shall determine whether the agency's
7 written statement of findings of need for the rule meets the criteria listed in subsection (a) of this
8 section and whether the rule meets the standards in G.S. 150B-21.9. The court shall not grant an
9 ex parte temporary restraining order.

10 (c1) Filing a petition for rule making or a request for a declaratory ruling with the agency
11 that adopted the rule is not a prerequisite to filing an action under this subsection. A person who
12 files an action for declaratory judgment under this subsection must serve a copy of the complaint
13 on the agency that adopted the rule being contested, the Codifier of Rules, and the Commission.

14 (d) Effective Date and Expiration. – A temporary rule becomes effective on the date
15 specified in G.S. 150B-21.3. A temporary rule expires on the earliest of the following dates:

16 (1) The date specified in the rule.

17 (2) The effective date of the permanent rule adopted to replace the temporary rule,
18 if the Commission approves the permanent rule.

19 (3) The date the Commission returns to an agency a permanent rule the agency
20 adopted to replace the temporary rule.

21 (4) The effective date of an act of the General Assembly that specifically
22 disapproves a permanent rule adopted to replace the temporary rule.

23 (5) 270 days from the date the temporary rule was published in the North Carolina
24 Register, unless the permanent rule adopted to replace the temporary rule has
25 been submitted to the Commission.

26 (6) Notwithstanding subdivision (5) of this subsection, 12 months after the
27 effective date of the temporary rule.

28 (e) Publication. – When the Codifier of Rules enters a temporary rule in the North
29 Carolina Administrative Code, the Codifier must publish the rule in the North Carolina Register."

30 **SECTION 21.2.(b)** G.S. 150B-21.2 reads as rewritten:

31 **"§ 150B-21.2. Procedure for adopting a permanent rule.**

32 (a) Steps. – Before an agency adopts a permanent rule, the agency must comply with the
33 requirements of G.S. 150B-19.1, and it must take the following actions:

34 ...

35 (e) Hearing. – An agency must hold a public hearing on a rule it proposes to adopt if the
36 agency publishes the text of the proposed rule in the North Carolina Register and the agency
37 receives a written request for a public hearing on the proposed rule within 15 days after the notice
38 of text is published. The agency must accept comments at the public hearing on both the proposed
39 rule and any fiscal note that has been prepared in connection with the proposed rule.

40 An agency may hold a public hearing on a proposed rule and fiscal note in other
41 circumstances. When an agency is required to hold a public hearing on a proposed rule or decides
42 to hold a public hearing on a proposed rule when it is not required to do so, the agency must
43 publish in the North Carolina Register a notice of the date, time, and place of the public hearing.
44 The hearing date of a public hearing held after the agency publishes notice of the hearing in the
45 North Carolina Register must be at least 15 but not later than 60 days after the date the notice is
46 published. If notice of a public hearing has been published in the North Carolina Register and
47 that public hearing has been cancelled, the agency must publish notice in the North Carolina
48 Register at least 15 days prior to the date of any rescheduled hearing.

49 "

50 **SECTION 21.2.(c)** G.S. 150B-21.3 reads as rewritten:

51 **"§ 150B-21.3. Effective date of rules.**

1 ...

2 (b2) Objection. – Any person who objects to the adoption of a permanent rule may submit
 3 written comments to the agency. If the objection is not resolved prior to adoption of the rule, a
 4 person may submit written objections to the Commission. If the Commission receives written
 5 objections from 10 or more persons, no later than 5:00 P.M. of the day following the day the
 6 Commission approves the rule, clearly requesting review by the legislature in accordance with
 7 instructions posted on the agency's Web site pursuant to G.S. 150B-19.1(c)(4), and the
 8 Commission approves the rule, the rule will become effective as provided in subsection (b1) of
 9 this section. The Commission shall notify the agency that the rule is subject to legislative
 10 disapproval on the day following the day it receives 10 or more written objections. ~~When the~~
 11 ~~requirements of this subsection have been met and a rule is subject to legislative disapproval, the~~
 12 ~~agency may adopt the rule as a temporary rule if the rule would have met the criteria listed in~~
 13 ~~G.S. 150B-21.1(a) at the time the notice of text for the permanent rule was published in the North~~
 14 ~~Carolina Register.~~ If the Commission receives objections from 10 or more persons clearly
 15 requesting review by the legislature, and the rule objected to is one of a group of related rules
 16 adopted by the agency at the same time, the agency that adopted the rule may cause any of the
 17 other rules in the group to become effective as provided in subsection (b1) of this section by
 18 submitting a written statement to that effect to the Commission Codifier of Rules before the other
 19 rules become effective.

20 ...

21 (f) Technical Change. – A permanent rule for which no notice or hearing is required
 22 under G.S. 150B-21.5(a)(1) through (a)(5) or G.S. 150B-21.5(b) becomes effective on the first
 23 day of the month following the month the rule is approved by the Rules Review
 24 Commission. ~~Commission~~ or the Codifier of Rules, as applicable."

25 **SECTION 21.2.(d)** G.S. 150B-21.4(b) reads as rewritten:

26 "(b) Local Funds. – Before an agency publishes in the North Carolina Register the
 27 proposed text of a permanent rule change that would affect ~~the expenditures or revenues of~~ a unit
 28 of local government, it must submit the text of the proposed rule change and a fiscal note on the
 29 proposed rule change to the Office of State Budget and Management as provided by
 30 G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the North Carolina
 31 Association of County Commissioners, and the North Carolina League of Municipalities. The
 32 fiscal note must state the amount by which the proposed rule change would increase or decrease
 33 the direct or indirect expenditures or revenues of a unit of local government and must explain
 34 how the amount was computed."

35 **SECTION 21.2.(e)** G.S. 150B-21.5 reads as rewritten:

36 "**§ 150B-21.5. Circumstances when notice and rule-making hearing not required;**
 37 **circumstances when submission to the Commission not required.**

38 ...

39 ~~(e) OSHA Standard. – The Occupational Safety and Health Division of the Department~~
 40 ~~of Labor is not required to publish a notice of text in the North Carolina Register or hold a public~~
 41 ~~hearing when it proposes to adopt a rule that concerns an occupational safety and health standard~~
 42 ~~and is identical to a federal regulation promulgated by the Secretary of the United States~~
 43 ~~Department of Labor. The Occupational Safety and Health Division is not required to submit to~~
 44 ~~the Commission for review a rule for which notice and hearing is not required under this~~
 45 ~~subsection.~~

46 ...

47 (e) An agency that adopts or amends a rule pursuant to subsection (a) ~~or (e)~~ of this section
 48 shall notify the Codifier of Rules of its actions. When notified of an agency action taken pursuant
 49 to subsection (a) ~~or (e)~~ of this section, the Codifier of Rules shall make the appropriate change
 50 to the North Carolina Administrative Code."

51 **SECTION 21.2.(f)** G.S. 150B-21.8 reads as rewritten:

1 **"§ 150B-21.8. Review of rule by Commission.**

2 (a) Emergency Rule. – The Commission does not review an emergency rule.

3 (b) Temporary and Permanent Rules. – An agency must submit temporary and permanent
4 rules adopted by it to the Commission before the rule can be included in the North Carolina
5 Administrative Code. The Commission reviews a temporary or permanent rule in accordance
6 with the standards in G.S. 150B-21.9 and follows the procedure in this Part in its review of a rule.

7 (c) Scope. – When the Commission reviews an amendment to a temporary or permanent
8 rule, it may review the entire rule that is being amended. The procedure in G.S. 150B-21.1 applies
9 when the Commission objects to part of a temporary rule that is within its scope of review but is
10 not changed by a rule amendment. The procedure in G.S. 150B-21.12 applies when the
11 Commission objects to a part of a permanent rule that is within its scope of review but is not
12 changed by a rule amendment.

13 (d) Judicial Review. – When the Commission returns a permanent rule to an agency in
14 accordance with G.S. 150B-21.12(d), the agency may file an action for declaratory judgment in
15 Wake County Superior Court within 30 days of the date the rule is returned to the agency,
16 pursuant to Article 26 of Chapter 1 of the General Statutes."

17 **SECTION 21.2.(g)** G.S. 150B-21.9 reads as rewritten:

18 **"§ 150B-21.9. Standards and timetable for review by Commission.**

19 (a) Standards. – The Commission must determine whether a rule meets all of the
20 following criteria:

21 (1) It is within the authority delegated to the agency by the General Assembly.

22 (2) It is clear and unambiguous.

23 (3) It is reasonably necessary to implement or interpret an enactment of the
24 General Assembly, or of Congress, or a regulation of a federal agency. The
25 Commission shall consider the cumulative effect of all rules adopted by the
26 agency related to the specific purpose for which the rule is proposed.

27 (4) It was adopted in accordance with Part 2 of this Article.

28 The Commission shall not consider questions relating to the quality or efficacy of the rule
29 but shall restrict its review to determination of the standards set forth in this subsection.

30 The Commission may ask the Office of State Budget and Management to determine if a rule
31 has a substantial economic impact and is therefore required to have a fiscal note. The Commission
32 must ask the Office of State Budget and Management to make this determination if a fiscal note
33 was not prepared for a rule and the Commission receives a written request for a determination of
34 whether the rule has a substantial economic impact.

35 In the event that a proposed temporary or permanent rule fails to comply with any of the
36 standards set forth in this section, the Commission shall object to the temporary or permanent
37 rule.

38 ~~(a1) Entry of a rule in the North Carolina Administrative Code after review by the~~
39 ~~Commission creates a rebuttable presumption that the rule was adopted in accordance with Part~~
40 ~~2 of this Article.~~

41 (b) Timetable. – The Commission must review a permanent rule submitted to it on or
42 before the twentieth of a month by the last day of the next month. The Commission must review
43 a rule submitted to it after the twentieth of a month by the last day of the second subsequent
44 month. The Commission must review a temporary rule in accordance with the timetable and
45 procedure set forth in G.S. 150B-21.1."

46 **SECTION 21.2.(h)** G.S. 150B-21.12 reads as rewritten:

47 **"§ 150B-21.12. Procedure when Commission objects to a permanent rule.**

48 (a) Action. – When the Commission objects to a permanent rule, it must send the agency
49 that adopted the rule a written statement of the objection and the reason for the objection. The
50 agency that adopted the rule must take one of the following actions:

1 (1) Change the rule to satisfy the Commission's objection and submit the revised
2 rule to the Commission.

3 (2) Submit a written response to the Commission indicating that the agency has
4 decided not to change the rule.

5 (b) Time Limit. – An agency that is not a board or commission must take one of the
6 actions listed in subsection (a) of this section within 30 days after receiving the Commission's
7 statement of objection. A board or commission must take one of these actions within 30 days
8 after receiving the Commission's statement of objection or within 10 days after the board or
9 commission's next regularly scheduled meeting, whichever comes later.

10 (c) Changes. – When an agency changes a rule in response to an objection by the
11 Commission, the Commission must determine whether the change satisfies the Commission's
12 objection. If it does, the Commission must approve the rule. If it does not, the Commission must
13 send the agency a written statement of the Commission's continued objection and the reason for
14 the continued objection. The Commission must also determine whether the change is substantial.
15 In making this determination, the Commission shall use the standards set forth in
16 G.S. 150B-21.2(g). If the change is substantial, the revised rule shall be published and reviewed
17 in accordance with the procedure set forth in ~~G.S. 150B-21.1(a3) and (b)~~ G.S. 150B-21.2.

18 (d) Return of Rule. – A rule to which the Commission has objected remains under review
19 by the Commission until the agency that adopted the rule ~~decides not to satisfy~~ satisfies the
20 Commission's objection ~~and makes a written request to the Commission to return the rule to the~~
21 agency. When the Commission returns a rule to which it has objected, it must or submits a written
22 response to the Commission indicating that the agency has decided not to change the rule. If the
23 agency does not submit a revised rule to satisfy the Commission's objection within the time limit
24 established in subsection (b) of this section, or submits a written response indicating that the
25 agency has decided not to change the rule within the time limit established by subsection (b) of
26 this section, the Commission shall return the rule to the agency and notify the Codifier of Rules
27 of its action. If the rule that is returned would have increased or decreased expenditures or
28 revenues of a unit of local government, the Commission must also notify the Governor of its
29 action and must send a copy of the record of the Commission's review of the rule to the Governor.
30 The record of review consists of the rule, the Commission's letter of objection to the rule, the
31 agency's written response to the Commission's letter, and any other relevant documents before
32 the Commission when it decided to object to the rule.

33 ~~Regulatory Reform"~~

34 **SECTION 21.2.(i)** G.S. 150B-21.19 reads as rewritten:

35 **"§ 150B-21.19. Requirements for including rule in Code.**

36 To be acceptable for inclusion in the North Carolina Administrative Code, a rule must:

37 ...

38 (4) Have been approved by the Commission, if the rule is a temporary or
39 permanent rule.

40"

41 **SECTION 21.2.(j)** G.S. 120-30.9H reads as rewritten:

42 **"§ 120-30.9H. Decision letters of U. S. Attorney General published in North Carolina**
43 **Register.**

44 All letters and other documents received by the authorities required by this Article to submit
45 any "changes affecting voting" from the Attorney General of the United States in which a final
46 decision is made concerning a submitted "change affecting voting" shall be filed with the ~~Director~~
47 ~~of the Office of Administrative Hearings. The Director~~ Codifier of Rules. The Codifier shall
48 publish the letters and other documents in the North Carolina Register."

49 **SECTION 21.2.(k)** G.S. 163-278.23 reads as rewritten:

50 **"§ 163-278.23. Duties of Executive Director of State Board.**

1 The Executive Director of the State Board shall inspect or cause to be inspected each
2 statement filed with the State Board under this Article within 30 days after the date it is filed.
3 The Executive Director shall advise, or cause to be advised, no more than 30 days and at least
4 five days before each report is due, each candidate or treasurer whose organizational report has
5 been filed, of the specific date each report is due. He shall immediately notify any individual,
6 candidate, treasurer, political committee, referendum committee, media, or other entity that may
7 be required to file a statement under this Article if:

- 8 (1) It appears that the individual, candidate, treasurer, political committee,
9 referendum committee, media, or other entity has failed to file a statement as
10 required by law or that a statement filed does not conform to this Article; or
- 11 (2) A written complaint is filed under oath with the State Board by any registered
12 voter of this State alleging that a statement filed with the State Board does not
13 conform to this Article or to the truth or that an individual, candidate,
14 treasurer, political committee, referendum committee, media, or other entity
15 has failed to file a statement required by this Article.

16 The entity that is the subject of the complaint will be given an opportunity to respond to the
17 complaint before any action is taken requiring compliance.

18 The Executive Director of the Board of Elections shall issue written opinions to candidates,
19 the communications media, political committees, referendum committees, or other entities upon
20 request, regarding filing procedures and compliance with this Article. Any such opinion so issued
21 shall specifically refer to this paragraph. If the candidate, communications media, political
22 committees, referendum committees, or other entities rely on and comply with the opinion of the
23 Executive Director of the Board of Elections, then prosecution or civil action on account of the
24 procedure followed pursuant thereto and prosecution for failure to comply with the statute
25 inconsistent with the written ruling of the Executive Director of the Board of Elections issued to
26 the candidate or committee involved shall be barred. Nothing in this paragraph shall be construed
27 to prohibit or delay the regular and timely filing of reports. The Executive Director shall file all
28 opinions issued pursuant to this section with the Codifier of Rules to be published unedited in
29 the North Carolina Register and the ~~North Carolina Administrative Code~~ State Board of Elections
30 website.

31 This section applies to ~~Articles and Article 22M of the General Statutes~~ this Chapter to the
32 same extent that it applies to this Article."

33 **SECTION 21.2.(I)** Any pending proposed temporary rule submitted to the Rules
34 Review Commission pursuant to G.S. 150B-21.1 on or before the day immediately prior to the
35 effective date of this act shall be returned to the agency by the Commission if:

- 36 (1) The Commission has notified the agency that the agency's statement of its
37 findings of need does not meet the criteria listed in G.S. 150B-21.1(a) or that
38 the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of
39 Chapter 150B of the General Statutes;
- 40 (2) The agency has not supplemented its statement of need with additional
41 findings or submitted a new statement that meets the criteria listed in
42 G.S. 150B-21.1(a) or that the rule meets the standards in G.S. 150B-21.9 or
43 Article 2A of Chapter 150B of the General Statutes, as determined by the
44 Commission; and
- 45 (3) More than 60 days have passed since the Commission first notified the agency
46 that the statement does not meet the criteria listed in G.S. 150B-21.1(a) or that
47 the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of
48 Chapter 150B of the General Statutes.

49 If a rule is returned to the agency under this section, the agency may file an action for
50 declaratory judgment within 30 days after the rule is returned in Wake County Superior Court
51 pursuant to Article 26 of Chapter 1 of the General Statutes and G.S. 150B-21.1(b2).

1 **SECTION 21.2.(m)** Any pending proposed permanent rule submitted to the
2 Commission pursuant to G.S. 150B-21.2 on or before the day immediately prior to the effective
3 date of this act shall immediately be returned to the agency if:

- 4 (1) The Commission has notified the agency that it has objected to the proposed
5 permanent rule.
- 6 (2) The agency has not submitted a change to the rule to satisfy the Commission's
7 objection.
- 8 (3) More than 60 days have passed since the Commission first notified the agency
9 of the Commission's objection to the proposed rule.

10 If a rule is returned to the agency under this section, the agency may file an action for
11 declaratory judgment within 30 days after the rule is returned to the agency in Wake County
12 Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

13 **SECTION 21.2.(n)** Subsection (e) of this section is effective when it becomes law
14 and applies to rules adopted on or after that date. Subsections (j) and (k) of this section are
15 effective when they become law and apply to filings on or after that date. The remainder of this
16 section is effective when it becomes law.

17

18 **PART XXII. OFFICE OF STATE AUDITOR [RESERVED]**

19

20 **PART XXIII. BUDGET AND MANAGEMENT**

21

22 **NCPRO/EXTENSION OF OPERATIONS**

23 **SECTION 23.1.** Section 4.3(a) of S.L. 2020-4, as amended by Section 3.5 of S.L.
24 2021-1, Section 23.2 of S.L. 2021-180, and Section 6.1 of S.L. 2021-189, reads as rewritten:

25 "**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery
26 Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery
27 Legislation, as defined in Section 1.2 of S.L. 2020-4, and the American Rescue Plan Act, as
28 defined in Section 1.1 of S.L. 2021-25 and Section 4.9(b) of S.L. 2021-180. This Office shall
29 also provide technical assistance and ensure coordination of federal funds received by State
30 agencies and local governments and ensure proper reporting and accounting of all funds. The
31 authorization set forth in this section expires on ~~June 30, 2023~~, June 30, 2026, and the Office
32 shall cease to operate upon expiration of the authorization."

33 **STATEWIDE FEDERAL MATCHING AND ADMINISTRATION FUNDS**

34 **SECTION 23.2.(a)** Of the funds appropriated in this act to the Office of State Budget
35 and Management (OSBM) from the Federal Infrastructure Match Reserve, the sum of ten million
36 dollars (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used by OSBM
37 as follows:

- 38 (1) Five million dollars (\$5,000,000) to aid State agencies in hiring time-limited
39 positions or third-party contractors to assist the agencies in applying for
40 federal grants available under the Infrastructure Investment and Jobs Act
41 (IIJA) (P.L. 117-58), the Chips and Science Act of 2022 (CHIPS) (P.L.
42 117-167), and the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169).
- 43 (2) Five million dollars (\$5,000,000) to provide funds to State agencies that must
44 meet a state match requirement in order to procure federal funds from the IIJA,
45 CHIPS, or IRA. The funds allocated in this subdivision may not be provided
46 to a State agency for any federal grant (i) for which the agency is allocated
47 funds from the Federal Infrastructure Match Reserve in this act or (ii) for
48 which state matching funds are included in the agency's base budget.

49 **SECTION 23.2.(b)** Funds appropriated for the purposes authorized in subsection (a)
50 of this section that are unencumbered on June 30, 2024, shall not revert to the Federal

1 Infrastructure Match Reserve but shall remain available for the purposes authorized in subsection
2 (a) of this section until the funds are expended.

3 **SECTION 23.2.(c)** Not later than February 1, 2024, and February 1 of each year
4 thereafter until the funds are expended, OSBM shall submit a written report to the Senate
5 Appropriations Committee on General Government and Information Technology, the House of
6 Representatives Appropriations Committee on General Government, the Joint Legislative
7 Oversight Committee on General Government, the Joint Legislative Commission on
8 Governmental Operations, and the Fiscal Research Division which shall include all of the
9 following:

- 10 (1) For each agency that requested funds from OSBM to meet the federal state
11 match requirement for IIJA, CHIPS, or IRA:
- 12 a. The number of grant applications submitted to federal agencies and
13 the number of grants awarded to the agency as a result of the
14 applications.
 - 15 b. The name of each federal agency to which the agency submitted a
16 grant application, the name of each federal grant applied for, the type
17 of federal grant (formula, competitive, or other), and a brief
18 description of the purpose of the federal grant. If the type of funding
19 was identified as "other," the type of funding must be clearly
20 identified.
 - 21 c. The amount of federal funds the agency applied for and the amount of
22 the state match requirement for each federal grant application.
 - 23 d. The amount of federal funds awarded and the amount of funds
24 allocated to the agency by OSBM to meet the federal state match
25 requirement.
- 26 (2) The agencies that used funds allocated by OSBM to hire time-limited
27 positions to assist in applying for IIJA, CHIPS, or IRA grants; the amount of
28 funds allocated to each agency to hire these time-limited positions; and the
29 number of time-limited positions hired by each agency.
- 30 (3) The agencies that used funds allocated by OSBM to hire third-party
31 contractors to assist in applying for IIJA, CHIPS, or IRA grants; the amount
32 of funds allocated to each agency to hire these third-party contractors; and the
33 names of the third-party contractors.

34 **NCPRO/AUDIT OF STATE FISCAL RECOVERY FUND**

35 **SECTION 23.3.(a)** Notwithstanding the provisions of S.L. 2021-180 or the
36 Committee Report described in Section 43.2 of that act to the contrary, the sum of three million
37 five hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year
38 that was appropriated to the Office of the State Auditor to conduct audits of the State Fiscal
39 Recovery Fund shall not be used for that purpose but shall instead be allocated to the North
40 Carolina Pandemic Recovery Office in the Office of State Budget and Management to contract
41 with one or more auditing firms to conduct audits of the State Fiscal Recovery Fund, as required
42 by federal law or guidance, including a final performance audit not later than 90 days following
43 the latest date on which expenditures may be made under applicable federal law or guidance.

44 **SECTION 23.3.(b)** Section 4.9(j) of S.L. 2021-180 is repealed.
45

46 **CAGC CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM**

47 **SECTION 23.4.** Section 24.1D(a) of S.L. 2021-180 reads as rewritten:

48 **"SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal Recovery
49 Fund to the Office of State Budget and Management, the sum of three million five hundred
50 thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be
51 provided as follows:

- 1 (1) The sum of one million dollars (\$1,000,000) to be allocated to the Community
2 Colleges System Office to develop an eight-week work-based learning
3 program across the community college system on campuses where
4 construction programs currently exist or where there is a demand to expand
5 construction programs. The work-based learning program shall involve the
6 construction industry and shall focus on core competencies, including applied
7 hands-on skills, safety training, and soft skills training.
- 8 (2) The sum of two million five hundred thousand dollars (\$2,500,000) to CAGC
9 Foundation, Inc., (CAGC), a nonprofit corporation, to be used as follows:
10 a. ~~One million five hundred thousand dollars (\$1,500,000) for outreach,~~
11 To conduct outreach, recruitment, career coaching, and placement, and
12 to provide grants to employers for internships, apprenticeships, and
13 other work-based learning for eligible participants. For purposes of
14 this sub-subdivision, the term "eligible participant" means a woman,
15 minority, veteran, low-wealth individual, and an individual that has
16 been previously incarcerated.
- 17 b. ~~One million dollars (\$1,000,000) to provide financial~~ To provide
18 financial assistance to individuals to pursue a career pathway through
19 a registered apprenticeship or trade program once an individual has
20 completed the eight week work based learning program described in
21 subdivision (1) of this subsection.
- 22 c. To provide grants to community colleges selected by CAGC, in
23 consultation with the Community Colleges System Office, to expand
24 the construction programs described in subdivision (1) of this
25 subsection to community college campuses beyond the 10 campuses
26 that are currently receiving funds from the Community Colleges
27 System Office pursuant to subdivision (1) of this subsection."

29 **PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS**

30
31 **NC FUTURE CITY COMPETITION**

32 **SECTION 24.1.** Of the funds appropriated in this act to the Office of State Budget
33 and Management, Special Appropriations, the sum of two hundred thousand dollars (\$200,000)
34 in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to provide a grant
35 to the Professional Engineers of North Carolina Educational Foundation, a nonprofit
36 organization. These funds may be used by the NC Future City program to hire up to one position
37 to support the program.

38
39 **FUNDS FOR PARKING FACILITY EQUIPPED WITH ELECTRIC VEHICLE**
40 **CHARGING STATIONS**

41 **SECTION 24.2.(a)** Of the funds appropriated in this act to the Office of State Budget
42 and Management, Special Appropriations, the sum of twenty-nine million three hundred fifty
43 thousand dollars (\$29,350,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used
44 to provide a directed grant to North Carolina SAVES Green Community Program, Inc.
45 (hereinafter "NC Saves"), a nonprofit corporation established to further sustainability initiatives
46 in the State, for the purpose of developing a new parking facility equipped with fully automated
47 charging stations for electric and/or electric autonomous vehicles. NC Saves shall, through a
48 grant or forgivable loan, provide the funds appropriated as provided in this section to a private
49 partner selected by NC Saves who shall develop the parking facility and automated charging
50 stations as provided in subsection (b) of this section. NC Saves and the private partner shall work
51 together to determine which type of funds, either a grant or forgivable loan, will result in the

1 most efficient and effective use of the grant funds to develop the parking facility and charging
2 stations. The grant or forgivable loan shall be used to pay all costs associated with developing
3 the parking facility and charging stations, including, but not limited to, design, construction,
4 permitting, and land purchase. The private partner may loan the grant funds to affiliated entities
5 to provide maximum leverage for the parking facility development project. NC Saves may use
6 no more than three percent (3%) of the grant funds for administrating the grant or forgivable
7 loan.

8 **SECTION 24.2.(b)** The parking facility, which shall be completed not later than
9 December 31, 2026, shall be used for public parking and, for each parking space therein, shall
10 be equipped to charge electric vehicles and/or electric autonomous vehicles. The parking facility
11 shall be located on a site that meets all of the following criteria:

- 12 (1) Is a designated qualified opportunity zone under sections 1400Z-1 and
13 1400Z-2 of the Internal Revenue Code, as defined in G.S. 105-228.90(b)(7).
- 14 (2) Is in a city having a population of more than 200,000 according to the
15 population estimates of the United States Census Bureau as of January 1,
16 2023.
- 17 (3) Is zoned for uses that allow a multistory parking deck.

18 **SECTION 24.2.(c)** Not later than February 15 of each year until the design and
19 construction of the facility has been completed, NC Saves shall submit a written report to the
20 Joint Legislative Oversight Committee on General Government, the House of Representatives
21 Appropriations Committee on General Government, and the Senate Appropriations Committee
22 on General Government and Information Technology on the private partner's progress in
23 designing and constructing the facility and the amount of grant funds expended for those
24 purposes. Beginning February 15, 2027, and not later than February 15 of the next four years
25 thereafter, NC Saves shall submit a written report to the committees named in this subsection
26 detailing the number of electric and/or electric autonomous vehicles that used the facility each
27 year and the energy savings realized each year.

28 REGISTER OF DEEDS GRANT PROGRAM

29 **SECTION 24.6.** Of the funds appropriated in this act to the Office of State Budget
30 and Management, Special Appropriations, for the 2023-2024 fiscal year, the sum of two hundred
31 thousand dollars (\$200,000) in nonrecurring funds shall be used to provide a grant program for
32 county register of deeds offices. The Office of State Budget and Management (OSBM) shall
33 administer the program and disburse grant funds as follows:

- 34 (1) County register of deeds offices shall apply for the funds in the manner
35 prescribed by OSBM.
- 36 (2) Applicants shall use grant funds for the preservation of historic records and
37 files. Allowable uses of the funds include, but are not limited to, document
38 restoration, reparation, deacidification, and placement in protected archival
39 binders.
- 40 (3) Funds may be used for document digitization only if the original documents
41 will continue to be maintained and preserved.
- 42 (4) The maximum grant amount to each office shall be two thousand dollars
43 (\$2,000). Additional grant funds shall be disbursed in a second round of
44 applications based on availability of funds. The maximum amount of the
45 second-round grants shall be determined by OSBM. The provisions of this
46 section shall apply if a second round of grants is administered.
- 47 (5) Grantees must provide a one hundred percent (100%) match for all grant funds
48 awarded.

50 PERSON COUNTY/TREATMENT AND REMOVAL OF NATIVE AND NOXIOUS 51 AQUATIC WEEDS

1 **SECTION 24.7.** Of the funds appropriated in this act to the Office of State Budget
2 and Management, Special Appropriations, from the Regional Economic Development Reserve
3 (Reserve), the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for
4 the 2023-2024 fiscal year shall be used to provide a directed grant to Person County for the
5 treatment and removal of native and noxious aquatic weeds in Hyco Lake, including Brittle
6 Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil, Salvinia, and
7 Chara. Any unexpended funds in the Reserve after the effective treatment of native and noxious
8 aquatic weeds in Hyco Lake may be used for other surface bodies in Person County, including
9 Mayo Lake. Funds appropriated for the purposes authorized in this section shall not revert to the
10 Reserve on June 30, 2024, but shall remain available to Person County to use as provided in this
11 section. For purposes of this section, native and noxious aquatic weeds in Hyco Lake, including
12 Brittle Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil,
13 Salvinia, and Chara shall be considered a "noxious aquatic weed" under Article 15 of Chapter
14 113A of the General Statutes.

15 16 **DARE COUNTY AFFORDABLE HOUSING**

17 **SECTION 24.8.(a)** The following shall apply to all construction of buildings and
18 infrastructure under the agreement or series of agreements entered into pursuant to Section 24.1
19 of S.L. 2022-74 to construct affordable housing units in accordance with Dare County's
20 longstanding master development plan to increase workforce housing:

- 21 (1) With respect to building permits and inspections of the new construction, the
22 State of North Carolina and any local government with jurisdiction over the
23 new construction shall expedite the issuance of permits and prioritizing the
24 conduct of all necessary inspections.
- 25 (2) With respect to development regulations:
 - 26 a. Articles 6 and 7 of Chapter 160D of the General Statutes shall not
27 apply to the new construction under the agreement or series of
28 agreements.
 - 29 b. Approval under Article 8 of Chapter 160D of the General Statutes shall
30 not be required for the new construction under the agreement or series
31 of agreements; however, a plat of any subdivided land shall be
32 recorded by a selected qualified private partner.
- 33 (3) With respect to utilities, and provided that the local government has sufficient
34 capacity, any local government within a 1-mile radius of the new construction
35 under the agreement or series of agreements shall provide all utilities in the
36 same manner as that local government provides utilities to all other new
37 construction in that jurisdiction.

38 **SECTION 24.8.(b)** This section is effective when it becomes law.

39 40 **PART XXV. OFFICE OF STATE CONTROLLER**

41 42 **AUTHORIZE STATE CONTROLLER TO RETAIN PRIVATE COUNSEL,** 43 **DESIGNATE EXEMPT POSITIONS, AND SET SALARY OF EXEMPT POSITIONS**

44 **SECTION 25.1.(a)** G.S. 143B-426.38 reads as rewritten:
45 **"§ 143B-426.38. Organization and operation of office.**

46 ...

47 (d) The State Controller may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the
48 services of independent public accountants, attorneys, qualified management consultants, and
49 other professional persons or experts to carry out his powers and duties. Notwithstanding
50 G.S. 147-17 and G.S. 114-2.3, the State Controller may retain private counsel to represent his or
51 her interests in litigation related to his or her financial management of State appropriations by

1 the General Assembly. Notwithstanding the provisions of G.S. 143C-6-9(b), the State Controller
2 may use lapsed salary savings to retain private counsel to provide litigation services.

3 (e) The State Controller shall have legal custody of all books, papers, documents, email
4 files, organizational internet domain names, digital files, online website content, and other
5 records of the office.

6"

7 **SECTION 25.1.(b)** G.S. 126-5 reads as rewritten:

8 "**§ 126-5. Employees subject to Chapter; exemptions.**

9 ...

10 (c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State
11 agency and the Office of the State Controller has the sole authority to set the salary of its exempt
12 policymaking and exempt managerial positions within the minimum rates, and the maximum
13 rates plus ten percent (10%), established by the State Human Resources Commission under
14 G.S. 126-4(2).

15 ...

16 (d) (1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is
17 known as the North Carolina Human Resources Act, the Governor may
18 designate a total of 425 exempt positions throughout the following
19 departments and offices:

20 ...

21 (2) Exempt Positions in Council of State Departments and ~~Offices.~~ Offices and
22 the Office of the State Controller. – The Secretary of State, the Auditor, the
23 Treasurer, the Attorney General, the Superintendent of Public Instruction, the
24 Commissioner of Agriculture, the Commissioner of Insurance, ~~and the Labor~~
25 ~~Commissioner~~ Commissioner, and the State Controller may designate exempt
26 positions. The number of exempt policymaking positions in each department
27 headed by an elected department head listed in this subdivision is limited to
28 25 exempt policymaking positions or two percent (2%) of the total number of
29 full-time positions in the department, whichever is greater. The number of
30 exempt managerial positions is limited to 25 positions or two percent (2%) of
31 the total number of full-time positions in the department, whichever is greater.
32 The number of exempt policymaking positions designated by the
33 Superintendent of Public Instruction is limited to 70 exempt policymaking
34 positions or two percent (2%) of the total number of full-time positions in the
35 department, whichever is greater. The number of exempt managerial positions
36 designated by the Superintendent of Public Instruction is limited to 70 exempt
37 managerial positions or two percent (2%) of the total number of full-time
38 positions in the department, whichever is greater. The total number of exempt
39 positions, policymaking and managerial, designated by the Office of the State
40 Controller is limited to 10.

41 ...

42 (4) Vacancies. – In the event of a vacancy in the Office of ~~Governor or in~~
43 ~~Governor,~~ the office of a member of the Council of State, or the Office of the
44 State Controller, the person who succeeds to or is appointed or elected to fill
45 the unexpired term shall make designations in a letter to the Director of the
46 Office of State Human Resources, the Speaker of the House of
47 Representatives, and the President of the Senate within 180 days after the oath
48 of office is administered to that person.

49"

50
51 **OVERPAYMENTS AUDIT**

1 **SECTION 25.2.(a)** During the 2023-2025 fiscal biennium, receipts generated by the
2 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,
3 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously
4 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as
5 required by G.S. 147-86.22(c).

6 **SECTION 25.2.(b)** Of the funds appropriated in this act from Special Reserve
7 Account 24172, and for each fiscal year of the 2023-2025 fiscal biennium, two hundred fifty
8 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for
9 data processing, debt collection, or e-commerce costs.

10 **SECTION 25.2.(c)** The State Controller shall report annually to the Joint Legislative
11 Commission on Governmental Operations and the Fiscal Research Division on the revenue
12 deposited into Special Reserve Account 24172 and the disbursement of that revenue.
13

14 **PART XXVI. ELECTIONS**

15 **SBE/USE OF HELP AMERICA VOTE ACT (HAVA) FUNDS**

16 **SECTION 26.1.** The State Board of Elections shall use federal Help America Vote
17 Act (HAVA) funds appropriated in this act for the 2023-2025 fiscal biennium for the following
18 purposes:
19

- 20 (1) Maintaining and updating voter lists in coordination with county boards of
21 election.
- 22 (2) Retaining and preserving State election records and papers consistent with the
23 requirements for federal elections as prescribed by Title 52 U.S.C. § 20701.
- 24 (3) Continuing the 10 FTE positions authorized in the 2022-2023 fiscal year
25 budget and adding up to five additional FTE time-limited positions.
26

27 **SBE/POST-ELECTION AUDIT REPORT**

28 **SECTION 26.2.** G.S. 163-182.12A reads as rewritten:

29 **"§ 163-182.12A. Post-election audits.**

30 (a) After conducting a post-election ~~audit~~, audit for each election as required by this
31 Chapter, except for a general election, the State Board shall produce a report which summarizes
32 the audit, including the rationale for and the findings of the audit. ~~The~~ After conducting a
33 post-election audit for a general election, the State Board shall produce a report which shall
34 include all of the following:

- 35 (1) A summary of the types of post-election audits required by law and the
36 requirements for conducting each of the audits.
- 37 (2) A summary of the results of each of the post-election audits described in
38 subdivision (1) of this subsection.
- 39 (3) A detailed description of each of the post-election audits described in
40 subdivision (1) of this subsection, including any issues that could have
41 affected the outcome of the election and the manner in which those issues
42 were resolved.
- 43 (4) A description of any systemic issues that were identified during the
44 post-election audits and any recommendations on the manner in which those
45 issues should be addressed to ensure election security and integrity.
- 46 (5) The ways in which the public were allowed to observe and comment on the
47 conduct of the post-election audits, as authorized by law.
- 48 (6) Any other matters deemed appropriate by the State Board.

49 (b) Each report required by subsection (a) of this section shall be submitted to the Joint
50 Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee on
51 General Government within 10 business days of the date the audit is completed."

SBE/PROHIBIT ERIC MEMBERSHIP

SECTION 26.3.(a) Section 26.3 of S.L. 2022-74 is repealed.

SECTION 26.3.(b) The State may not become a member of the Electronic Registration Information Center, Inc. (ERIC).

SBE/FUNDS FOR VOTER ID AND ELECTION LAW CHANGES

SECTION 26.4. Of the funds appropriated in this act to the State Board of Elections, the Board shall use the sum of two million seven hundred thousand dollars (\$2,700,000) in nonrecurring funds for the 2023-2024 fiscal year as follows:

- (1) One million seven hundred thousand dollars (\$1,700,000) to:
 - a. Implement the voter ID requirements as provided in S.L. 2018-144, as amended by S.L. 2019-22.
 - b. Implement the provisions of Senate Bill 747, 2023 Regular Session, if that bill becomes law.
 - c. Hire up to seven full-time, time-limited employees to assist the Board in implementing the voter ID requirements as provided in S.L. 2018-144, as amended by S.L. 2019-22, and in implementing the provisions of Senate Bill 747, 2023 Regular Session, if that bill becomes law.
- (2) One million dollars (\$1,000,000) to publicize the voter ID requirements by advertising through media outlets throughout the State and sending out mailings. If the Board contracts with a vendor to publicize the voter ID requirements through media or mailings or both, the provisions of Article 3 of Chapter 143 of the General Statutes shall not apply to those contracts.

SBE RECOMMENDED REVISIONS/PHOTO ID LAWS**CORRECTION REGARDING COLOR PHOTOCOPIES OF IDENTIFICATION/ABSENTEE BALLOTS**

SECTION 26.6.(a) G.S. 20-30(6) reads as rewritten:

"(6) To make a color photocopy or otherwise make a color reproduction of a drivers license, learner's permit, or special identification card, unless such color photocopy or other color reproduction was authorized by the Commissioner or is made to comply with ~~G.S. 163-230.2~~. G.S. 163-230.1. It shall be lawful to make a black and white photocopy of a drivers license, learner's permit, or special identification card or otherwise make a black and white reproduction of a drivers license, learner's permit, or special identification card. This subdivision does not apply to: (i) a lender that is licensed or otherwise authorized to engage in the lending business in this State; (ii) a licensed motor vehicle dealer creating, storing, or receiving, in the ordinary course of business, a color image of a drivers license, learner's permit, or special identification card of a borrower or loan applicant; or (iii) a federally insured depository institution or its affiliates creating, storing, or receiving, in the ordinary course of business, a color image of a drivers license, learner's permit, or special identification card of a consumer."

EXPAND PERMITTED USES OF MOBILE VOTER ID FUNDS

SECTION 26.6.(b) Notwithstanding any provision of S.L. 2022-74 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of five million dollars (\$5,000,000) in nonrecurring funds appropriated in S.L. 2021-180 for the 2021-2022

1 fiscal year to the State Board of Elections for a mobile voting program to assist individuals in
2 need of photo identification for in-person voting is expanded to allow the State Board of Elections
3 to use those funds for any photo identification implementation efforts and to implement the
4 requirements of Senate Bill 747, 2023 Regular Session, if that bill becomes law. These funds
5 shall not revert on June 30, 2023, but shall remain available until expended.

6
7 **ALLOW SECURE PHOTO ID STORAGE BY STATE BOARD OF ELECTIONS OR**
8 **COUNTY BOARDS OF ELECTIONS**

9 **SECTION 26.6.(c)** G.S. 163-82.8A(c) reads as rewritten:

10 "(c) County boards of elections or the State Board of Elections shall maintain a secure
11 database containing the photographs of registered voters taken for the purpose of issuing voter
12 photo identification cards."
13

14 **STATEWIDE ELECTIONS INFORMATION MANAGEMENT SYSTEM**

15 **SECTION 26.7.(a)** Of the funds appropriated in this act to the State Board of
16 Elections (hereinafter "Board") from the Information Technology Reserve, the sum of five
17 million six hundred thousand dollars (\$5,600,000) in nonrecurring funds for the 2023-2024 fiscal
18 year shall be used to replace the Statewide Elections Information Management System. The
19 Board shall, in consultation with the Department of Information Technology, create a plan to
20 develop and implement the new system. Prior to implementing the plan and system, and not later
21 than November 1, 2023, the Board shall submit the plan to the Joint Legislative Oversight
22 Committee on General Government, the House Appropriations Committee on General
23 Government, the Senate Appropriations Committee on General Government, the Joint
24 Legislative Elections Oversight Committee, and the Fiscal Research Division. The plan shall
25 include all of the following:

- 26 (1) A detailed description of the project, including the scope of work involved.
- 27 (2) A projected timeline for the completion of the project, including detailed
28 milestones.
- 29 (3) The total cost of the project to the State, including five years of operation and
30 maintenance costs after the completion of the project.
- 31 (4) A detailed description of the vendors expected to be involved in the project,
32 their functions, and the total costs of using the vendors.
- 33 (5) The personnel to be involved in the project, including both State employees
34 and contract personnel.
- 35 (6) A plan for county boards of elections to participate in developing the new
36 Statewide Elections Information Management System.
- 37 (7) A plan for rolling out the new Statewide Elections Information Management
38 System and training county boards of elections on its use.
- 39 (8) The number and total cost of personnel required to operate the new Statewide
40 Elections Information Management System once it has been completed.
- 41 (9) The potential risks to the project and a strategy to mitigate those risks.
- 42 (10) Any other information the State Board of Elections deems necessary to
43 successfully complete the project.

44 **SECTION 26.7.(b)** After submitting the plan as required by subsection (a) of this
45 section, the State Board of Elections shall, in consultation with the Department of Information
46 Technology, report on a quarterly basis until the system has been fully implemented to the Joint
47 Legislative Oversight Committee on General Government, the House Appropriations Committee
48 on General Government, the Senate Appropriations Committee on General Government and
49 Information Technology, the Joint Legislative Elections Oversight Committee, and the Fiscal
50 Research Division on the Board's progress in implementing the plan and new Statewide Elections
51 Information Management System.

1
2 **POSITIONS TO PROVIDE ADMINISTRATIVE SUPPORT TO BOARD OF**
3 **ELECTIONS**

4 **SECTION 26.8.** If Senate Bill 749, 2023 Regular Session, becomes law, of the funds
5 appropriated in this act to the State Board of Elections, the sum of one hundred thirty-seven
6 thousand dollars (\$137,000) in recurring funds for the 2023-2024 fiscal year and the sum of two
7 hundred seventy-four thousand dollars (\$274,000) in recurring funds for the 2024-2025 fiscal
8 year shall be used to hire two full-time equivalent Accounting Specialist 1 and one full-time
9 equivalent Procurement Specialist 1 to provide administrative support to the Board in accordance
10 with the provisions of Senate Bill 749, 2023 Regular Session.

11
12 **PART XXVII. GENERAL ASSEMBLY**

13
14 **CONTINUING LEGAL EDUCATION EXEMPTION FOR FULL-TIME ATTORNEYS**
15 **FOR GENERAL ASSEMBLY**

16 **SECTION 27.1.(a)** Finding. – The General Assembly finds that licensed attorneys
17 who are full-time employees of the North Carolina General Assembly draft the general and local
18 laws of this State, which requires extensive writing skills and researching capabilities similar to
19 those required of full-time judicial law clerks employed by the judicial branch and full-time law
20 professors. These full-time law clerks and full-time law professors have been granted exemptions
21 from the continuing legal education requirements established by the North Carolina State Bar for
22 any calendar year in which they serve some portion thereof in their capacity as a law clerk or law
23 professor. Further, licensed attorneys who are members of the General Assembly have also been
24 granted an exemption from continuing legal education requirements for any calendar year in
25 which they serve some portion thereof as a member of the General Assembly. The General
26 Assembly finds that given the similarities of the professional skills and abilities required by
27 licensed attorneys who are full-time judicial law clerks, full-time law professors, and full-time
28 employees of the General Assembly to perform their duties, there is ample justification for
29 providing that licensed attorneys who are full-time employees of the General Assembly should
30 be granted an exemption from the continuing legal education requirements established by the
31 North Carolina State Bar for any calendar year in which they serve some portion thereof in their
32 capacity as full-time employees of the General Assembly.

33 **SECTION 27.1.(b)** Full-Time Attorneys for General Assembly. – Notwithstanding
34 any other provision of law or rule, the North Carolina State Bar Council shall adopt rules in
35 accordance with Article 4 of Chapter 84 of the General Statutes to provide that full-time
36 employees of the North Carolina General Assembly are exempt from the continuing legal
37 education requirements established by the North Carolina State Bar for any calendar year in
38 which they serve some portion thereof in their capacity as full-time employees of the North
39 Carolina General Assembly. Rules adopted pursuant to this section are not subject to Part 3 of
40 Article 2A of Chapter 150B of the General Statutes. Until such time that the Bar Council adopts
41 rules as required by this section, full-time employees of the North Carolina General Assembly
42 shall be exempt from the continuing legal education requirements established by the North
43 Carolina State Bar for any calendar year in which they serve some portion thereof in their
44 capacity as full-time employees of the North Carolina General Assembly.

45 **SECTION 27.1.(c)** This section is effective when it becomes law.

46
47 **EXPAND PASS-FACILITATED ENTRY TO LEGISLATIVE COMPLEX**

48 **SECTION 27.4.(a)** G.S. 120-32 reads as rewritten:

49 "§ 120-32. **Commission duties.**

50 The Legislative Services Commission is authorized to:

51 ...

1 (2a) Obtain a criminal history record check of a prospective employee, volunteer,
2 or contractor of the General Assembly. ~~Assembly and lobbyists and liaison~~
3 ~~personnel registered under Chapter 120C of the General Statutes.~~ The criminal
4 history record check shall be conducted by the State Bureau of Investigation
5 as provided in ~~G.S. 143B-972.~~ G.S. 143B-973. The criminal history report
6 shall be provided to the Legislative Services Officer and is not a public record
7 under Chapter 132 of the General Statutes.

8"

9 **SECTION 27.4.(b)** G.S. 120-32.1 reads as rewritten:

10 **"§ 120-32.1. Use and maintenance of buildings and grounds.**

11 ...

12 (a1) The Legislative Services Commission may establish a policy for allowing lobbyists
13 and liaison personnel registered under Chapter 120C of the General Statutes to obtain a pass
14 authorizing expedited entry into the State Legislative Building and the Legislative Office
15 Building during the hours these buildings are open to the public. The policy may include a
16 process to revoke or suspend a pass for violating the policy and may provide for the deactivation
17 of all expedited entry passes for any reason deemed advisable by the Commission. The
18 Commission may charge lobbyists a fee of up to two thousand dollars (\$2,000) and liaison
19 personnel up to one thousand dollars (\$1,000) per pass each regular session. Fees shall not be
20 prorated or refunded.

21"

22 **SECTION 27.4.(c)** G.S. 120C-200 reads as rewritten:

23 **"§ 120C-200. Lobbyist registration procedure.**

24 ...

25 (g) The Secretary of State, on a quarterly basis, shall submit to the Legislative Services
26 Commission a list of the names of lobbyists and liaison personnel registered under this section
27 for the sole purpose of allowing the Commission to verify whether the lobbyists or liaison
28 personnel are eligible for an expedited entry pass into the State Legislative Building and
29 Legislative Office Building as authorized by G.S. 120-32.1."

30 **SECTION 27.4.(d)** G.S. 143B-973 reads as rewritten:

31 **"§ 143B-973. Criminal record checks for the Legislative Services Commission.**

32 The Department of Public Safety ~~may shall, upon request,~~ provide to the Legislative Services
33 Officer from the State and National Repositories of Criminal Histories the criminal history of
34 any prospective employee, volunteer, or contractor of the General Assembly. ~~Assembly, and~~
35 ~~lobbyists and liaison personnel registered under Chapter 120C of the General Statutes.~~ The
36 Legislative Services Officer shall provide to the Department of Public Safety, along with the
37 request, the fingerprints of the prospective employee, volunteer, ~~or contractor,~~ contractor,
38 lobbyist, or liaison personnel, a form signed by the prospective employee, volunteer, ~~or~~
39 ~~contractor~~ contractor, lobbyist, or liaison personnel consenting to the criminal record check and
40 use of fingerprints and other identifying information required by the State and National
41 Repositories and any additional information required by the Department of Public Safety. The
42 fingerprints of the prospective employee, volunteer, ~~or contractor~~ contractor, lobbyist, or liaison
43 personnel shall be forwarded to the State Bureau of Investigation for a search of the State's
44 criminal history record file, and the State Bureau of Investigation shall forward a set of
45 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.
46 The Legislative Services Officer shall keep all information obtained pursuant to this section
47 confidential. The Department of Public Safety may charge a fee to offset the cost incurred by it
48 to conduct a criminal record check under this section. The fee shall not exceed the actual cost of
49 locating, editing, researching, and retrieving the information."

50 **SECTION 27.4.(e)** This section is effective when it becomes law.

51

MODIFY CONSTITUTIONAL AMENDMENT PUBLICATION PROCESS

SECTION 27.5.(a) G.S. 120-32 reads as rewritten:

"§ 120-32. Commission duties.

The Legislative Services Commission is authorized to:

...

(3) Acquire and dispose of ~~furnishings, furniture, equipment, and supplies~~ personal property or fixtures required by the General Assembly, its agencies and commissions and maintain custody of same between sessions. It shall be a Class 1 misdemeanor for any person(s) to remove any state-owned ~~furniture, fixtures, or equipment~~ personal property or fixtures from the State Legislative Building for any purpose whatsoever, except as approved by the Legislative Services Commission;

(4) Contract for services required ~~for the operation~~ of the General Assembly, its agencies, and commissions; however, any departure from established operating procedures, requiring a substantial expenditure of funds, shall be approved by appropriate resolution of the General Assembly;

...

(9) ~~To establish~~ Establish a bill drafting division to draft bills at the request of members or committees of the General Assembly.

(10) ~~To select~~ Select the locations for buildings occupied by the General Assembly, and to name any building occupied by the General Assembly.

(11) ~~To specify~~ Specify, at its sole discretion, the operating and capital uses within the General Assembly budget of funds appropriated to the General ~~Assembly~~ Assembly, including which funds remain available for expenditure after the end of the biennial fiscal period, and to revert period and which funds revert under G.S. 143C-1-2.

...

(14) Prepare the Constitutional Amendments Publication pursuant to G.S. 147-54.10."

SECTION 27.5.(b) Article 4A of Chapter 147 of the General Statutes reads as rewritten:

"Article 4A.

"~~Constitutional Amendments Publication Commission~~ Publication.

~~"§ 147-54.8. Constitutional Amendments Publication Commission.~~

(a) ~~There is established within the Department of the Secretary of State the Constitutional Amendments Publication Commission (hereinafter "Commission").~~

(b) ~~The Commission shall consist of three members who shall serve ex officio as follows: The Secretary of State, the Attorney General, and the Legislative Services Officer.~~

~~"§ 147-54.9. Officers; meetings; quorum.~~

(a) ~~The Secretary of State shall be the Chairman of the Commission.~~

(b) ~~A quorum shall consist of all three members.~~

(c) ~~The Commission shall meet on the call of the Chairman or any two members.~~

~~"§ 147-54.10. Powers.~~ Constitutional Amendments Publication.

(a) At least 75 days before an election in which a proposed amendment to the Constitution, or a revised or new Constitution, is to be voted on, the ~~Commission~~ Legislative Services Officer shall prepare an explanation of the amendment, revision, or new Constitution in simple and commonly used language.

(b) The summary prepared by the ~~Commission~~ Legislative Services Officer shall be printed by the Secretary of State, in a quantity determined by the Legislative Services Officer, after consultation with the Secretary of State. A copy shall be sent along with a news release approved by the Legislative Services Officer to each county board of elections, and a copy shall

1 be available to any registered voter or representative of the print or broadcast media making
2 request to the Secretary of State. The Secretary of State may make copies available in such
3 additional manner as the Secretary may determine."

4 **SECTION 27.5.(c)** This section is effective when it becomes law.

6 **YOUTH LEGISLATIVE ASSEMBLY FUNDING MODIFICATIONS**

7 **SECTION 27.6.(a)** G.S. 120C-700 reads as rewritten:

8 "**§ 120C-700. Persons exempted from this Chapter.**

9 Except as otherwise provided in Article 8, the provisions of this Chapter shall not be
10 construed to apply to any of the following:

11 ...

12 (10) Anything of value given to the North Carolina Youth Legislative Assembly
13 Fund under G.S. 120-32.04."

14 **SECTION 27.6.(b)** This section is effective when it becomes law.

16 **SUBSISTENCE AND TRAVEL ALLOWANCE CLARIFICATION**

17 **SECTION 27.8.(a)** G.S. 138-5(f) reads as rewritten:

18 "(f) Members of all State boards, commissions and councils whose salaries or any portion
19 of whose salaries are paid from State funds shall receive no per diem compensation from State
20 funds for their services; provided, however, that members of State boards, commissions and
21 councils who are also members of the General Assembly shall ~~receive, when the General~~
22 ~~Assembly is not in session, receive~~ subsistence and travel allowances ~~at the rate set forth in~~
23 ~~G.S. 120-3.1(a)(2) through (a)(4), in accordance with the provisions of G.S. 120-3.1."~~

24 **SECTION 27.8.(b)** This section is effective when it becomes law.

26 **GENERAL ASSEMBLY RECORDS ARCHIVING**

27 **SECTION 27.9.(a)** G.S. 121-5 is amended by adding a new subsection to read:

28 "(d1) General Assembly. – Notwithstanding any other provision of this section or order,
29 rules, or regulations promulgated or adopted thereunder, the custodian of any General Assembly
30 record shall determine, in the custodian's discretion, whether a record is a public record and
31 whether to turn over to the Department of Natural and Cultural Resources, or retain, destroy, sell,
32 loan, or otherwise dispose of, such records. When requested by the Legislative Services Officer,
33 the Department of Natural and Cultural Resources shall assist in the preparation of an inventory
34 of the records to which the request applies."

35 **SECTION 27.9.(b)** This section is effective when it becomes law.

37 **GOVOPS MODIFICATIONS**

38 **SECTION 27.10.(a)** G.S. 120-73, 120-76, and 120-79 are repealed.

39 **SECTION 27.10.(b)** Article 13 of Chapter 120 of the General Statutes, as amended
40 by Section 20 of S.L. 2021-90 and subsection (a) of this section, reads as rewritten:

41 "Article 13.

42 "Joint Legislative Commission on Governmental Operations.

43 "**§ 120-71. Purpose, Legislative findings; creation of Commission.**

44 (a) ~~The rapid increase in the functions and costs of General Assembly finds that the~~
45 ~~scope, cost, and complexity of State and local government and the complexity of agency~~
46 ~~operations deeply concern the General Assembly. Members of the General Assembly have the~~
47 ~~ultimate operations require continual review and evaluation by those charged with the~~
48 ~~responsibility for making public policy decisions and deciding on appropriations—the~~
49 ~~appropriation of public moneys. Knowledge of State funds. It is imperative that members of the~~
50 ~~General Assembly have the resources to determine whether the public service needs of the~~
51 ~~citizens of this State are being met, having met and have mechanisms to collect evidence as to~~

1 whether ~~previous public policy~~ and appropriations have resulted in expected program benefits,
2 and data on how State government reorganization has affected agency operations are most
3 important. ~~benefits.~~ Legislative examination and review of public policies, ~~expenditures and~~
4 ~~reorganization implementation~~ as policies and expenditures are an integral part of legislative
5 duties and responsibilities and therefore should be strengthened. ~~For the purpose of performing~~
6 ~~such continuing examination and evaluation~~

7 (b) In order to undertake the ongoing examination, evaluation, and investigation of State
8 agencies, agencies, public authorities, units of local government, and non-State entities receiving
9 public funds, and of their actual effectiveness in programming and in carrying out procedures
10 under reorganization, the General Assembly herein provides for the continuing review of
11 operations of State government implementing public policy or providing public services, there is
12 hereby established the Joint Legislative Commission on Governmental Operations which shall
13 have the powers and duties as provided in this Article.

14 **"§ 120-72. Definition. Definitions.**

15 For the purposes of this Article, "program evaluation" is defined as: ~~an examination of the~~
16 ~~organization, programs, and administration of State government to ascertain whether such~~
17 ~~functions (i) are effective, (ii) continue to serve their intended purposes, (iii) are efficient, and~~
18 ~~(iv) require modification or elimination.~~

19 The following definitions apply in this Article:

- 20 (1) Agency employee. – Defined in G.S. 120-131.1.
- 21 (2) Commission. – The Joint Legislative Commission on Governmental
22 Operations.
- 23 (3) Commission staff. – A legislative employee whose primary responsibility is
24 to provide professional or administrative services to the Commission.
- 25 (4) Document. – Defined in G.S. 120-129.
- 26 (5) Legislative employee. – Defined in G.S. 120-129.
- 27 (6) Local funds. – Any moneys held by a unit of local government or a public
28 authority except moneys deposited in a trust fund.
- 29 (7) Non-state entity. – A unit of local government, a public authority, or an
30 individual, firm, partnership, association, or corporation, or any other private
31 organization or group acting as a unit.
- 32 (8) Program. – A specific activity or set of activities established or described by
33 law, administrative rule, executive order, policy, or local ordinance.
- 34 (9) Public authority. – Defined in G.S. 143C-1-1.
- 35 (10) Public funds. – State funds, local funds, or both. The term does not apply to
36 State funds or local funds received by a non-State entity that is an individual,
37 a firm, a partnership, an association, a corporation, or any other private
38 organization or group acting as a unit unless the non-State entity received the
39 funds to (i) conduct a program or (ii) provide a service to a State agency, a
40 unit of local government, or a public authority.
- 41 (11) State agency. – A unit of the executive, legislative, or judicial branch of State
42 government, such as a department, institution, division, commission, board,
43 council, community college, or The University of North Carolina.
- 44 (12) State funds. – Defined in G.S. 143C-1-1.
- 45 (13) Unit of local government. – Defined in G.S. 143C-1-1.

46 **"§ 120-74. Appointment of members; terms of office.**

47 The Commission shall consist of 42 members. The President pro tempore of the Senate, the
48 Speaker pro tempore of the House, the Deputy President pro tempore of the Senate, the Majority
49 Leader of the House of Representatives, and the Majority Leader of the Senate and the Speaker
50 of the House shall serve as ex officio members of the Commission. The Speaker of the House of
51 Representatives shall appoint 21 members from the House, at least five of whom are members of

1 the minority party. The President pro tempore of the Senate shall appoint 21 members from the
2 Senate, at least five of whom are members of the minority party. A quorum of the Commission
3 shall be a majority of its members. Vacancies created by resignation or otherwise shall be filled
4 by the original appointing authority. Members shall serve two-year terms beginning and ending
5 on January 15 of the odd-numbered years. Members shall not be disqualified from completing a
6 term of service on the Commission because they fail to run or are defeated for reelection.
7 Resignation or removal from the General Assembly shall constitute resignation or removal from
8 membership on the Commission.

9 **"§ 120-75. Organization of the Commission; subcommittees.**

10 (a) The President pro tempore of the Senate and the Speaker of the House of
11 Representatives shall serve as cochairs of the Commission. Either of the cochairs may call a
12 meeting of the Commission.

13 (b) ~~Notwithstanding~~ In addition to the provisions of G.S. 120-19.7, the cochairs of the
14 Commission may designate jointly authorize, in writing, subcommittees which shall have the
15 power to conduct hearings, call witnesses, and inquire into any matters properly before the shall
16 appoint members of a subcommittee. The President Pro Tempore of the Senate shall appoint the
17 Senate cochair, and the Speaker of the House of Representatives shall appoint the House cochair
18 of a subcommittee. Either cochair of a subcommittee may call a meeting of the subcommittee. A
19 quorum of a subcommittee shall be a majority of its members. A member of the House of
20 Representatives or the Senate may be appointed to a subcommittee, even if the member has not
21 been appointed to the Commission. A duly constituted subcommittee shall have all the powers
22 of the Commission and may utilize staff to the Commission. Commission staff. Members of a
23 subcommittee shall receive subsistence and travel expenses as provided in G.S. 120-78. Members
24 of a subcommittee serve at the pleasure of the appointing officer. The cochairs may dissolve a
25 subcommittee of the Commission at any time.

26 **"§ 120-75.1. Powers and duties.**

27 The Commission shall have the following powers and duties:

- 28 (1) To study the efficiency, economy, and effectiveness of any State agency,
29 public authority, unit of local government, or non-State entity receiving public
30 funds.
- 31 (2) To evaluate the implementation of public policies, as articulated by enacted
32 law, administrative rule, executive order, policy, or local ordinance, by any
33 State agency, public authority, unit of local government, or non-State entity
34 receiving public funds.
- 35 (3) To investigate possible instances of misfeasance, malfeasance, nonfeasance,
36 mismanagement, waste, abuse, or illegal conduct by the following:
- 37 a. Officers and employees of a State agency, public authority, or unit of
38 local government, as it relates to the officer's or employee's
39 performance of his or her public duties.
- 40 b. Officers and employees of a non-State entity receiving, directly or
41 indirectly, public funds, as it relates to the officer's or employee's
42 responsibilities regarding the receipt of public funds.
- 43 (4) To receive reports as required by law or as requested by the Commission.
- 44 (5) To make periodic reports, including recommended legislation to the General
45 Assembly.
- 46 (6) To access and review the following:
- 47 a. Any documents or records related to any contract awarded by a State
48 agency, including, but not limited to, (i) records related to the drafting
49 and approval of the contract and (ii) documents and records of the
50 contractor that the Commission determines will assist in verifying
51 accounts or will contain data affecting fees or performance.

1 b. Any records related to any subcontract of a contract awarded by a State
2 agency that is utilized to fulfill the contract, including, but not limited
3 to, (i) records related to the drafting and approval of the subcontract
4 and (ii) documents and records of the contractor or subcontractor that
5 the Commission determines will assist in verifying accounts or will
6 contain data affecting fees or performance.

7 **"§ 120-76.1. Prior consultation with the Commission; reporting requirements.**

8 (a) ~~Consultation by Governor. — Notwithstanding the provisions of G.S. 120-76(8) or any~~
9 ~~other provision of law requiring prior consultation by the Governor with the Commission, The~~
10 ~~Governor shall consult the Commission before doing any of the following:~~

11 (1) Authorizing expenditures in excess of the total requirements of a purpose or
12 program as enacted by the General Assembly and as provided by
13 G.S. 143C-6-4.

14 (2) Proceeding to reduce programs subsequent to a reduction of ten percent (10%)
15 or more in the federal fund level certified to a department and any subsequent
16 changes in distribution formulas.

17 (3) Taking measures under Article III, Section 5(3) of the North Carolina
18 Constitution to effect necessary economies in State expenditures required for
19 balancing the budget due to a revenue shortfall, including, but not limited to,
20 (i) making loans among funds, (ii) personnel freezes or layoffs, (iii) capital
21 project reversions, (iv) program eliminations, and (v) use of reserves.
22 However, if the Commission fails to meet within 10 calendar days of a request
23 from the Governor for its consultation, the Governor may proceed to take the
24 actions the Governor deems appropriate and necessary and shall then report
25 those actions at the next meeting of the Commission.

26 (4) Approving a new capital improvement project funded from gifts, grants,
27 receipts, special funds, self-liquidating indebtedness, and other funds or any
28 combination of funds for the project not specifically authorized by the General
29 Assembly. The budget for each capital project must include projected
30 revenues in an amount not less than projected expenditures.

31 (a1) ~~Notwithstanding the provisions of subdivision (1) of subsection (a) of this section,~~
32 ~~whenever the Governor determines that an expenditure is required because of an emergency that~~
33 ~~poses an imminent threat to public health or public safety, and is either the result of a natural~~
34 ~~event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck, as that term~~
35 ~~is defined in G.S. 166A-19.3(6), the Governor may take action without consulting the~~
36 ~~Commission if the action is determined by the Governor to be Governor determines the~~
37 ~~expenditure is directly related to the emergency. The Governor shall report to the Commission~~
38 ~~on any expenditures made under this subsection no later than 30 days after making the~~
39 ~~expenditure and shall identify in the report the emergency, the type of action taken, expenditure,~~
40 ~~how the funds were used, and how it was the use of the funds was related to the emergency. To~~
41 ~~the extent it may apply, this subsection does not supersede the requirements of~~
42 ~~G.S. 166A-19.30(b).~~

43 (b) ~~Consultation by Agencies, Boards, and Commission. — Any agency, board,~~
44 ~~commission, or other entity required under G.S. 120-76(8) or by any other provision of law to~~
45 ~~consult with the Commission prior to taking an action shall submit a detailed report of the action~~
46 ~~under consideration to the Chairs of the Commission, the Commission Assistant, and the Fiscal~~
47 ~~Research Division of the General Assembly. Commission. If the Commission does not hold a~~
48 ~~meeting to hear the consultation within 90 days of receiving the submission of the detailed report,~~
49 ~~the consultation requirement is satisfied. With regard to capital improvement projects of The~~
50 ~~University of North Carolina, if the Commission does not hold a meeting to hear the consultation~~

1 within 30 days of receiving the submission of the detailed report, the consultation requirement
2 of ~~G.S. 120-76(8)e.~~ subdivision (4) of subsection (a) of this section is satisfied.

3 (c) ~~Exemptions.~~—Consultations regarding the establishment of new fees and charges and
4 the increase of existing fees and charges are governed by G.S. 12-3.1, and this section does not
5 apply to those consultations.

6 "**§ 120-77. Additional powers; confidentiality; penalties.**

7 (a) ~~The Commission, while in the discharge of official duties, Commission shall have~~
8 ~~access to any paper or document, and may compel the attendance of any State official or~~
9 ~~employee before the Commission or secure any evidence under the provisions of G.S. 120-19.~~
10 In addition, the the power to compel the following in the discharge of its duties under this Article:

11 (1) Access to any document or system of record held by a:

12 a. State agency pursuant to the provisions of G.S. 120-19.

13 b. Unit of local government or public authority.

14 c. A non-State entity receiving, directly or indirectly, public funds, to the
15 extent the documents relate to the receipt, purpose, or implementation
16 of a program or service paid for with public funds.

17 (2) Attendance of any officer or employee of any:

18 a. State agency.

19 b. Unit of local government or public authority.

20 c. Non-State entity receiving public funds provided the officer or
21 employee is responsible for implementing a program or providing a
22 service paid for with public funds.

23 (b) Unless prohibited by federal law, the Commission and Commission staff shall be
24 provided access to all of the following in the discharge of their duties under this Article:

25 (1) Any building or facility allocated to or leased by a State agency.

26 (2) Any building or facility owned or leased by a unit of local government or
27 public authority.

28 (3) Any building or facility owned or leased by a non-State entity receiving public
29 funds provided (i) the building or facility is used to implement a program or
30 provide a service paid for with public funds and (ii) the access is reasonably
31 related to the receipt, purpose, or implementation of a program or service paid
32 for with public funds.

33 (c) The Commission cochairs shall each designate one Commission staff member who
34 shall have access to the BEACON/HR payroll system.

35 (d) Any confidential information obtained by the Commission shall remain confidential
36 and is not a public record as defined in G.S. 132-1.

37 (e) Any document or information obtained or produced by Commission staff in
38 furtherance of staff's duties to the Commission is confidential and is not a public record as defined
39 in G.S. 132-1.

40 (f) Any request made to an agency employee by Commission staff and any
41 communication between Commission staff and an agency employee is confidential. An agency
42 employee shall treat as confidential to a member of Commission staff any request from and any
43 communication with the member. The nature and existence of the request and communications
44 shall only be revealed by an agency employee to another agency employee to the extent that it is
45 necessary to fulfill a request for document production or to gather more information as requested
46 by the member of Commission staff. A violation of this subsection by an agency employee shall
47 be grounds for disciplinary action, including dismissal.

48 (g) A person who conceals, falsifies, or refuses to provide to the Commission any
49 document, information, or access to any building or facility as required by this Article with the
50 intent to mislead, impede, or interfere with the Commission's discharge of its duties under this
51 Article shall be guilty of a Class 2 misdemeanor.

1 (h) The provisions of G.S. 120-19.1 through 120-19.4 shall apply to the proceedings of
2 the Commission as if it were a joint committee of the General Assembly.

3 **"§ 120-78. Compensation and expenses of Commission ~~members~~ member; staffing.**

4 Members of the ~~Commission~~, Commission or a subcommittee of the Commission who are
5 also members of the General Assembly, shall receive subsistence and travel expenses at the rates
6 set forth in G.S. 120-3.1 for General Assembly members. The Commission shall be funded by
7 the Legislative Services Commission from appropriations made to the General Assembly for that
8 purpose.

9 Commission staff are not subject to the State Budget Act or to the North Carolina Human
10 Resources Act."

11 **SECTION 27.10.(c)** Article 7A of Chapter 120 of the General Statutes is amended
12 by adding a new section to read:

13 **"§ 120-36.7A. Reports; consultation.**

14 Whenever a provision of law directs any entity to submit a report to or consult with the Joint
15 Legislative Commission on Governmental Operations, the entity shall also submit a copy of the
16 report or materials provided with the consultation to the Fiscal Research Division."

17 **SECTION 27.10.(d)** G.S. 143C-4-4(c) reads as rewritten:

18 "(c) Request for Allocation. – A State agency may request an allocation from the
19 Contingency and Emergency Fund by submitting a request in writing to the Director along with
20 any information required by the Director. If the Director approves the request, the Director shall
21 present the request, together with a recommendation, to the Council of State for its approval. If
22 the Council of State approves the request, the Director shall order the Controller to allocate the
23 funds requested. The Director shall report ~~on the request at the next scheduled meeting of~~ within
24 30 days to the Joint Legislative Commission on Governmental Operations."

25 **SECTION 27.10.(e)** G.S. 143C-8-7.1(a) reads as rewritten:

26 "(a) Appropriations made by an act of the General Assembly for capital improvements are
27 for constructing, repairing, or renovating State buildings, utilities, and other capital facilities; for
28 acquiring sites for them where necessary; for acquiring buildings and land for State government
29 purposes and other purposes as set forth in G.S. 143C-4-3.1; and shall be disbursed for the
30 purposes provided by that act. Expenditure of funds shall not be made by any State department,
31 institution, or agency until an allotment has been issued by the Governor as Director of the
32 Budget, which shall not be unreasonably withheld. The allotment shall be issued upon
33 compliance with the provisions of this Chapter. Prior to the award of construction contracts for
34 projects to be financed in whole or in part with self-liquidating appropriations, the Director of
35 the Budget shall approve the elements of the method of financing of those projects, including the
36 source of funds, interest rate, and liquidation period. Provided, however, that if the Director of
37 the Budget approves the method of financing a project, the Director shall report that action to the
38 Joint Legislative Commission on Governmental Operations ~~at its next meeting~~ within 30 days."

39 **SECTION 27.10.(f)** G.S. 143C-8-8 reads as rewritten:

40 **"§ 143C-8-8. When a State agency may increase the cost of a capital improvement project.**

41 Upon the request of the administration of a State agency, the Director of the Budget may,
42 when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a
43 capital improvement project. Provided, however, that if the Director of the Budget increases the
44 cost of a project, the Director shall report that action to the Joint Legislative Commission on
45 Governmental Operations ~~at its next meeting~~ within 30 days. The increase may be funded from
46 gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted
47 at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement
48 appropriations to that department or institution."

49 **SECTION 27.10.(g)** G.S. 143C-8-10(b) reads as rewritten:

1 "(b) Reporting Requirement. – Whenever the Director authorizes the use of funds from
2 the Project Reserve Account, the Director shall report the action to the Joint Legislative
3 Commission on Governmental Operations ~~at its next meeting within 30 days.~~"

4 **SECTION 27.10.(h)** The following statutes are amended by deleting the word
5 "Government" and substituting "Governmental": G.S. 128-29, 135-7, 146-29.1, and 147-69.12.

6 **SECTION 27.10.(i)** G.S. 143-49 reads as rewritten:

7 "**§ 143-49. Powers and duties of Secretary.**

8 The Secretary of Administration has the power and authority, and it is the Secretary's duty,
9 subject to the provisions of this Article:

10 ...

11 (9) To include a standard clause in all contracts awarded by the State and
12 departments, agencies, and institutions of the State, providing that all of the
13 ~~State Auditor and internal auditors of the affected department, agency, or~~
14 ~~institution following entities~~ may audit the records of the contractor during
15 and after the term of the contract to verify accounts and data affecting fees or
16 ~~performance.~~performance:

17 a. The State Auditor.

18 b. The internal auditors of the affected department, agency, or institution.

19 c. The Joint Legislative Commission on Governmental Operations and
20 legislative employees whose primary responsibility is to provide
21 professional or administrative services to the Commission.

22"

23 **SECTION 27.10.(j)** Subsection (i) of this section is effective when this act becomes
24 law and applies to contracts entered into on or after that date. The remainder of this section is
25 effective when this act becomes law.

26
27 **NORTH CAROLINA STATE BAR GRIEVANCE REVIEW COMMITTEE,**
28 **DISCIPLINARY HEARING COMMISSION, AND BAR FEES**

29 **SECTION 27.11.(a)** Establishment; Composition. – There is created the State Bar
30 Review Committee (Committee). The Committee shall be composed of seven members as
31 follows:

- 32 (1) One member appointed by the President Pro Tempore of the Senate.
33 (2) One member appointed by the Speaker of the House of Representatives.
34 (3) One member appointed by the Governor.
35 (4) Three members appointed by the Chief Justice of the Supreme Court of North
36 Carolina, of which one shall be an Associate Justice of the Supreme Court of
37 North Carolina and one shall be a Judge of the North Carolina Court of
38 Appeals.
39 (5) The President of the State Bar serving in that position on the date this section
40 becomes law, who shall serve until the Committee terminates.

41 **SECTION 27.11.(b)** Terms; Officers; Vacancies; Quorum. – Members shall serve
42 until the Committee expires in accordance with this section. The members appointed by the
43 President Pro Tempore of the Senate and the Speaker of the House of Representatives shall serve
44 as cochairs for the duration of their terms. The Committee shall meet upon the call of the cochairs.
45 Vacancies shall be filled by the original appointing authority for which the vacancy exists. A
46 majority of the total membership of the Committee shall constitute a quorum of the Committee.

47 **SECTION 27.11.(c)** Duties. – The Committee shall review and examine the
48 grievance review process of the North Carolina State Bar conducted in accordance with Article
49 4 of Chapter 84 of the General Statutes in an effort to improve the effectiveness, fairness, and
50 process of disciplinary and grievance review procedures. The Committee shall review and

1 examine the grievance and complaint process of the North Carolina State Bar, including any
2 rules, procedures, and policies to address the following issues of concern:

- 3 (1) The grievance process, including the role of the Grievance Committee,
4 grievance review panel, and the Disciplinary Hearing Commission.
- 5 (2) Right to due process, right to be heard, and other rights consistent with
6 G.S. 84-30 of the accused person during the grievance and discipline process.
- 7 (3) Sufficiency and thoroughness of the screening, decision making, and review
8 of grievances and complaints.
- 9 (4) The selection, composition, and role of the grievance review panel of the
10 Grievance Committee and the Disciplinary Hearing Commission.
- 11 (5) Role of the North Carolina State Bar Office of Counsel in the grievance
12 process.
- 13 (6) Any other area the Committee deems concerning or needing improvement.

14 **SECTION 27.11.(d) Compensation; Allowance.** – Members of the Committee shall
15 receive subsistence and travel allowances in accordance with G.S. 120-3.1, 138-5, and 138-6, as
16 appropriate. The Legislative Services Commission, through the Legislative Services Officer,
17 shall assign professional staff to assist the Committee in its work. Upon direction of the
18 Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the
19 House of Representatives shall assign clerical staff to the Committee. The expenses for clerical
20 employees shall be borne by the Committee.

21 **SECTION 27.11.(e) Report.** – By April 1, 2024, the Committee shall submit a report
22 to the Joint Legislative Commission on Governmental Operations containing any legislative
23 recommendations to address and alleviate the concerns listed in subsection (c) of this section of
24 the grievance review process. The report shall also contain any potential improvements and
25 changes in oversight of the North Carolina State Bar. The Committee shall expire upon
26 submitting the report under this subsection.

27 **SECTION 27.11.(f) G.S. 84-34 reads as rewritten:**

28 "**§ 84-34. Membership fees and list of members.**

29 (a) Every active member of the North Carolina State Bar shall, prior to the first day of
30 July of each year, pay to the secretary-treasurer an annual membership fee in an amount
31 determined by the Council but not to exceed ~~three hundred dollars (\$300.00), and every three~~
32 hundred twenty-five dollars (\$325.00).

33 (b) Every member shall notify the secretary-treasurer of the member's correct mailing
34 and email address. Any member who fails to pay the required dues by the last day of June of each
35 year shall be subject to a late fee in an amount determined by the Council but not to exceed thirty
36 dollars (\$30.00). All dues for prior years shall be as were set forth in the General Statutes then in
37 effect. The membership fee shall be regarded as a service charge for the maintenance of the
38 several services authorized by this Article, and shall be in addition to all fees required in
39 connection with admissions to practice, and in addition to all license taxes required by law. The
40 fee shall not be prorated: ~~Provided, that no fee shall be required of an~~ prorated or waived, except
41 for the following:

- 42 (1) An attorney licensed after this Article shall have gone into effect shall not be
43 liable for dues until the first day of January of the calendar year following that
44 in which the attorney was licensed; but this proviso shall not apply to attorneys
45 from other states admitted on certificate.
- 46 (2) A member serving in the Armed Forces, whether in a legal or nonlegal
47 capacity, will be exempt from payment of dues for any year in which the
48 member is on full-time active duty in the military, including members of the
49 National Guard and Reserves called to active duty beyond regularly scheduled
50 monthly and annual trainings.

1 (c) The fees shall be disbursed by the secretary-treasurer on the order of the Council. The
2 secretary-treasurer shall annually, at a time and in a law magazine or daily newspaper to be
3 prescribed by the Council, publish an account of the financial transactions of the Council in a
4 form to be prescribed by it. The secretary-treasurer shall compile and keep currently correct from
5 the names and mailing addresses forwarded to the secretary-treasurer and from any other
6 available sources of information a list of members of the North Carolina State Bar and furnish to
7 the clerk of the superior court in each county, not later than the first day of October in each year,
8 a list showing the name and address of each attorney for that county who has not complied with
9 the provisions of this Article. The name of each of the active members who are in arrears in the
10 payment of membership fees shall be furnished to the presiding judge ~~at the next term of the~~
11 ~~superior court after the first day of October of each year,~~ by the clerk of the superior court of
12 each county wherein the member or members reside, and the court shall thereupon take action
13 that is necessary and proper. The names and addresses of attorneys so certified shall be kept
14 available to the public. The Secretary of Revenue is hereby directed to supply the
15 secretary-treasurer, from records of license tax payments, with any information for which the
16 secretary-treasurer may call in order to enable the secretary-treasurer to comply with this
17 requirement.

18 The list submitted to several clerks of the superior court shall also be submitted to the Council
19 ~~at its October meeting of each year~~ and it shall take the action thereon that is necessary and
20 proper."

21 **SECTION 27.11.(g)** G.S. 84-18.1 reads as rewritten:

22 "**§ 84-18.1. Membership and fees of district bars.**

23 (a) The district bar shall be a subdivision of the North Carolina State Bar subject to the
24 general supervisory authority of the Council and may adopt rules, regulations and bylaws that
25 are not inconsistent with this Article. A copy of any rules, regulations and bylaws that are
26 adopted, along with any subsequent amendments, shall be transmitted to the Secretary-Treasurer
27 of the North Carolina State Bar.

28 (b) Any district bar may from time to time by a majority vote of the members present at
29 a duly called meeting prescribe an annual membership fee to be paid by its active members as a
30 service charge to promote and maintain its administration, activities and programs. The fee shall
31 be ~~in addition to, but shall not exceed, the amount of the membership fee prescribed by~~
32 ~~G.S. 84-34 for active members of the North Carolina State Bar. ninety dollars (\$90.00).~~ The
33 district bar may also charge a late fee, which shall not exceed fifteen dollars (\$15.00), for the
34 failure to pay judicial district bar dues on time. The district bar shall send by mail or email
35 a written notice to every active member of the district bar at least 30 days before any meeting at
36 which an election is held to impose or increase mandatory district bar dues. Every active member
37 of a district bar which has prescribed an annual membership fee shall keep its secretary-treasurer
38 notified of ~~his~~ the member's correct mailing and email address and shall pay the prescribed fee
39 at the time and place set forth in the demand for payment ~~mailed sent by mail or email to him~~ the
40 member by its secretary-treasurer. The name of each active member of a district bar who is more
41 than 12 full calendar months in arrears in the payment of any fee shall be furnished by the
42 secretary-treasurer of the district bar to the Council. In the exercise of its powers as set forth in
43 G.S. 84-23, the Council shall thereupon take disciplinary or other action with reference to the
44 delinquent as it considers necessary and proper."

45 **SECTION 27.11.(h)** G.S. 84-28.1 reads as rewritten:

46 "**§ 84-28.1. Disciplinary hearing commission.**

47 (a) There shall be a disciplinary hearing commission of the North Carolina State Bar
48 which shall consist of ~~20-26~~ members. ~~Twelve-Eighteen~~ of these members shall be members of
49 the North Carolina State Bar, ~~and shall be with 12~~ appointed by the Council-Council, two
50 members by the General Assembly upon the recommendation of the President Pro Tempore of
51 the Senate in accordance with G.S. 120-121, two members by the General Assembly upon the

1 recommendation of the Speaker of the House of Representatives in accordance with
2 G.S. 120-121, and two members by the Chief Justice of the Supreme Court of North Carolina.
3 The other eight shall be citizens of North Carolina not licensed to practice law in this or any other
4 state, four of whom shall be appointed by the Governor, two by the General Assembly upon the
5 recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121,
6 and two by the General Assembly upon the recommendation of the Speaker of the House of
7 Representatives in accordance with G.S. 120-121. The Council shall designate one of its
8 appointees as chair and another as vice-chair. The chair shall have actively practiced law in the
9 courts of the State for at least 10 years. Except as set out herein, the terms of members of the
10 commission are set at three years commencing on the first day of July of the year of their
11 appointment. The Council, the Governor, the Chief Justice of the Supreme Court of North
12 Carolina, and the General Assembly respectively, shall appoint members to fill unexpired terms
13 when vacancies are created by resignation, disqualification, disability or death, except that
14 vacancies in appointments made by the General Assembly may also be filled as provided by
15 G.S. 120-122. No member may serve more than a total of seven years or a one-year term and two
16 consecutive three-year terms: Provided, that any member or former member who is designated
17 chair may serve one additional three-year term in that capacity. No member of the Council may
18 be appointed to the commission.

19"

20 **SECTION 27.11.(i)** Notwithstanding G.S. 84-28.1, as amended by subsection (h) of
21 this section, the President Pro Tempore of the Senate, the Speaker of the House of
22 Representatives, and the Chief Justice of the Supreme Court of North Carolina shall appoint two
23 members each to the disciplinary hearing commission, respectively. The terms of the members
24 appointed in accordance with this section shall begin upon appointment and expire on June 30,
25 2024. Notwithstanding G.S. 84-28.1, as amended by subsection (h) of this section, a member
26 appointed by an appointing authority under this section for a term expiring on June 30, 2024,
27 shall not have that partial year term ending on that date count toward the maximum allowed terms
28 or years the appointee is eligible to serve.

29 **SECTION 27.11.(j)** The North Carolina State Bar may adopt temporary rules to
30 implement subsections (f) through (i) of this section.

31 **SECTION 27.11.(k)** Subsections (f) and (g) become effective July 1, 2024. The
32 remainder of this section is effective when this act becomes law.

33 **PART XXVIII. GOVERNOR [RESERVED]**

34 **PART XXIX. HOUSING FINANCE AGENCY**

35 **REPORTING REQUIREMENTS**

36 **SECTION 29.1.(a)** Sub-subdivision e. of subdivision (7) of Section 3 of S.L.
37 2017-119 is repealed.

38 **SECTION 29.1.(b)** G.S. 122A-16 reads as rewritten:

39 **"§ 122A-16. Oversight by committees of General Assembly; annual reports, report; audit;**
40 **construction of Chapter.**

41 **(a) Oversight. –** ~~The Finance Committee of the House of Representatives and~~
42 ~~Representatives, the Finance Committee of the Senate-Senate, and the Joint Legislative Oversight~~
43 ~~Committee on General Government shall exercise continuing oversight of the Agency in order~~
44 ~~to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that~~
45 ~~nothing in this Chapter shall be construed as required by the Agency to receive legislative~~
46 ~~approval for the exercise of any of the powers granted by this Chapter purpose.~~

47 **(b) Comprehensive Report. –** ~~The Agency shall, promptly following the close of each~~
48 ~~fiscal year, on or before February 15 of each year, submit an annual comprehensive report of its~~
49

1 activities for the preceding year to the Governor, the Office of State Budget and Management,
 2 State Auditor, ~~the aforementioned committees of the General Assembly and the Local~~
 3 ~~Government Commission. Each such Commission, the Joint Legislative Oversight Committee~~
 4 ~~on General Government, and the Fiscal Research Division. The comprehensive report required~~
 5 ~~under this subsection shall set forth a complete operating and financial statement of the Agency~~
 6 ~~during such year include at least all of the following:~~

- 7 (1) The goals and objectives of each program administered by the Agency.
- 8 (2) The number and types of activities funded by the Agency.
- 9 (3) The number of individuals or families served for each program administered
 10 by the Agency.
- 11 (4) The information required under G.S. 45-104, 122A-5.15, and Section 20.1 of
 12 S.L. 2005-276.

13 (c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least
 14 once in each year by an independent certified public accountant and the cost thereof may be paid
 15 from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each~~
 16 ~~year submit a written report of its activities to the Joint Legislative Commission on Governmental~~
 17 ~~Operations. The Agency shall also at the end of each fiscal year submit a written report of its~~
 18 ~~budget expenditures by line item to the Joint Legislative Commission on Governmental~~
 19 ~~Operations.~~

20 (d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to
 21 receive legislative approval for the exercise of any of the powers granted by this Chapter."

22 **SECTION 29.1.(c)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

23 "**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the
 24 federal HOME Program shall be used to match federal funds appropriated for the HOME
 25 Program. In allocating State funds appropriated to match federal HOME Program funds, the
 26 Agency shall give priority to HOME Program projects, as follows:

- 27 (1) First priority to projects that are located in counties designated as Tier One,
 28 Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
- 29 (2) Second priority to projects that benefit persons and families whose incomes
 30 are fifty percent (50%) or less of the median family income for the local area,
 31 with adjustments for family size, according to the latest figures available from
 32 the United States Department of Housing and Urban Development.

33 ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency shall~~
 34 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~
 35 ~~concerning on~~ the status of the HOME Program and shall include in the report information on
 36 priorities met, types of activities funded, and types of activities not funded."

37 **SECTION 29.1.(d)** G.S. 45-104(f) reads as rewritten:

38 "(f) ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency~~
 39 ~~shall report to the General Assembly describing on~~ the operation of the program established by
 40 this act ~~not later than May 1 of each year~~ until the funds are completely disbursed from the State
 41 Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in
 42 aggregate form and may include the number of clients helped, the effectiveness of the funds in
 43 preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,
 44 and provide any other aggregated information the Housing Finance Agency determines is
 45 pertinent or that the General Assembly requests."

46 **SECTION 29.1.(e)** G.S. 122A-5.14(d) is repealed.

47 **SECTION 29.1.(f)** G.S. 122A-5.15(d) reads as rewritten:

48 "(d) ~~By February 1 of each year, the As part of the report required under G.S. 122A-16,~~
 49 ~~the Agency shall report to the Joint Legislative Commission on Governmental Operations and~~
 50 ~~the Fiscal Research Division on the number of loans made under this section, the amount of each~~

1 loan, and whether the low-income housing development is located in a low-, moderate-, or
2 high-income county, as designated by the Agency."

3 **SECTION 29.1(g)** Subsections (b) and (c) of G.S. 122A-16, as amended by
4 subsection (b) of this section, and subsections (c), (d), and (f) of this section become effective
5 July 1, 2023, and apply to reports due on or after that date. The remainder of this section becomes
6 effective July 1, 2023.

7 **HFA/INCREASE PROJECT CAPS FOR WORKFORCE HOUSING LOAN PROGRAM**

8 **SECTION 29.2.** G.S. 122A-5.15(c) reads as rewritten:

9 "(c) A taxpayer allocated a federal low-income housing tax credit under section 42 of the
10 Code to construct or substantially rehabilitate a qualified North Carolina low-income housing
11 development is eligible for a loan under the Workforce Housing Loan Program if the taxpayer
12 satisfies the loan criteria established by the Agency. The loan criteria shall support the financing
13 of similar types of developments as provided in G.S. 105-129.42 and shall be developed in
14 partnership with developers of low-income housing in the State who receive a federal
15 low-income housing tax credit under section 42 of the Code. The Agency shall take into
16 consideration all eligible sources of funding for each development project, including whether
17 there are other eligible sources of funding available for the development project. No loan made
18 to a taxpayer under this section shall exceed ~~two three million dollars (\$2,000,000)~~ (\$3,000,000)
19 if the low-income housing development is located in a low-income county, as designated by the
20 Agency; ~~one million five hundred two million dollars (\$1,500,000)~~ (\$2,000,000) in a
21 moderate-income county, as designated by the Agency; and ~~two hundred fifty five hundred~~
22 thousand dollars (\$250,000) (\$500,000) in a high-income county, as designated by the Agency."
23
24

25 **HFA/WORKFORCE HOUSING LOAN PROGRAM**

26 **SECTION 29.3.** Notwithstanding any other provision of law, for the 2023-2024
27 fiscal year, a taxpayer who was allocated a federal low-income housing tax credit as provided in
28 G.S. 122A-5.15 for a low-income housing development located in a low-income county, as
29 designated by the Housing Finance Agency, before the date this act becomes law is eligible for
30 a loan under the Workforce Housing Loan Program if the taxpayer provides evidence that the
31 loan funds are necessary to address inflationary costs associated with the low-income housing
32 development, including the costs to finance the development. The loan funds authorized under
33 this section shall not supplant but shall be in addition to any other sources of funding for the
34 development project included in the taxpayer's initial application for a loan under the Workforce
35 Housing Loan Program.
36

37 **PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES**

38 **OSHR/HUMAN CAPITAL RESOURCE MANAGEMENT**

39 **SECTION 29A.1A.(a)** Of the funds appropriated in this act to the Office of State
40 Human Resources (OSHR), the sum of five million six hundred thousand dollars (\$5,600,000)
41 in nonrecurring funds for the 2023-2024 fiscal year shall be used to plan and design a system to
42 replace the currently used human capital resources management (HCM) components, such as
43 recruitment/applicant tracking, organizational management, and personnel management, under
44 the purview of OSHR. The replacement system shall not include the existing enterprise payroll,
45 accounting, and finance system operations and functions under the purview of the Office of State
46 Controller (Controller). OSHR shall consult with the State Chief Information Officer (State CIO)
47 and Controller in planning and designing the replacement system and shall obtain the prior
48 approval of the State CIO and Controller on the selection of final system functions and
49 information technology vendors.
50

1 **SECTION 29A.1A.(b)** Beginning January 1, 2024, OSHR shall provide quarterly
2 reports to the Joint Legislative Oversight Committee on General Government and the Fiscal
3 Research Division on its progress in implementing the provisions of this section and, upon the
4 completion of the implementation, shall provide a final report to the Committee.
5

6 **USE OF TEMPORARY SOLUTIONS PROGRAM BY CABINET AND COUNCIL OF**
7 **STATE AGENCIES FOR HIRING TEMPORARY EMPLOYEES**

8 **SECTION 29A.2.(a)** G.S. 126-6.3 reads as rewritten:

9 "**§ 126-6.3. Temporary employment needs of Cabinet and Council of State agencies; use of**
10 **the Temporary Solutions Program.**

11 (a) Use of Temporary Solutions Required for Cabinet Agencies. – Notwithstanding
12 G.S. 126-5 or any other provision of law, all Cabinet agencies that utilize temporary employees
13 to perform work that is not information technology-related shall employ them through the
14 Temporary Solutions Program administered by the Office of State Human Resources. ~~The~~
15 ~~Director of the Office of State Human Resources may create exceptions to this requirement when~~
16 ~~doing so would be in the best interests of the State in the sole discretion of the Director. An~~
17 ~~exception shall be invalid unless it is in writing.~~ Resources (OSHR). Council of State agencies
18 may use the Temporary Solutions Program in the discretion of the agency.

19 (a1) Temporary Employment Restrictions. – No temporary employee shall be employed
20 more than 11 consecutive months. A temporary employee shall only be eligible for reinstatement
21 on the job assignment after working 11 consecutive months if the temporary employee is
22 separated for at least 31 consecutive calendar days. Temporary employees shall not be used to
23 permanently expand the workforce beyond authorized levels.

24 (a2) The OSHR shall prohibit from acquiring new temporary employees any agency or
25 division, based on individual budget code, having an invoice owed to the OSHR that is over 90
26 days overdue and a total overdue invoice amount exceeding two hundred thousand dollars
27 (\$200,000) for any number of days. When an agency is restricted from acquiring a new temporary
28 employee under this subsection, the agency shall not be allowed to acquire new temporary
29 employees through the Temporary Solutions Program until the agency has paid all overdue
30 invoices. The provisions of this subsection do not apply to the North Carolina National Guard.

31 (a3) Exceptions. – The following exceptions apply:

32 (1) The Director of the OSHR may create exceptions to the requirements of
33 subsection (a) of this section only when the following conditions are met:

34 a. The Temporary Solutions Program cannot meet the agency's
35 employment needs for a class of temporary job assignments.

36 b. Failure to recruit for the class of temporary job assignments will cause
37 severe harm to the agency's ability to provide services to the public.

38 (2) A temporary employee who is a full-time student, a retired employee, an
39 inmate on a work-release program, an intern, or an extern is exempt from the
40 requirements of subsection (a1) of this section.

41 (3) The Director of the OSHR may create exceptions to the requirements of
42 subsection (a1) of this section only when all of the following conditions are
43 met:

44 a. The exception is in the best interests of the State because removing the
45 employee from the job assignment will cause severe harm to the
46 agency's ability to provide vital services to the public.

47 b. The exception will not result in extending the 11-month maximum
48 length of temporary employment beyond 22 months from the
49 employee's initial hire date.

50 All exceptions shall be in the sole discretion of the Director of the OSHR except that the North
51 Carolina National Guard is hereby granted preferred status for exceptions which shall not be

1 denied by the Director. All exceptions shall include a justification of why the exception is
2 necessary. An exception is invalid unless it is submitted in writing and on file in the Temporary
3 Solutions Program Office. To the extent possible, the Director of the OSHR or the Director's
4 designee shall advise agencies of alternative job classification options prior to approval of
5 exceptions to subsection (a1) of this section.

6 (a4) Cabinet and Council of State Agency Responsibilities. – Cabinet and Council of State
7 agencies are responsible for sending a separation request or notification of the 31-day separation
8 to the OSHR before a temporary employee exceeds 11 consecutive months unless an exception
9 from subsection (a1) of this section applies. Failure to provide timely separation requests may
10 limit an agency from future access to temporary employees.

11 (a5) OSHR Responsibilities. – The OSHR shall monitor the employment of all temporary
12 employees by Cabinet and Council of State agencies. Temporary employees still employed
13 beyond 11 consecutive months shall be separated from BEACON, or the system which
14 supersedes BEACON, by the OSHR no more than two weeks past the 11-month limit unless an
15 exception from this section applies. The OSHR shall provide written notice to the agency at
16 intervals of 90, 60, and 30 days prior to the temporary employee reaching 11 consecutive months
17 of service.

18 (a6) Reporting. – Beginning January 1, 2024, and then quarterly thereafter, the OSHR
19 shall report to the Joint Legislative Oversight Committee on General Government and to the
20 Fiscal Research Division on agency compliance with this section and policies and rules adopted
21 pursuant to it, including:

- 22 (1) The number and type of all exceptions made by the Director of the OSHR.
- 23 (2) Any agency invoices with due dates greater than 60 days.
- 24 (3) Compliance with G.S. 147-86.11(e)(3) through (e)(4).
- 25 (4) The number of temporary employees who exceeded 11 months of consecutive
26 employment, and the number of days each employee exceeded 11 months of
27 employment, separated by State agency.

28 For any temporary employee that is not entered and monitored through the BEACON system,
29 the agency shall record the time worked by each temporary employee in the agency, including
30 the number of hours worked per week, number of months worked, and the amount of time the
31 employee was not employed after 11 consecutive months of service with the agency and report
32 the information monthly to the OSHR. To the extent possible for temporary employees, agencies
33 shall use BEACON, or the State payroll system that supersedes BEACON, for payroll purposes.
34 If it is not feasible for an agency to use BEACON, or the superseding system for payroll purposes,
35 the agency shall report monthly the information required by this section to the OSHR in
36 accordance with guidelines and requirements established by the Director of Temporary
37 Solutions.

38 (b) Compliance Monitoring. – The Office of State Human Resources shall monitor the
39 employment of temporary employees by Cabinet and Council of State agencies and shall report
40 biannually to the Joint Legislative Oversight Committee on General Government and to the
41 Fiscal Research Division on agency compliance with this section and policies and rules adopted
42 pursuant to it. Each State agency granted an exception under this section from using the
43 Temporary Solutions Program and any Council of State agency that elected to not use the
44 Temporary Solutions Program shall record the time worked by each temporary employee in the
45 agency, including the number of hours worked per week, number of months worked, and the
46 amount of time the employee was not employed after 11 consecutive months of service with the
47 agency. To the extent possible for temporary employees, agencies shall use BEACON, or the
48 State payroll system that supersedes BEACON, for payroll purposes. If it is not feasible for an
49 agency to use BEACON, or the superseding system for payroll purposes, the agency shall report
50 the information required by this section to the Office of State Human Resources in accordance
51 with guidelines and requirements established by the Director of Temporary Solutions.

(c) Definitions. – For purposes of this section, the following definitions shall apply:

- (1) Cabinet agency. – A unit of the executive branch of State government, such as a department, an institution, a division, a commission, a board, or a council that is under the control of the Governor. The term does not include an agency that is under the control of an official who is a member of the Council of State.
- (2) Council of State agency. – An agency that is under the control of an official who is a member of the Council of State.
- (3) Extern. – A student who, regardless of the number of credit hours enrolled, is employed as part of a written agreement between the State and an academic institution through which the student is paid and earns course credit.
- (4) Full-time student. – An undergraduate student taking at least 12 credit hours or a graduate student taking at least nine credit hours.
- (5) Intern. – A student who, regardless of the number of credit hours enrolled, works to gain occupational experience for a period of at least one academic semester.
- (6) Retired employee. – An individual drawing a retirement income or Social Security benefits and who has signed a statement that the individual is not available for, nor seeking, permanent employment.
- (7) Temporary employee. – A State employee who is employed in a temporary appointment for a limited term, including a State employee hired from the OSHR Temporary Solutions Program, directly hired by an agency, hired by an agency from a private staffing firm, or hired by any other method used to fill a workforce need for a limited period of time. The term does not include a career State employee as defined by G.S. 126-1.1."

SECTION 29A.2.(b) This section is effective when it becomes law and applies to temporary employees hired on or after that date.

PART XXX. INSURANCE

REGULATORY FEE & INSURANCE REGULATORY FUND

SECTION 30.1.(a) Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is two percent (2%) for the 2024 calendar year and the 2025 calendar year.

SECTION 30.1.(b) G.S. 58-6-25 reads as rewritten:

"§ 58-6-25. Insurance regulatory charge.

...

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve fund, ~~and (ii) that the amount of the reserve not exceed one-third of the estimated cost of operating the Department for each upcoming fiscal year.~~ that shall be used to provide for unanticipated expenditures requiring a budget adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Department or a possible unanticipated increase or decrease in North Carolina premiums or other charge revenue.

...

(d) Use of Proceeds. – ~~The Insurance Regulatory Fund is created in the State treasury, under the control of the Office of State Budget and Management. The as an interest-bearing special fund to which the proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund. credited. Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly Assembly, and in accordance with the line item budget enacted by the General Assembly. The the Fund is subject to the provisions of the State Budget Act, except that no unexpended surplus of the Fund shall revert to the General Fund. Act.~~ All money credited to the Fund shall be used to reimburse the General Fund for the following:

...."

DOI/VOLUNTEER FIRE DEPARTMENT FUND

SECTION 30.2.(a) G.S. 58-87-1 reads as rewritten:

"§ 58-87-1. Volunteer Fire Department Fund.

...

(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on May 15, or on the first business day after May 15 if May 15 falls on a weekend or a holiday, of each year subject to the following limitations:

- (1) The size of a grant may not exceed ~~thirty~~forty thousand dollars ~~(\$30,000).~~(\$40,000).

...

(b) Eligible Fire Department. – A fire department is eligible for a grant under this section if it meets all of the conditions of this subsection. No fire department may be declared ineligible for a grant solely because it is classified as a municipal fire department. The required conditions are:

- (1) Repealed by Session Laws 2016-78, s. 2.1(a), effective June 30, 2016.
- (2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of ~~six~~eight full-time paid positions. For purposes of this subdivision, a "full-time paid position" is equivalent to 2,080 hours in a fiscal year.
- (3) It has been certified by the Department of Insurance.

...."

SECTION 30.2.(b) G.S. 58-87-1(a1), as amended by subsection (a) of this section, expires June 30, 2025.

SECTION 30.2.(c) For the 2023-2024 fiscal year only, the Commissioner of Insurance shall reserve one million dollars (\$1,000,000) of the funds in the Volunteer Fire Department Fund to provide grants to eligible fire departments in the event of an emergency. For purposes of this subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3(6). Emergency reserve grants shall not exceed fifty thousand dollars (\$50,000) and shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on June 30 of each fiscal year of the 2023-2025 fiscal biennium shall revert to the Volunteer Fire Department Fund. If an eligible fire department is awarded an emergency reserve grant and thereafter receives a monetary settlement from its insurance carrier for the same loss or damages for which the grant was awarded, the fire department shall reimburse the State for the amount of the grant.

SECTION 30.2.(d) Within 60 days after all grants have been awarded under this section, the Commissioner shall submit a written report to the Senate Appropriations Committee

1 on General Government and Information Technology, the House of Representatives
2 Appropriations Committee on General Government, the Joint Legislative Oversight Committee
3 on General Government, and the Fiscal Research Division which shall be posted on the
4 Department of Insurance's website and shall contain all of the following:

- 5 (1) For grants under subsection (a) of this section:
6 a. The total number of grants awarded.
7 b. A list of the eligible fire departments that were awarded grants and the
8 county in which each eligible fire department is located.
9 c. The amount of the grant award to each eligible fire department.
10 d. Whether the eligible fire department is a volunteer unit, municipal
11 unit, or other.
12 e. The total number of full-time employees as of January 31 of each fiscal
13 year.
14 f. The total number of full-time volunteer employees as of January 31 of
15 each fiscal year.
16 g. The specific purpose for which the grant was awarded. If to purchase
17 equipment, the type of equipment purchased. If to make capital
18 improvements, the type of capital improvements made.
19 h. Whether the grant funds awarded were used for highway use taxes or
20 putting property acquired from the Department of Defense through the
21 Firefighter Property (FFP) and Federal Excess Property (FEPP)
22 Programs in service.
23 i. Whether the eligible fire department was required to match the grant
24 as required by G.S. 58-87-1(2a).
- 25 (2) For emergency reserve grants under subsection (c) of this section:
26 a. The total number of grants awarded.
27 b. A list of the eligible fire departments that were awarded grants and the
28 county in which each eligible fire department is located.
29 c. The amount of the grant award to each eligible fire department.
30 d. A description of the emergency for which grant funds were awarded.

31
32 **DOI/ADMINISTRATION OF WORKERS' COMPENSATION FUND FOR CERTAIN**
33 **SAFETY WORKERS**

34 **SECTION 30.3.(a)** G.S. 58-87-10 reads as rewritten:

35 **"§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.**

36 ...
37 (d) Administration. – ~~The State Fire and Rescue Commission, established under~~
38 ~~G.S. 58-78-1, Department of Insurance shall~~ administer the Workers' Compensation Fund and
39 shall perform this duty by contracting with a third-party administrator. The contracting procedure
40 is not subject to Article 3C of Chapter 143 of the General Statutes. The reasonable and necessary
41 expenses incurred by the ~~Commission-Department~~ in administering the Fund shall be paid out of
42 the Fund by the State Treasurer. The ~~Commission-Department~~ may adopt rules to implement this
43 section. The ~~State Fire and Rescue Commission-Department~~ shall include both of the following
44 in its contracts with the third-party administrator:

45 (1) All provisions of Section 2(d) of S.L. 2014-64 in all future contracts with its
46 workers' compensation third party administrators.S.L. 2014-64.

47 (2) A clause explicitly stating that no commissions of any kind may be paid to
48 any agent, broker, or other person from the Fund.

49 (e) Revenue Source. – Revenue is credited to the Workers' Compensation Fund from a
50 portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3). In addition, every eligible
51 unit and eligible entity that elects to participate shall pay into the Fund an amount set annually

1 by the ~~State Fire and Rescue Commission~~ Commissioner of Insurance, in consultation with the
 2 State Fire and Rescue Commission, to ensure that the Fund will be able to meet its payment
 3 obligations under this section. The amount shall be set as an amount for each member of the
 4 roster of the eligible unit or for each employee or volunteer of an eligible entity, and the amount
 5 may vary based on whether an individual is a volunteer, a part-time employee, or a full-time
 6 employee. The payment shall be made to the ~~State Fire and Rescue Commission Department~~
 7 or before July 1 of each year. The ~~Commission Department~~ shall remit the payments it receives
 8 to the State Treasurer, who shall credit the payments to the Fund.

9 ...

10 (g) Allocation of Taxes. – ~~The study conducted under subsection (f) of this section shall~~
 11 ~~be reviewed by the Office of State Budget and Management. On or before March 1 of each year,~~
 12 ~~the Office of State Budget and Management, in consultation with the Department of Insurance,~~
 13 Insurance must notify the Secretary of Revenue of the amount required to meet the needs of the
 14 Fund, as determined by the study, study conducted under subsection (f) of this section, for the
 15 upcoming fiscal year. The Secretary of Revenue shall remit that amount, subject to the twenty
 16 percent (20%) limitation in G.S. 105-228.5(d)(3), to the Fund.

17 (h) Reports. – The Department of Insurance shall, on a quarterly basis, report to the State
 18 Fire and Rescue Commission on its activities conducted pursuant to this section."

19 **SECTION 30.3.(b)** G.S. 58-87-10(d)(2), as enacted by subsection (a) of this section,
 20 applies to contracts with workers' compensation third-party administrators executed or renewed
 21 on or after the date this section becomes law.

22 **SECTION 30.3.(c)** G.S. 58-78-5 reads as rewritten:

23 "**§ 58-78-5. State Fire and Rescue Commission – Powers and duties.**

24 (a) The Commission shall have the following powers and duties:

25 ...

26 (16) To provide oversight for the workers' compensation benefits administered by
 27 the Department of Insurance under G.S. 58-87-10, to create a Volunteer
 28 Safety Workers' Compensation Board to assist it in performing this duty, and
 29 to reimburse the members of the Commission's Volunteer Safety Workers'
 30 Compensation Board in accordance with G.S. 138-5 for travel and subsistence
 31 expenses incurred by them.

32"

33 **DOI/CONTINUE FIREFIGHTERS' HEALTH BENEFITS PILOT PROGRAM**

34 **SECTION 30.4.(a)** Notwithstanding the provisions of G.S. 58-87-10(e), for the
 35 2023-2025 fiscal biennium only, revenue from a portion of the proceeds of the tax levied under
 36 G.S. 105-228.5(d)(3) shall not be credited to the Workers' Compensation Fund administered by
 37 the Department of Insurance as provided in G.S. 58-87-10 but shall instead be credited to the
 38 Firefighters' Health Benefits Pilot Program established in Section 30.4A of S.L. 2021-180.

39 **SECTION 30.4.(b)** Section 30.4A of S.L. 2021-180 reads as rewritten:

40 **"SECTION 30.4A.(a)** Firefighters' Health Benefits Pilot Program. – Of the funds
 41 appropriated in this act to the Department of Insurance, the sum of ~~seven million five hundred~~
 42 ~~thousand dollars (\$7,500,000)~~ five million dollars (\$5,000,000) in nonrecurring funds for each
 43 fiscal year of the ~~2021-2023~~ 2023-2025 fiscal biennium shall be used to ~~establish~~ continue and
 44 administer a pilot program to provide health benefits as authorized by this section to eligible
 45 firefighters with a new diagnosis of cancer on or after January 1, 2022. The health benefits
 46 provided under the pilot program shall be supplemental to any other health benefits authorized
 47 by law for firefighters. The pilot program shall end on ~~June 30, 2023,~~ June 30, 2025, but claims
 48 for health benefits filed by that date shall be paid as long as funds appropriated for the pilot
 49 program are available. Effective January 1, 2024, the Department shall begin administering the
 50 pilot program instead of purchasing private insurance for that purpose. The Department may use
 51

1 up to five percent (5%) of the funds appropriated for the pilot program in this act for the purpose
 2 of hiring additional staff to aid in administering the pilot program in-house and conducting an
 3 independent audit of the pilot program. The results of the independent audit shall be submitted
 4 to the General Assembly, the Fiscal Research Division, and the Governor no later than July 1,
 5 2025, along with the report required by subsection (f) of this section.

6 **"SECTION 30.4A.(b) Definitions.** – The following definitions apply in this section:

- 7 (1) Cancer. – ~~Malignant neoplasms of the body that may be caused by exposure~~
 8 ~~to heat, radiation, or a known carcinogen, as defined by the World Health~~
 9 ~~Organization's International Agency for Research on Cancer.~~ A cancer listed
 10 in G.S. 143-166.2(6)e.
- 11 (2) Eligible firefighter. – A firefighter who meets the requirements of subsection
 12 (c) of this section.
- 13 (3) Fire department. – Any organization that is not a federal agency, including
 14 any public or government-sponsored organization, that is located and based in
 15 this State and provides rescue, fire suppression, and related activities.
- 16 (4) Firefighter. – As defined in G.S. 58-84-5.

17 **"SECTION 30.4A.(c) Eligibility.** – To be eligible to receive benefits under the pilot
 18 program, a firefighter:

- 19 (1) Must have served in a North Carolina fire department for a minimum of five
 20 continuous ~~years~~ years; provided, however, if a firefighter, during those five
 21 years, experiences a lapse in service of no more than six months, the firefighter
 22 shall not be ineligible to receive benefits under the pilot program.
- 23 (2) Must have received a new diagnosis of cancer on or after January 1, 2022. A
 24 firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible
 25 for benefits in the pilot program for that previously diagnosed cancer type but
 26 remains eligible for benefits in the pilot program upon diagnosis of any other
 27 cancer type. A firefighter is not eligible to receive benefits under the pilot
 28 program if the firefighter is receiving benefits related to cancer under Article
 29 1 of Chapter 97 of the General Statutes, the North Carolina Workers'
 30 Compensation Act.
- 31 (3) Must have filed a claim with the Department seeking benefits under this
 32 section no later than ~~June 30, 2023~~ June 30, 2025.

33 ...
 34 **"SECTION 30.4A.(f) Reporting Requirements.** – ~~On January 1, 2023, and July 1, 2023, July~~
 35 1, 2024, and July 1, 2025, the Department shall submit a report to the General ~~Assembly~~
 36 Assembly, the Fiscal Research Division, and ~~to~~ the Governor that includes the following
 37 information:

- 38 (1) The number, type, and primary work location of all firefighters participating
 39 in the pilot program. For purposes of this subsection, the term "type" means a
 40 volunteer, employee, contractor, or member of a rated and certified fire
 41 department, or employee of a county fire marshal's office whose sole duty is
 42 to act as fire marshal, deputy fire marshal, assistant fire marshal, or firefighter
 43 of the county.
- 44 (2) The number of benefit claims ~~filed~~ filed, by type.
- 45 (3) The types of cancer for which benefit claims were ~~filed~~ filed, by type.
- 46 (4) All benefits paid out under this ~~section~~ section, by type.

47"

49 **DOI/WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE**
 50 **WORKERS**

1 **SECTION 30.5.** Notwithstanding the provisions of G.S. 58-87-10, for the
2 2023-2024 fiscal year and the 2024-2025 fiscal year, the Commissioner of Insurance shall not
3 set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in
4 G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund created pursuant
5 to G.S. 58-87-10(b). For the 2023-2024 fiscal year and the 2024-2025 fiscal year, no eligible unit
6 or eligible entity shall be required to submit to the Commissioner of Insurance any payment to
7 participate in the Fund.

8 9 **VOLUNTEER RESCUE UNITS/EQUIPMENT & CAPITAL IMPROVEMENTS**

10 **SECTION 30.6.(a)** Grants Authorized. – Of the funds appropriated in this act to the
11 Department of Insurance, the sum of one million dollars (\$1,000,000) in nonrecurring funds for
12 each year of the 2023-2025 fiscal biennium shall be used by the Department to establish and
13 administer a grant program to provide grants to eligible standalone volunteer rescue units
14 (hereinafter "unit") for the purpose of purchasing equipment and making capital improvements.
15 Grants for equipment shall not be more than twenty-five thousand dollars (\$25,000) to each unit
16 in each fiscal year and not more than two hundred thousand dollars (\$200,000) for capital
17 improvements in each fiscal year. Each grant applicant shall match an equipment grant with ten
18 percent (10%) of the grant amount in non-State funds and a capital improvement grant with five
19 percent (5%) of the grant amount in non-State funds. An applicant may apply for a grant under
20 this section in each fiscal year of the 2023-2025 fiscal biennium. Each applicant may be awarded
21 only one grant in each fiscal year of the 2023-2025 fiscal biennium. For purposes of this section,
22 the term "eligible standalone volunteer rescue unit" means a volunteer rescue unit under
23 G.S. 58-87-5(b) that is not combined with a rescue/EMS, EMS units that are volunteer fire
24 departments that are a part of a county's EMS system plan, EMS units providing rescue or rescue
25 and emergency medical services, or any other unit of any type providing rescue and/or emergency
26 services.

27 **SECTION 30.6.(b)** In awarding grants under this section, the Department shall, to
28 the extent possible, select applicants from all parts of the State. Grants shall be made as soon as
29 practicable. If, in any fiscal year, the Department has not disbursed all of the grant funds
30 appropriated for the grant program as provided in subsection (a) of this section, the Department
31 shall allow applicants who have not received grant funds in that fiscal year to apply for a grant,
32 and the applicant shall match the grant funds as provided in subsection (a) of this section. Grants
33 authorized by this section shall be awarded in addition to and shall not supplant any amount of
34 the grant awarded to an eligible standalone volunteer rescue unit under G.S. 58-87-5. Any funds
35 appropriated for the grant program authorized by subsection (a) of this section that are
36 unencumbered at the end of each fiscal year of the 2023-2025 fiscal biennium shall not revert to
37 the Volunteer Rescue/EMS Fund but shall remain available for providing grants as authorized
38 by this section.

39 **SECTION 30.6.(c)** Report. – Within 60 days after all grants have been awarded
40 under subsection (a) of this section, the Department shall submit a written report to the Senate
41 Appropriations Committee on General Government and Information Technology, the House of
42 Representatives Appropriations Committee on General Government, the Joint Legislative
43 Oversight Committee on General Government, and the Fiscal Research Division which shall
44 include all of the following:

- 45 (1) The total number of grants awarded, by county.
- 46 (2) The name of each eligible standalone volunteer rescue unit to which a grant
47 was awarded, by county and by city, if applicable.
- 48 (3) The amount of the grant awarded to each eligible standalone volunteer rescue
49 unit.

50 51 **VOLUNTEER FIRE DEPARTMENTS/APPARATUS TIRE REPLACEMENT**

1 a vacancy arises or exists pursuant to this subsection when the General Assembly is not in
2 session, the Commissioner may appoint a State Fire Marshal to serve on an interim basis pending
3 confirmation by the General Assembly. For the purposes of this subsection, the General
4 Assembly is not in session only (i) prior to convening of the Regular Session, (ii) during any
5 adjournment of the Regular Session for more than 10 days, and (iii) after sine die adjournment
6 of the Regular Session.

7 (c) The salary of the State Fire Marshal shall be set by the General Assembly in the
8 Current Operations Appropriations Act. In addition to the salary set by the General Assembly in
9 the Current Operations Appropriations Act, the State Fire Marshal shall receive as longevity pay
10 in an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the
11 Current Operations Appropriations Act payable monthly after five years of service, and nine and
12 six-tenths percent (9.6%) after 10 years of service. For purposes of this subsection, the term
13 "service" means service as the State Fire Marshal."

14 **SECTION 30.8.(b)** G.S. 58-80-1 reads as rewritten:

15 **"§ 58-80-1. Purpose of Article; meaning of "State Fire Marshal".**

16 The purpose of this Article shall be the creation of a State Volunteer Fire Department to
17 provide protection for property lying outside the boundaries of municipalities, and to render
18 assistance anywhere within the State of North Carolina, in municipalities or counties, in
19 emergencies caused by fire, floods, tornadoes, or otherwise, in the manner and subject to the
20 conditions provided in this Article. ~~As used in this Article and elsewhere in the General Statutes,~~
21 ~~"State Fire Marshal" means the Commissioner of Insurance of the State of North Carolina."~~

22 **SECTION 30.8.(c)** G.S. 14-410(c)(3) reads as rewritten:

23 "(3) State Fire Marshal. – Defined in ~~G.S. 58-80-1~~. G.S. 58-78A-1."

24 **SECTION 30.8.(d)** The Department of Insurance shall eliminate one or more vacant
25 positions and shall use the funds made available as a result of the elimination of the vacant
26 positions to fund the new position of State Fire Marshal, as created by G.S. 58-78A-1, as enacted
27 by subsection (a) of this section.

28 **SECTION 30.8.(e)** Notwithstanding G.S. 58-78A-1, as enacted by subsection (a) of
29 this section, the Commissioner of the Department of Insurance shall serve as the State Fire
30 Marshal until the General Assembly confirms an independent State Fire Marshal, as authorized
31 by G.S. 58-78A-1, as enacted by subsection (a) of this section.

32 **SECTION 30.8.(f)** This section becomes effective January 1, 2024.

33 **PROPOSAL FOR STATE-BASED HEALTH BENEFITS EXCHANGE**

34 **SECTION 30.9.(a)** Notwithstanding G.S. 143B-24(b), the Commissioner of the
35 Department of Insurance (Commissioner) shall, in consultation with the Secretary of the
36 Department of Health and Human Services, develop a detailed plan for the development of a
37 State-based health benefits exchange that meets the requirements of the federal Patient Protection
38 and Affordable Care Act, P.L. 111-148, as amended (ACA). As part of the development of this
39 plan for a State-based exchange, the Commissioner shall develop a draft State Innovation Waiver
40 under section 1332 of the ACA. The plan and the draft waiver developed in accordance with this
41 section shall include, at a minimum, the consideration of the following:

- 42 (1) Stabilization strategies aimed at addressing risk associated with individuals
43 with high healthcare costs.
- 44 (2) Individual coverage Health Reimbursement Arrangements (HRAs) for
45 employees of large and small businesses within the State.
- 46 (3) Financial assistance for various types of health insurance plans, including
47 nonqualified health plans, for individuals purchasing coverage on the
48 State-based exchange.
- 49 (4) A new, State-administered subsidy program for (i) individuals and families
50 and (ii) small businesses purchasing coverage for employees through the
51 State-based exchange.

- 1 (5) The establishment of account-based premium credits for individuals and
- 2 families enrolled in healthcare coverage through the State-based exchange.
- 3 (6) The use of any available federal funding or grants for the creation of the
- 4 State-based exchange, or necessary information technology to support the
- 5 exchange, or both.
- 6 (7) The establishment of a reinsurance program that seeks to maximize federal
- 7 funding for the program and stabilize the rates and premiums for health
- 8 insurance policies offered in this State.

9 **SECTION 30.9.(b)** No later than March 1, 2024, the Commissioner shall submit to
 10 the Joint Legislative Oversight Committee on General Government and the Joint Legislative
 11 Oversight Committee on Health and Human Services a copy of the proposed Section 1332 State
 12 Innovation Waiver and a report on the detailed plan for the development of a State-based health
 13 benefits exchange, as required by subsection (a) of this section. The report shall include, at a
 14 minimum, the following details:

- 15 (1) Specific details for the structure and oversight of the proposed State-based
- 16 exchange, including the makeup of any proposed board of directors or other
- 17 governing body.
- 18 (2) A detailed time line for the implementation of the State-based exchange,
- 19 including identification of major milestones and a realistic "go-live" date.
- 20 (3) The anticipated costs to the State for start-up and ongoing operations of the
- 21 State-based exchange, including labor costs, information technology costs,
- 22 and any foreseeable costs to any State agency outside of the Department of
- 23 Insurance.
- 24 (4) Identification of sources of funding for the start-up and ongoing operations of
- 25 the State-based exchange, including federal funding and assessments on
- 26 commercial insurance products.
- 27 (5) Identification of any estimated savings to the State or the citizens of the State
- 28 as a result of the proposed plan and waiver.
- 29 (6) Methods by which the Department of Health and Human Services or county
- 30 departments of social services will educate and refer individuals receiving
- 31 public assistance to products and financial assistance offered through the
- 32 State-based exchange.
- 33 (7) Any legislative changes necessary to effectuate the proposed plan and waiver.

34 **SECTION 30.9.(c)** The Commissioner shall not submit the draft Section 1332 State
 35 Innovation Waiver developed under this section nor take steps beyond those required by this
 36 section to implement a State-based exchange without further authorization by the General
 37 Assembly, including the repeal of G.S. 143B-24(b).

38
 39 **PHARMACY INSURANCE BENEFITS/COUPON ACCUMULATOR**

40 **SECTION 30.10.** G.S. 58-56A-3 reads as rewritten:

41 **"§ 58-56A-3. Consumer protections.**

42 ...

43 (c1) When calculating an insured's contribution to any out-of-pocket maximum,
 44 deductible, copayment, coinsurance, or other applicable cost-sharing requirement, the insurer or
 45 pharmacy benefits manager shall include any amounts paid by the insured, or on the insured's
 46 behalf, for a prescription that is either:

- 47 (1) Without an AB-rated generic equivalent.
- 48 (2) With an AB-rated generic equivalent if the insured has obtained authorization
- 49 for the drug through any of the following:
- 50 a. Prior authorization from the insurer or pharmacy benefits manager.
- 51 b. A step therapy protocol.

- 1 c. The exception or appeal process of the insurer or pharmacy benefits
2 manager.

3 This subsection shall not apply to an insured covered by a high deductible health plan, as that
4 term is defined in section 223 of the Internal Revenue Code, if its application would render the
5 insured ineligible for a health savings account under section 223 unless (i) the insured has
6 satisfied the minimum deductible under section 223 or (ii) the prescription qualifies as preventive
7 care under section 223.

8"
9

10 PART XXXI. INSURANCE – INDUSTRIAL COMMISSION

11 LIMIT TORT LIABILITY FOR STATE EMPLOYEES

12 **SECTION 31.1.(a)** G.S. 143-291 is amended by adding a new subsection to read:

13 "(e) This Article provides the sole and exclusive remedy for any claim that arises as a
14 result of the negligence of any officer, employee, involuntary servant, or agent of the State while
15 acting within the scope of his office, employment, service, agency, or authority, and the North
16 Carolina Industrial Commission is the sole and exclusive forum for hearing any such claims. Any
17 such claims filed in any other forum arising out of or relating to the same subject matter against
18 the officer, employee, involuntary servant, or agent of the State is precluded."

19 **SECTION 31.1.(b)** This section is effective when it becomes law and applies to all
20 claims filed on or after that date.
21

22 INDUSTRIAL COMMISSION/BASE BUDGET ADJUSTMENT

23 **SECTION 31.2.** The Office of State Budget and Management shall, in conjunction
24 with the North Carolina Industrial Commission, adjust the Commission's base budget for each
25 fiscal year of the 2025-2027 fiscal biennium to use proceeds from the insurance regulatory charge
26 established under G.S. 58-6-25 to reimburse the General Fund for operations of the Commission
27 as authorized by G.S. 58-6-25(d)(11).
28

29 INDUSTRIAL COMMISSION/EXTENDED COMPENSATION/CLARIFY MEANING 30 OF "TOTAL LOSS OF WAGE-EARNING CAPACITY"

31 **SECTION 31.3.(a)** G.S. 97-29(c) reads as rewritten:

32 "(c) An employee may qualify for extended compensation in excess of the 500-week
33 limitation on temporary total disability as described in subsection (b) of this section only if (i) at
34 the time the employee makes application to the Commission to exceed the 500-week limitation
35 on temporary total disability as described in subsection (b) of this section, 425 weeks have passed
36 since the date of first disability and (ii) pursuant to the provisions of G.S. 97-84, unless agreed
37 to by the parties, the employee shall prove by a preponderance of the evidence that the employee
38 has sustained a total loss of wage-earning capacity.

39 For the purposes of this subsection only, the term "total loss of wage-earning capacity" shall
40 mean the complete elimination of the capacity to earn any wages. "Disability" as defined by
41 G.S. 97-2(9) and "suitable employment" as defined by G.S. 97-2(22) shall not apply to this
42 provision. The Commission may consider preexisting and injury-related physical and mental
43 limitations, vocational skills, education, and experience in determining whether the employee
44 has sustained a total loss of wage-earning capacity.

45 If an employee makes application for extended compensation pursuant to this subsection and
46 is awarded extended compensation by the Commission, the award shall not be stayed pursuant
47 to G.S. 97-85 or G.S. 97-86 until the full Commission or an appellate court determines otherwise.
48 Upon its own motion or upon the application of any party in interest, the Industrial Commission
49 may review an award for extended compensation in excess of the 500-week limitation on
50 temporary total disability described in subsection (b) of this section, and, on such review, may
51

1 make an award ending or continuing extended compensation. When reviewing a prior award to
2 determine if the employee remains entitled to extended compensation, the Commission shall
3 determine if the employer has proven by a preponderance of the evidence that the employee no
4 longer has a total loss of wage-earning capacity. When an employee is receiving full retirement
5 benefits under section 202(a) of the Social Security Act, after attainment of retirement age, as
6 defined in section 216(l) of the Social Security Act, the employer may reduce the extended
7 compensation by one hundred percent (100%) of the employee's retirement benefit. The
8 reduction shall consist of the employee's primary benefit paid pursuant to section 202(a) of the
9 Social Security Act but shall not include any dependent or auxiliary benefits paid pursuant to any
10 other section of the Social Security Act, if any, or any cost-of-living increases in benefits made
11 pursuant to section 215(i) of the Social Security Act."

12 **SECTION 31.3.(b)** In enacting subsection (a) of this section, it is the intent of the
13 General Assembly to clarify, in response to *Sturdivant v. N. Carolina Dep't of Pub. Safety*, 887
14 S.E.2d 85 (N.C. Ct. App. 2023), that an employee has a different standard for establishing the
15 burden of proof for extended compensation pursuant to G.S. 97-29(c) to reflect the intent of the
16 General Assembly when it enacted S.L. 2011-287.

17 **SECTION 31.3.(c)** This section is effective when it becomes law and applies to
18 claims accrued or pending prior to, on, or after that date.

19 **PART XXXII. LIEUTENANT GOVERNOR [RESERVED]**

20 **PART XXXIII. MILITARY AND VETERANS AFFAIRS**

21 **VETERANS HOME TRUST FUND/TRANSFER TO VETERANS CEMETERY TRUST** 22 **FUND**

23 **SECTION 33.1.** G.S. 143B-1293 reads as rewritten:

24 **"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

25 ...

26 (d) Miscellaneous. – The following provisions apply to the trust fund created in
27 subsection (a) of this section:

28 ...

29 (1a) ~~The~~ Of the funds deposited in the trust fund each fiscal year, the Department
30 of Military and Veterans Affairs shall transfer ten percent (10%) of the
31 ~~unspent~~ receipts collected in each fiscal year from the trust fund to the North
32 Carolina Veterans Cemeteries Trust Fund on ~~or before~~ June 30 of each fiscal
33 year.

34"

35 **VETERANS HOME TRUST FUND/ROUTINE REPAIRS TO STATE VETERANS** 36 **HOMES**

37 **SECTION 33.2.** Of the funds appropriated in this act to the Department of Military
38 and Veterans Affairs for the 2023-2024 fiscal year, the Department shall reserve the sum of one
39 million five hundred thousand dollars (\$1,500,000) to be used to make routine repairs and
40 renovations to buildings and facilities at State veteran homes. Funds held in reserve as required
41 by this section shall not be used for "unforeseen circumstances," as that term is defined in
42 G.S. 143C-6-4(b)(3). Funds for unforeseen circumstances shall be spent only as authorized by
43 G.S. 143C-6-4.

44 **VETERANS LIFE CENTER CHALLENGE GRANT**

45 **SECTION 33.3.(a)** Part 1 of Article 14 of Chapter 143B of the General Statutes is
46 amended by adding a new section to read:
47

1 **"§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and**
2 **reintegration services to veterans.**

3 (a) There is hereby established in the Department of Military and Veterans Affairs a
4 challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit
5 corporation, which shall be administered by the Department as provided in this section. Funds
6 appropriated by the General Assembly for the challenge grant program shall be used to allocate
7 funds to the Center for the purpose of providing rehabilitation and reintegration services and
8 support to veterans across the State, and those funds shall not be used for any other purpose
9 without the express authorization of the General Assembly.

10 (b) The maximum amount of State funds that may be disbursed to the Center under this
11 section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The Department
12 shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will receive
13 a State dollar for each non-State dollar raised by the Center each quarter, but in no case shall the
14 Department disburse State funds to the Center if the Center has not raised non-State funds in that
15 quarter of the fiscal year. The Center shall demonstrate, to the satisfaction of the Department,
16 that it has raised the non-State funds required by this subsection prior to the disbursement of State
17 funds. The Center shall not supplant, shift, or reallocate Center funds for the purpose of achieving
18 the non-State dollars required by this subsection.

19 (c) Not later than July 1 of each year, the Department shall submit a written report to the
20 Joint Legislative Oversight Committee on General Government and the Fiscal Research Division
21 on all of the following information, and the Center shall provide the information to the
22 Department in the manner and time period requested by the Department for purposes of preparing
23 the report:

- 24 (1) The total number of veterans served.
25 (2) The types of services provided to veterans, and the number of veterans who
26 received each type of service.
27 (3) Demographics of the veterans served, including each veteran's county of
28 residence.
29 (4) Average length of stay for veterans, and the average number of veterans in the
30 Center facility on a daily basis.
31 (5) The total number of veterans who completed the care program, and the
32 number who received postgraduate mentoring from the Center."

33 **SECTION 33.3.(b)** Notwithstanding any provision of G.S. 143B-1218, as enacted
34 in subsection (a) of this section, if the Department of Military and Veterans Affairs does not
35 disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not satisfy
36 the requirements of the grant contract between the Department and the Center on or before June
37 30 of that fiscal year, the grant funds shall not revert on June 30, but shall remain available to the
38 Department to disburse to the Center in the following fiscal year as long as the Center satisfies
39 the grant contract requirements. In such a case, the Department is authorized to disburse grant
40 funds to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars
41 (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the
42 current fiscal year.

43
44 **DMVA/CHILDREN OF VETERANS' SCHOLARSHIPS**

45 **SECTION 33.4.(a)** G.S. 143B-1225 reads as rewritten:

46 **"§ 143B-1225. Scholarship.**

47 (a) A scholarship granted pursuant to this Part shall consist of the following benefits in
48 either a State or private educational institution:

49 ...

- 50 (6) A student who has been awarded a scholarship under this section shall
51 maintain a cumulative grade point average of 2.0 throughout the four

academic years for which the student is eligible for a scholarship under this section.

...."

SECTION 33.4.(b) G.S. 143B-1227 reads as rewritten:

"§ 143B-1227. Administration and funding.

(a) The administration of the scholarship program shall be vested in the Department of Military and Veterans Affairs, and the disbursing and accounting activities required shall be a responsibility of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may suspend or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Part as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Part, such reports and other information as it may need to carry out the provisions of this Part. Part; provided, however, the Veterans' Affairs Commission shall require State and private educational institutions to report no later than December 15 of each year the number of scholarship recipients who maintained a cumulative grade point average of 2.0 and the number of scholarship recipients who completed the degree requirements for graduation. The Department of Military and Veterans Affairs shall disburse scholarship payments for recipients certified eligible by the Department of Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

...."

SECTION 33.4.(c) G.S. 143B-1228 reads as rewritten:

"§ 143B-1228. Report on scholarships.

By January 1 of each year, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division the following data on the Scholarships for Children of Wartime Veterans program:

...

(2) Number of scholarships awarded in each of the past five fiscal years and sorted by:

...

j. Number of scholarship recipients who maintained a cumulative grade point average of 2.0."

SANDHILLS STATE VETERANS CEMETERY

SECTION 33.6.(a) Of the funds appropriated in this act to the Department of Military and Veterans Affairs for the 2023-2024 fiscal year, the sum of three hundred thousand dollars (\$300,000) in nonrecurring funds shall be used as follows:

(1) Two hundred thousand dollars (\$200,000) to contract with one or more persons or businesses to improve the appearance of Sandhills State Veterans Cemetery and to perform all of the services and activities, including, but not limited to, grounds maintenance, equipment maintenance, and headstone marker operations, required to bring Sandhills State Veterans Cemetery into

1 compliance with the operational standards promulgated by the National
2 Cemetery Administration in the U.S. Department of Veterans Affairs.

- 3 (2) One hundred thousand dollars (\$100,000) to improve and maintain the roads
4 to the newest section of Sandhills State Veterans Cemetery.

5 **SECTION 33.6.(b)** Not later than November 30, 2023, the Department shall report
6 to the Joint Legislative Oversight Committee on General Government, the House of
7 Representatives Appropriations Committee on General Government, the Senate Appropriations
8 Committee on General Government and Information Technology, and the Fiscal Research
9 Division on the following:

- 10 (1) The names of the persons or businesses with whom the Department contracted
11 to provide the services and activities required by this section.
12 (2) The services and activities performed by each person or business and the
13 amount paid to each person or business pursuant to the contract.
14

15 **DMVA UPDATE AND PUBLISH RESOURCE GUIDE**

16 **SECTION 33.7.** Notwithstanding any provision of S.L. 2021-180 or the Committee
17 Report described in Section 43.2 of that act to the contrary, the sum of fifty thousand dollars
18 (\$50,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated to
19 the Department of Military and Veterans Affairs shall be used to publish a new Department of
20 Military and Veterans Affairs Resource Guide (for veterans, active military, and their families)
21 no later than December 1, 2023.
22

23 **DMVA FILL VETERAN SERVICES OFFICER POSITIONS**

24 **SECTION 33.8.** The Department of Military and Veterans Affairs shall fill all
25 Veteran Services Officer (VSO) positions that are vacant on the date this act becomes law. The
26 Department shall not, in the 2023-2024 fiscal year or the 2024-2025 fiscal year, use lapsed
27 salaries resulting from vacant VSO positions to hire temporary employees. If the Department
28 does not fill the vacant VSO positions in the 2023-2025 fiscal biennium, the funds appropriated
29 for the position or positions shall revert to the General Fund on June 30 of each fiscal year.
30

31 **DMVA FILL INTERNAL AUDITOR AND PROGRAM ANALYST POSITIONS**

32 **SECTION 33.9.** In collaboration with the Office of State Budget and Management,
33 the Department of Military and Veterans Affairs shall make every effort to fill the Program
34 Analyst and Internal Auditor positions authorized by Section 23.5 and Section 23.6 of S.L.
35 2021-180. If the Department does not fill either or both positions in the 2023-2025 fiscal
36 biennium, the Department shall not use the lapsed salaries resulting from the vacant position or
37 positions to hire temporary employees and the funds appropriated for the position or positions
38 shall revert to the General Fund on June 30 of each fiscal year.
39

40 **HOUSING SOLUTIONS FOR SERVICE-CONNECTED DISABLED AND AGING** 41 **VETERANS**

42 **SECTION 33.11.** Notwithstanding the provisions of G.S. 143B-1293, of the funds
43 appropriated in this act to the Department of Military and Veterans Affairs, the sum of three
44 million dollars (\$3,000,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal
45 biennium shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit
46 corporation, to provide personalized housing solutions for service-connected disabled and aging
47 veterans and their families across the State. Purple Heart Homes, Inc., may use not more than
48 two percent (2%) of the grant funds for administrative costs. By September 1, 2024, Purple Heart
49 Homes, Inc., shall provide a report to the Senate Appropriations Committee on General
50 Government and Information Technology, the House of Representatives Appropriations
51 Committee on General Government, the Joint Legislative Oversight Committee on General

1 Government, and the Fiscal Research Division on the use of these funds, including the number
2 of individuals or families served, the types of services provided to those individuals or families,
3 and the outcomes.

5 **MILITARY MISSIONS IN ACTION/ASSISTANCE FOR VETERANS**

6 **SECTION 33.12.** Notwithstanding the provisions of G.S. 143B-1293, of the funds
7 appropriated in this act to the Department of Military and Veterans Affairs, the sum of seven
8 hundred fifty thousand dollars (\$750,000) in nonrecurring funds for the 2023-2024 fiscal year
9 shall be provided as a directed grant to Military Missions In Action (hereinafter "MMIA"), a
10 nonprofit corporation, to assist veterans in need, members of all Armed Forces, and their families.
11 MMIA shall not use more than two percent (2%) of the grant funds for administrative costs. By
12 September 1, 2024, MMIA shall provide a report to the Senate Appropriations Committee on
13 General Government and Information Technology, the House of Representatives Appropriations
14 Committee on General Government, the Joint Legislative Oversight Committee on General
15 Government, and the Fiscal Research Division on the use of these funds, including the number
16 of individuals or families served and the types of services provided to those individuals or
17 families.

19 **DMVA/GRANT PROGRAM FOR COUNTY VETERANS OFFICES**

20 **SECTION 33.13.(a)** Of the funds appropriated in this act to the Department of
21 Military and Veterans Affairs (DMVA), the sum of one million five hundred thousand dollars
22 (\$1,500,000) in nonrecurring funds in each fiscal year of the 2023-2025 fiscal biennium shall be
23 used to establish a grant program for existing county veterans offices (hereinafter "CVOs") to
24 provide services to veterans. The following shall apply to the grant program:

- 25 (1) The CVO must be located in a county in which there are eight or less certified
26 veteran service officers (VSOs). The VSO may be an employee of or volunteer
27 with the federal government, State of North Carolina, county, or an entity in
28 the county, including a nonprofit organization. DMVA shall verify the
29 presence of eight or less certified VSOs in the county through the United
30 States Department of Veterans Affairs prior to awarding a grant.
- 31 (2) A grant may be up to twenty thousand dollars (\$20,000).
- 32 (3) Only one grant may be awarded to a CVO in each fiscal year of the 2023-2025
33 fiscal biennium.

34 **SECTION 33.13.(b)** Not later than September 1, 2024, the Department of Military
35 and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General
36 Government, the House Appropriations Committee on General Government, the Senate
37 Appropriations Committee on General Government and Information Technology, and the Fiscal
38 Research Division on all of the following:

- 39 (1) The unduplicated number of veterans served by CVOs, by county.
- 40 (2) The number of times each individual veteran was served by a CVO, by county.
- 41 (3) The services that were provided to veterans using the grant funds awarded to
42 CVOs as authorized in subsection (a) of this section, by county.

44 **THE INDEPENDENCE FUND**

45 **SECTION 33.15.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the
46 funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of
47 seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each fiscal year of the
48 2023-2025 fiscal biennium shall be used to provide a directed grant to The Independence Fund,
49 Inc., a nonprofit corporation, to continue to expand the Veterans Justice Intervention (VJI)
50 program by working with law enforcement agencies all across the State. These funds may be

1 used to contract with a subject matter expert for the assessment, coordination, and
2 implementation of the VJI in each of the law enforcement departments.

3 **SECTION 33.15.(b)** As a condition of receiving the funds authorized in subsection
4 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 5 (1) Partner with other nonprofits, State and local governments, and federal
6 agencies to develop and assess each county's initial response to veterans in
7 crises and develop an updated data collection process map for each county.
- 8 (2) Educate first responders, local community support employees, and others on
9 veteran-specific crisis intervention, suicide prevention, and VA resources
10 available through the Veterans Affairs Administration.
- 11 (3) Execute new training plans based on the data collection process maps
12 developed pursuant to subdivision (1) of this subsection.
- 13 (4) Monitor the program and maintain regular contact with each county to ensure
14 up-to-date training and availability and allocation of resources.
- 15 (5) By June 30, 2025, report to the Joint Legislative Committee on General
16 Government, the Joint Legislative Committee on Justice and Public Safety,
17 and the Fiscal Research Division on the effectiveness of the program.

18 **PART XXXIV. REVENUE**

19 **DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT** 20 **CLARIFICATION**

21 **SECTION 34.1.(a)** Section 8.1(b) of S.L. 2019-246, as enacted by Section 34.4 of
22 S.L. 2021-180 and amended by Section 5.6(d) of S.L. 2022-13, reads as rewritten:

23 "SECTION 8.1.(b) By January 1, 2022, and ~~monthly~~ quarterly thereafter, the Department
24 of Revenue shall submit a written report to the chairs of the House Appropriations Committee
25 on General Government and the Senate Appropriations Committee on General Government and
26 Information Technology and the Fiscal Research Division. The ~~monthly~~ quarterly report shall
27 include an update on the following:

- 28 (1) The status of the power of attorney registration project required by subsection
29 (a) of this section.
- 30 (2) The status of the ~~Collections Case Management system implementation and~~
31 ~~the~~ IBM 4100 replacement project currently underway in the Department.
- 32 (3) The status of the Department's ability to make the programmatic changes
33 necessary to implement the graduated penalty for failure to pay tax when due
34 that will apply to tax assessed on or after July 1, 2024."

35 **SECTION 34.1.(b)** Section 34.1 of S.L. 2022-74 is repealed.

36 **ASSIGNMENT OF DEPARTMENT OF REVENUE LAW ENFORCEMENT AGENTS**

37 **SECTION 34.2.** G.S. 105-236.1 reads as rewritten:

38 "**§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.**

39 (a) General. – The Secretary may appoint employees of the ~~Unauthorized Substances Tax~~
40 ~~Section of the Tax Enforcement Division Department~~ to serve as revenue law enforcement
41 officers having the responsibility and subject-matter jurisdiction to enforce the excise tax on
42 unauthorized substances imposed by Article 2D of this Chapter.

43 (a1) The Secretary may appoint up to 11 employees of the ~~Motor Fuels Investigations~~
44 ~~Section of the Tax Enforcement Division Department~~ to serve as revenue law enforcement
45 officers having the responsibility and subject-matter jurisdiction to enforce the taxes on motor
46 fuels imposed by Articles 36B, 36C, and 36D of this Chapter and by Chapter 119 of the General
47 Statutes.
48
49
50

1 (a2) The Secretary may appoint employees of the ~~Criminal Investigations Section of the~~
2 ~~Tax Enforcement Division Department~~ to serve as revenue law enforcement officers having the
3 responsibility and subject-matter jurisdiction to enforce the following tax violations and criminal
4 offenses:

5"

6
7 **DOR ADMINISTRATIVE COSTS FOR COLLECTING PREPAID WIRELESS**
8 **TELECOMMUNICATIONS SERVICE CHARGES**

9 **SECTION 34.3.** G.S. 143B-1414 reads as rewritten:

10 **"§ 143B-1414. Service charge for prepaid wireless telecommunications service; seller**
11 **collects 911 service charge on each retail transaction occurring in this State;**
12 **remittances to Department of Revenue and transfer to 911 Fund.**

13 ...

14 (c) Administration. – Administration, auditing, requests for review, making returns,
15 collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue,
16 additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter
17 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless
18 telecommunications service. An audit of the collection of the 911 service charge for prepaid
19 wireless telecommunications service shall only be conducted in connection with an audit of the
20 taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be
21 subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall
22 be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive
23 and erroneous collections of the service charge will be subject to G.S. 105-164.11. The
24 Department of Revenue shall establish procedures for a seller of prepaid wireless
25 telecommunications service to document that a sale is not a retail transaction, and the procedures
26 established shall substantially coincide with the procedures for documenting a sale for resale
27 transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection
28 from the remittances received under subsection (b) of this section, ~~not to exceed five hundred~~
29 ~~thousand dollars (\$500,000) in the amount of seven hundred fifty thousand dollars (\$750,000)~~ a
30 year of the total 911 service charges for prepaid wireless telecommunications service remitted to
31 the Department. Within 45 days of the end of each month in which 911 service charges for
32 prepaid wireless telecommunications service are remitted to the Department, the Secretary of
33 Revenue shall transfer the total 911 service charges remitted to the Department less the costs of
34 collection to the 911 Fund established under G.S. 143B-1404.

35"

36
37 **TAX FRAUD ANALYTICS**

38 **SECTION 34.4.** Of the funds appropriated in this act to the Department of Revenue,
39 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each
40 fiscal year of the 2023-2025 fiscal biennium shall be used to continue and expand the
41 Department's tax fraud analysis contract through the Government Data Analytics Center
42 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information
43 reporting, collections case management, collections optimization, managed services, and
44 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC
45 and utilize the subject matter expertise and technical infrastructure available through existing
46 GDAC public-private partnerships for fraud detection and analytics infrastructure.

47
48 **DOR ESTABLISH NEW POSITIONS AND ELIMINATE VACANT POSITIONS**

49 **SECTION 34.8.** Notwithstanding any other provision of law to the contrary, in each
50 fiscal year of the 2023-2025 fiscal biennium, the Department of Revenue is authorized to
51 establish two new User Support Technician II positions and one new Administrative Specialist

1 II position and to eliminate vacant positions, without regard to fund code, totaling an equal
2 amount to fund the new positions. Adjustments made pursuant to this section shall not increase
3 the Department's total net General Fund appropriation for the 2023-2025 fiscal biennium and
4 shall not increase the total net General Fund appropriation for future fiscal years.
5

6 **DOR/MODERNIZED INTEGRATED TAX SYSTEM**

7 **SECTION 34.9.(a)** Of the funds appropriated in this act to the Department of
8 Revenue, the Department shall use the sum of twenty-five million dollars (\$25,000,000) in
9 nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium to develop and
10 implement a modernized integrated tax system. The provisions of Part 4 of Article 15 of Chapter
11 143B of the General Statutes shall apply to the Department's procurement of information
12 technology under this section, including the provisions related to the issuance of requests for
13 proposals; provided, however, in its solicitation for requests for proposals for the modernized
14 integrated tax system, the Department shall accept for evaluation proposals from vendors who
15 have developed, marketed, or deployed an integrated tax system solution, in whole or in part,
16 that is of a similar size and complexity as the tax system administered by the Department. To
17 encourage innovative and new solutions, the Department shall also accept proposals from
18 vendors who have experience in deploying enterprise systems of a similar size and complexity
19 as the tax system administered by the Department even if the system is not an integrated tax
20 system. The Department shall not require bidders to have existing integrated tax systems in
21 production environments.

22 **SECTION 34.9.(b)** The funds appropriated in this act to the Department of Revenue
23 for each fiscal year of the 2023-2025 fiscal biennium for the modernized integrated tax system
24 shall be certified in a new fund code in Budget Code 24708. The new fund code shall be used
25 only for the receipts and expenditures for the modernized integrated tax system authorized in this
26 section until the system is fully implemented.

27 **SECTION 34.9.(c)** Notwithstanding the provisions of G.S. 143C-1-2(b), the funds
28 appropriated to the Department of Revenue for the collections case management system in S.L.
29 2017-57 or the Committee Report in Section 39.2 of that act shall revert on June 30, 2023, and
30 shall not be used for continued efforts on the collections case management system authorized in
31 S.L. 2017-57 or the Committee Report in Section 39.2 of that act after that date.

32 **SECTION 34.9.(d)** Not later than February 1 and August 1 of each year until the
33 completion of the implementation of the modernized integrated tax system authorized in this
34 section, the Department of Revenue shall report to the Joint Legislative Oversight Committee on
35 General Government, the Senate Appropriations Committee on General Government and
36 Information Technology, the House of Representatives Appropriations Committee on General
37 Government, and the Fiscal Research Division on all of the following:

- 38 (1) A detailed project description.
- 39 (2) A detailed project time line, including milestones and deliverables and
40 progress in achieving them.
- 41 (3) The project management plan.
- 42 (4) The process used for issuing requests for proposals.
- 43 (5) A detailed budget and year-to-date expenditures.
- 44 (6) The anticipated completion date for full implementation of the modernized
45 integrated tax system.

46 **DOR/FLEXIBILITY IN ELIMINATING VACANT POSITIONS**

47 **SECTION 34.10.** Notwithstanding any provision of this act or the Committee Report
48 described in Section 43.2 of this act to the contrary, if positions in the Department of Revenue
49 identified for elimination in this act or in the Committee Report to this act were filled on or before
50 the date this act becomes law, the Department may substitute other vacant positions to be
51

1 eliminated. The substitute positions shall equal the total dollar amount of those positions
2 identified for elimination in this act or in the Committee Report to this act.

3 4 **PART XXXV. SECRETARY OF STATE**

5 6 **INCREASE FEES FOR LOBBYISTS AND LOBBYIST PRINCIPALS**

7 **SECTION 35.1.(a)** G.S. 120C-201 reads as rewritten:

8 **"§ 120C-201. Lobbyist's registration fee.**

9 A fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00) is due and payable
10 to the Secretary of State at the time of each lobbyist registration. Fees so collected shall be
11 deposited in the General Fund of the State. The fees required under this section shall be paid
12 electronically."

13 **SECTION 35.1.(b)** G.S. 120C-207 reads as rewritten:

14 **"§ 120C-207. Lobbyist principal's fees.**

15 A fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00) is due and payable
16 to the Secretary of State at the time the principal's first authorization statement is filed each
17 calendar year for a lobbyist. Fees so collected shall be deposited in the General Fund of the State.
18 The fees required under this section shall be paid electronically."

19 20 **PART XXXVI. TREASURER**

21 22 **PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS**

23 **SECTION 36.1.(a)** Notwithstanding any other provision of Article 12A of Chapter
24 143 of the General Statutes, when any law enforcement officer is murdered by use of a firearm
25 while off duty but en route to perform his or her official duties, the surviving spouse of the law
26 enforcement officer or, if there is no surviving spouse, the surviving dependent children of the
27 law enforcement officer shall be awarded the death benefits authorized by G.S. 143-166.3(a) and
28 G.S. 143-166.3(e).

29 **SECTION 36.1.(b)** This section is effective retroactive to October 12, 2022, and
30 applies only to incidents described in subsection (a) of this section that occurred on or after
31 October 12, 2022, and before October 31, 2022.

32 33 **BOND REFERENDUM TRANSPARENCY**

34 **SECTION 36.3.(a)** G.S. 159-61(d) reads as rewritten:

35 "(d) The form of the question as stated on the ballot shall be in substantially the following
36 words:

37 ~~"Shall"~~ "Additional property taxes may be levied on property located in (name of unit of local
38 government) in an amount sufficient to pay the principal of and interest on bonds if approved by
39 the following ballot question. Shall the order authorizing \$ _____ bonds plus interest for (briefly
40 stating the purpose) and providing that additional taxes may be levied in an amount sufficient to
41 pay the principal of and interest on the bonds be ~~approved?~~ approved, in light of the following:

- 42 (1) The estimated cumulative cost over the life of the bond, using the highest
43 interest rate charged for similar debt over the last (maximum bond issuance
44 term), would be (\$ _____).
45 (2) The amount of property tax liability increase for each one hundred thousand
46 dollars (\$100,000) of property tax value to service the cumulative cost over
47 the life of the bond provided above would be (\$ _____) per year.

48 [] YES

49 [] NO""

50 **SECTION 36.3.(b)** This section becomes effective December 31, 2023, and applies
51 to bond referendums conducted on or after that date.

1
2 **PART XXXVII. GENERAL GOVERNMENT – MISCELLANEOUS**

3
4 **LANDSCAPE CONTRACTOR LICENSING MODIFICATION**

5 **SECTION 37.1.(a)** G.S. 89D-11 reads as rewritten:

6 **"§ 89D-11. Definitions.**

7 The following definitions apply in this Chapter:

8 ...

9 (3) Landscape contractor. – Any person who, for compensation or other
10 consideration, does any of the following:

11 ...

12 e. Engages in the construction of garden pools, retaining walls, walks,
13 patios, ~~or other decorative and~~ landscape features.

14 (4) Person. – An individual, firm, partnership, association, corporation, or other
15 legal entity."

16 **SECTION 37.1.(b)** This section becomes effective October 1, 2023.

17
18 **PART XXXVIII. INFORMATION TECHNOLOGY**

19
20 **INFORMATION TECHNOLOGY INTERNAL SERVICE FUND**

21 **SECTION 38.1A.** The Department of Information Technology shall include in the
22 rates submitted pursuant to G.S. 143B-1333 an additional amount not exceeding three million
23 five hundred fifty thousand dollars (\$3,550,000) for each year of the 2023-2025 fiscal biennium
24 to be charged to agencies for the Security Operations Center and Privacy Office Support. The
25 rates shall not include and agencies shall not be charged the one million one hundred twenty-six
26 thousand dollars (\$1,126,000) requested for other positions within the Department.

27
28 **DPS/IT PILOT PROJECT**

29 **SECTION 38.4.(a)** In accordance with G.S. 143B-1325(c)(13), and notwithstanding
30 any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the
31 State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency
32 Management within the Department of Public Safety shall continue to be entirely exempt from
33 any and all information technology oversight by the Department of Public Safety and the
34 Department of Information Technology. The State Highway Patrol, the State Bureau of
35 Investigation, and the Division of Emergency Management shall initiate a pilot project where
36 those divisions shall be deemed as separate, stand-alone entities within the Department of Public
37 Safety in all matters related to information technology, and each shall autonomously manage
38 their own respective information technology infrastructure and all associated services without
39 oversight from the Department of Information Technology or the Department of Public Safety.
40 Exemption from information technology oversight includes, but is not limited to, the following:

41 (1) Information technology architecture and planning.

42 (2) Information technology personnel management.

43 (3) Information technology project management.

44 (4) Information technology purchasing and procurement decisions and
45 methodologies.

46 (5) Hardware acquisition, configuration, implementation, and management.

47 (6) Software acquisition, configuration, implementation, and management.

48 (7) Data center locations, operations, and management.

49 (8) Network topology, operations, and management.

50 (9) System and data security, including disaster recovery planning.

51 (10) Reporting requirements.

1 (11) Any future transfers of information technology personnel, operations,
2 projects, assets, and information technology budgets to the Department of
3 Information Technology.

4 **SECTION 38.4.(b)** This section expires on June 30, 2025.
5

6 **CYBERSECURITY PILOT PROGRAM**

7 **SECTION 38.5.** The Information Technology Innovation Center shall, in connection
8 with the cybersecurity pilot program authorized in Section 5 of S.L. 2020-81, reopen the proposal
9 period for the pilot program and shall select additional vendors for the pilot program. The final
10 selection of additional vendors shall be complete no later than December 31, 2023. On or before
11 January 31, 2024, the Information Technology Innovation Center shall submit a report to the
12 Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
13 Division on the proposal process and the selection of participating vendors for the cybersecurity
14 pilot program.
15

16 **AUTHORIZED INFORMATION TECHNOLOGY FUND EXPENDITURES**

17 **SECTION 38.6.** Unless a change is approved by the State Chief Information Officer
18 after consultation with the Office of State Budget and Management, funds appropriated to the
19 Information Technology Fund shall be spent only as specified in this act. Changes shall not result
20 in any degradation to the information technology operations or projects listed in this act for which
21 the funds were originally appropriated. Any changes to the specified uses shall be reported in
22 writing to the chairs of the Joint Legislative Oversight Committee on Information Technology,
23 the chair and cochair of the House Appropriations Committee on Information Technology, and
24 the Fiscal Research Division.
25

26 **CAB ELIGIBILITY EXPANSION**

27 **SECTION 38.7.** G.S. 143B-1373.1(a)(3) reads as rewritten:

28 "(3) Eligible area. – An area that is unserved or underserved in a county. With the
29 exception of funds expended under this section, or under Section 38.4 or
30 Section 38.5 of S.L. 2021-180, a county that (i) is a development tier three
31 area, as provided in the annual ranking performed by the Department of
32 Commerce pursuant to G.S. 143B-437.08 for the 2023 calendar year and (ii)
33 has utilized federal funding for broadband infrastructure projects on or after
34 May 1, 2021, is not eligible."
35

36 **BROADBAND CHANGES**

37 **SECTION 38.8.(a)** Section 38.5 of S.L. 2021-180, as amended by Section 10.1 of
38 S.L. 2021-189 and Section 16.1(b) of S.L. 2022-6, reads as rewritten:

39 **"SECTION 38.5.** The Department of Information Technology shall use the funds
40 appropriated in this act for Stoppgap Solutions–Federal Broadband Funds to provide grants to
41 internet service providers, local government entities, and nonprofits for the provision and
42 installation of infrastructure, as that term is defined in G.S. 143B-1373(a), that will expand the
43 provision of broadband service to unserved and underserved ~~households~~ households, businesses,
44 State facilities, and community anchor institutions in this State. The Department shall ensure that
45 grant funds are awarded and utilized in compliance with applicable federal guidelines. No more
46 than five percent (5%) of the funds described in this section may be granted for broadband
47 projects located in any single county."

48 **SECTION 38.8.(b)** Section 38.4(b) of S.L. 2021-180, as amended by Section 6(a)
49 of S.L. 2022-69, reads as rewritten:

50 **"SECTION 38.4.(b)** The Department of Information Technology shall incorporate the intent
51 of the General Assembly as described in subsection (a) of this section in any proposal or

1 application for funding under the federal Infrastructure Investment and Jobs Act (P.L. 117-58)
2 for grants in the Broadband Equity, Access, and Deployment Program (B.E.A.D.) and the
3 Enabling Middle Mile Broadband Infrastructure Program. Of the initial federal B.E.A.D. funds
4 received under the federal Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband
5 programs, the Department of Information Technology may utilize (i) up to ~~three one percent (3%)~~
6 (1%) of initial B.E.A.D. grant funds for planning ~~purposes and purposes,~~ (ii) up to ~~two one and~~
7 one-half percent (2%) ~~(1.5%)~~ of initial B.E.A.D. grant funds for administrative purposes, and
8 (iii) any Digital Equity planning funds, up to the actual amount of federal funds received, and
9 these funds are hereby appropriated for those purposes. All other funds received under the federal
10 Infrastructure Investment and Jobs Act shall remain unexpended until appropriated by an act of
11 the General Assembly."

12 **SECTION 38.8.(c)** G.S. 143B-1337 reads as rewritten:

13 **"§ 143B-1337. Information Technology Strategy Board.**

14 (a) Creation; Membership. – The Information Technology Strategy Board is created in
15 the Department of Information Technology. The Board consists of the following members:

- 16 (1) The State Chief Information Officer.
- 17 (2) The State Budget Officer.
- 18 (3) The President of The University of North Carolina.
- 19 (4) The President of the North Carolina Community College System.
- 20 (5) The Secretary of Administration.
- 21 (6) Two citizens of this State with a background in and familiarity with business
22 system technology, information systems, or telecommunications appointed by
23 the Governor.
- 24 (7) Two citizens of this State with a background in and familiarity with business
25 system technology, information systems, or telecommunications appointed by
26 the General Assembly upon the recommendation of the President Pro
27 Tempore of the Senate in accordance with G.S. 120-121.
- 28 (8) Two citizens of this State with a background in and familiarity with business
29 system technology, information systems, or telecommunications appointed by
30 the General Assembly upon the recommendation of the Speaker of the House
31 of Representatives in accordance with G.S. 120-121.
- 32 (9) The State Auditor, who shall serve as a nonvoting member.

33 Members of the Board appointed by the Governor shall serve terms of four years with the
34 initial term expiring January 1, 2021. Members of the Board appointed by the General Assembly
35 shall serve terms of two years with the initial term expiring January 1, 2021. Members of the
36 Board shall not be employed by or serve on the board of directors or other corporate governing
37 body of any vendor providing information systems, computer hardware, computer software, or
38 telecommunications goods or services to the State. ~~The State CIO shall serve as the chair of the~~
39 ~~Board.~~ The chair of the Board shall be elected by majority vote of its members to serve a one-year
40 term. Neither the State CIO nor an employee of the Department may be elected to serve as chair.
41 Vacancies in appointments made by the General Assembly shall be filled in accordance with
42 G.S. 120-122. Members of the Board who are employees of State agencies or institutions shall
43 receive subsistence and travel allowances authorized by G.S. 138-6. A majority of the Board
44 constitutes a quorum for the transaction of business. The Department of Information Technology
45 shall provide all clerical and other services required by the Board.

46 (b) Board Powers and Duties. – The Board shall have the following powers and duties:

- 47 (1) To advise the State CIO on policies and procedures to develop, review, and
48 update the State Information Technology Plan.
- 49 (2) To establish necessary committees to identify and share industry best practices
50 and new development and to identify existing State information technology
51 problems and deficiencies.

- 1 (3) To establish guidelines regarding the review of project planning and
2 management, information sharing, and administrative and technical review
3 procedures involving State-owned or State-supported technology and
4 infrastructure.
- 5 (4) To establish ad hoc technical advisory groups to study and make
6 recommendations on specific topics, including work groups to establish,
7 coordinate, and prioritize needs.
- 8 (5) To assist the State CIO in recommending to the Governor and the General
9 Assembly a prioritized list of enterprise initiatives for which new or additional
10 funding is needed.
- 11 (6) To recommend business system technology projects to the Department and
12 the General Assembly that meet the following criteria:
- 13 a. A defined start and end point.
14 b. Specific objectives that signify completion.
15 c. Designed to implement or deliver a unique product, system, or service
16 pertaining to business system technology.
- 17 (7) To develop and maintain a five-year prioritization plan for future business
18 system technology projects.
- 19 (c) Meetings. – The Board shall adopt bylaws containing rules governing its meeting
20 procedures. The Board shall meet at least quarterly.
- 21 (d) Reports. – The Board shall submit a report on projects that have been recommended,
22 the status of those projects, and the most recent version of its five-year prioritization plan to the
23 Joint Legislative Oversight Committee on Information Technology and the Fiscal Research
24 Division on or before January 1 of each year.
- 25 (e) Limitations. – Nothing in this section shall be deemed to extend the powers and duties
26 of the Board to the areas of broadband mapping, broadband services, or any of the broadband
27 deployment programs set forth in this Article or otherwise established under State law or
28 administered by the Department."

29 **SECTION 38.8.(d)** The Department of Information Technology shall develop and
30 establish a formal challenge process that conforms with published regulations and guidelines
31 under the federal Broadband Equity, Access, and Deployment Program (B.E.A.D.) under the
32 Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband programs. In establishing
33 the challenge process, the Department shall solicit input from stakeholders and shall consider the
34 adaptability of the challenge process to fit existing State broadband grant programs and
35 anticipated requirements related to federal programs. The Department shall submit a report
36 outlining the formal challenge process along with any legislative recommendations to the Joint
37 Legislative Oversight Committee on Information Technology and the Fiscal Research Division
38 on or before December 1, 2023.

39 **PART XXXIX. SALARIES AND BENEFITS**

40 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 41 **INCREASES/EFFECTIVE JULY 1, 2023, AND JULY 1, 2024**

42 **SECTION 39.1.(a)** Effective July 1, 2023, except as provided by subsection (b) of
43 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
44 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
45 position on June 30, 2023, is awarded:

- 46 (1) A legislative salary increase in the amount of four percent (4%) of annual
47 salary in the 2023-2024 fiscal year.
48 (2) Any salary adjustment otherwise allowed or provided by law.
49
50

1 **SECTION 39.1.(a1)** Effective July 1, 2024, except as provided by subsection (b) of
2 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human
3 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded
4 position on June 30, 2024, is awarded:

- 5 (1) A legislative salary increase in the amount of three percent (3%) of annual
6 salary in the 2024-2025 fiscal year.
- 7 (2) Any salary adjustment otherwise allowed or provided by law.

8 **SECTION 39.1.(b)** For the 2023-2025 fiscal biennium, the following persons are
9 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this
10 section:

- 11 (1) Employees of local boards of education.
- 12 (2) Local community college employees.
- 13 (3) Employees of The University of North Carolina.
- 14 (4) Clerks of superior court compensated under G.S. 7A-101.
- 15 (5) Officers and employees to which Section 39.15 or Section 39.18 of this Part
16 apply.
- 17 (6) Employees of the State Bureau of Investigation and Alcohol Law
18 Enforcement compensated under Section 39.16 of this Part.
- 19 (7) Employees of the State Highway Patrol compensated under Section 39.17 of
20 this Part.
- 21 (8) Employees of schools operated by the Department of Health and Human
22 Services, the Department of Public Safety, and the State Board of Education
23 who are paid based on the Teacher Salary Schedule.

24 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by
25 this section on a prorated and equitable basis.

26 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from
27 receiving the full salary increases provided in this section solely because the employee's salary
28 after applying the legislative increase is above the maximum of the salary range prescribed by
29 the State Human Resources Commission.

30 31 **LABOR MARKET ADJUSTMENT RESERVE**

32 **SECTION 39.2.(a)** Of the Labor Market Adjustment Salary Reserve funds
33 appropriated in this act, agencies shall award salary adjustments to identified employees pursuant
34 to the following requirements:

- 35 (1) Any increase provided to an employee shall not exceed the greater of fifteen
36 thousand dollars (\$15,000) or fifteen percent (15%) of their current base
37 salary.
- 38 (2) Any increase provided to an employee may not result in the employee's salary
39 exceeding the maximum salary of the salary range associated with the
40 position.
- 41 (3) No more than twenty-five percent (25%) of the agency's permanent employees
42 may receive a salary increase from the funds appropriated for this purpose.
- 43 (4) Funds may not be awarded to employees in positions with salaries set in law
44 or paid based on an experience-based salary schedule that is eligible to receive
45 funding from the Pay Plan Reserve.
- 46 (5) Funds must be used to increase salaries paid to employees and shall not be
47 used to supplant other funding sources or for any other purpose.

48 **SECTION 39.2.(b)** The provisions of subsection (a) of this section do not apply to
49 the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made
50 to those agencies for labor market adjustments.

1 **SECTION 39.2.(c)** The Director of the Budget may adjust a State agency's budgeted
 2 receipts to provide an equivalent one and one-half percent (1.5%) Labor Market Adjustment
 3 Salary Reserve for the 2023-2025 fiscal biennium subject to the requirements in subsection (a)
 4 of this section, provided that sufficient receipts are available. Agency receipts needed to
 5 implement this section are appropriated for the 2023-2024 fiscal year and the 2024-2025 fiscal
 6 year.

7 **SECTION 39.2.(d)** The Office of State Human Resources (OSHR) shall compile a
 8 single report detailing how these funds were distributed by each agency. The OSHR shall develop
 9 a uniform reporting mechanism for agencies that display the salary increases made for each
 10 position classification, the average increase provided to employees in each position classification,
 11 and the market-based justification for the awarded salary increases. Agencies receiving Labor
 12 Market Adjustment Salary Reserve appropriations shall report to the OSHR by December 15,
 13 2023. By January 15, 2024, the OSHR shall submit the report containing the agency responses
 14 to the Fiscal Research Division.

15
 16 **STATE AGENCY HIRING, PAY, AND CLASSIFICATION FLEXIBILITY PILOT**
 17 **DURING 2023-2025 BIENNIUM**

18 **SECTION 39.3.(a)** Effective for the 2023-2025 fiscal biennium, and
 19 notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the Council
 20 of State, the executive branch agencies, the Community College System Office, and The
 21 University of North Carolina are each authorized to do the following:

- 22 (1) Allow an individual the option of having the individual's application
 23 considered for future job postings at the same agency and at other agencies if
 24 the individual has been identified as a qualified applicant within the same or
 25 comparable classification.
- 26 (2) Classify or reclassify their positions according to the classification system
 27 established by the State Human Resources Commission (SHRC) as long as
 28 the employee meets the minimum requirements of the classification.
- 29 (3) Set salaries for their employees within the salary ranges for the respective
 30 position classification established by the SHRC.

31 **SECTION 39.3.(b)** Effective for the 2023-2025 fiscal biennium, and
 32 notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the State
 33 Human Resources Commission shall authorize agencies to make job offers as soon as possible
 34 after the completion of the interviews for a position. This pilot shall include, without limitation,
 35 authorizing agencies to make job offers that are contingent upon satisfactory reference checks
 36 and, if required, satisfactory background checks.

37
 38 **GOVERNOR AND COUNCIL OF STATE**

39 **SECTION 39.4.(a)** Effective July 1, 2023, G.S. 147-11(a) reads as rewritten:

40 "(a) The salary of the Governor shall be ~~one hundred sixty five thousand seven hundred~~
 41 ~~forty dollars (\$165,750)~~ one hundred ninety-eight thousand one hundred twenty dollars
 42 (\$198,120) annually, payable monthly."

43 **SECTION 39.4.(a1)** Effective July 1, 2024, G.S. 147-11(a), as amended by
 44 subsection (a) of this section, reads as rewritten:

45 "(a) The salary of the Governor shall be ~~one hundred ninety eight thousand one hundred~~
 46 ~~twenty dollars (\$198,120)~~ two hundred three thousand seventy-three dollars (\$203,073) annually,
 47 payable monthly."

48 **SECTION 39.4.(b)** Effective July 1, 2023, the annual salaries for members of the
 49 Council of State, payable monthly, are set as follows:

Council of State	Annual Salary
Lieutenant Governor	\$157,403

1	Attorney General	157,403
2	Secretary of State	157,403
3	State Treasurer	157,403
4	State Auditor	157,403
5	Superintendent of Public Instruction	157,403
6	Agriculture Commissioner	157,403
7	Insurance Commissioner	157,403
8	Labor Commissioner	157,403

9 **SECTION 39.4.(b1)** Effective July 1, 2024, the annual salaries for members of the
10 Council of State, payable monthly, are set as follows:

11	Council of State	Annual Salary
12	Lieutenant Governor	\$168,384
13	Attorney General	168,384
14	Secretary of State	168,384
15	State Treasurer	168,384
16	State Auditor	168,384
17	Superintendent of Public Instruction	168,384
18	Agriculture Commissioner	168,384
19	Insurance Commissioner	168,384
20	Labor Commissioner	168,384

21

22 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

23 **SECTION 39.5.(a)** Effective July 1, 2023, the annual salaries, payable monthly, for
24 the following executive branch officials for the 2023-2024 fiscal year are as follows:

25	Executive Branch Officials	Annual Salary
26	Chairman, Alcoholic Beverage	
27	Control Commission	\$136,742
28	State Controller	190,407
29	Commissioner of Banks	153,472
30	Chair, Board of Review, Division	
31	of Employment Security	150,539
32	Members, Board of Review, Division	
33	of Employment Security	148,699
34	Chairman, Parole Commission	150,539
35	Full-time Members of the Parole Commission	139,188
36	Chairman, Utilities Commission	170,646
37	Members of the Utilities Commission	153,472
38	Executive Director, North Carolina	
39	Agricultural Finance Authority	133,166
40	State Fire Marshal	135,000

41 **SECTION 39.5.(b)** Effective July 1, 2024, the annual salaries, payable monthly, for
42 the following executive branch officials for the 2024-2025 fiscal year are as follows:

43	Executive Branch Officials	Annual Salary
44	Chairman, Alcoholic Beverage	
45	Control Commission	\$140,844
46	State Controller	196,119
47	Commissioner of Banks	158,076
48	Chair, Board of Review, Division	
49	of Employment Security	155,055
50	Members, Board of Review, Division	
51	of Employment Security	153,160

1	Chairman, Parole Commission	155,055
2	Full-time Members of the Parole Commission	143,364
3	Chairman, Utilities Commission	175,765
4	Members of the Utilities Commission	158,076
5	Executive Director, North Carolina	
6	Agricultural Finance Authority	137,161
7	State Fire Marshal	139,050

8

9 **JUDICIAL BRANCH**

10 **SECTION 39.6.(a)** Effective July 1, 2023, the annual salaries, payable monthly, for
 11 the following judicial branch officials for the 2023-2024 fiscal year are as follows:

12	Judicial Branch Officials	Annual Salary
13	Chief Justice, Supreme Court	\$198,120
14	Associate Justice, Supreme Court	192,978
15	Chief Judge, Court of Appeals	189,926
16	Judge, Court of Appeals	184,996
17	Judge, Senior Regular Resident Superior Court	170,000
18	Judge, Superior Court	165,000
19	Chief Judge, District Court	163,462
20	Judge, District Court	158,654
21	Chief Administrative Law Judge	140,520
22	District Attorney	166,731
23	Assistant Administrative Officer of the Courts	147,393
24	Public Defender	166,731
25	Director of Indigent Defense Services	157,751

26 **SECTION 39.6.(a1)** Effective July 1, 2024, the annual salaries, payable monthly,
 27 for the following judicial branch officials for the 2024-2025 fiscal year are as follows:

28	Judicial Branch Officials	Annual Salary
29	Chief Justice, Supreme Court	\$203,073
30	Associate Justice, Supreme Court	197,802
31	Chief Judge, Court of Appeals	194,674
32	Judge, Court of Appeals	189,621
33	Judge, Senior Regular Resident Superior Court	174,250
34	Judge, Superior Court	169,125
35	Chief Judge, District Court	167,548
36	Judge, District Court	162,620
37	Chief Administrative Law Judge	144,736
38	District Attorney	171,733
39	Assistant Administrative Officer of the Courts	151,815
40	Public Defender	171,733
41	Director of Indigent Defense Services	162,484

42 **SECTION 39.6.(b)** The district attorney of a judicial district, with the approval of
 43 the Administrative Officer of the Courts, and the public defender of a judicial district, with the
 44 approval of the Commission on Indigent Defense Services, shall set the salaries of assistant
 45 district attorneys and assistant public defenders in that district such that the average salary of
 46 those assistants in that district, for the 2023-2024 fiscal year, does not exceed ninety-seven
 47 thousand four hundred three dollars (\$97,403) and the minimum salary of any assistant is at least
 48 fifty-two thousand two hundred seventy-eight dollars (\$52,278), effective July 1, 2023.

49 **SECTION 39.6.(b1)** The district attorney of a judicial district, with the approval of
 50 the Administrative Officer of the Courts, and the public defender of a judicial district, with the
 51 approval of the Commission on Indigent Defense Services, shall set the salaries of assistant

1 district attorneys and assistant public defenders in that district such that the average salary of
 2 those assistants in that district, for the 2024-2025 fiscal year, does not exceed one hundred one
 3 thousand two hundred ninety-nine dollars (\$101,299) and the minimum salary of any assistant is
 4 at least fifty-four thousand three hundred sixty-nine dollars (\$54,369), effective July 1, 2024.

5
 6 **CLERKS OF SUPERIOR COURT**

7 **SECTION 39.7.(a)** Effective July 1, 2023, G.S. 7A-101(a) reads as rewritten:

8 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
 9 annual salary, payable in equal monthly installments, based on the number of State-funded
 10 assistant and deputy clerks of court as determined by the Administrative Office of Court's
 11 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$104,300 <u>\$108,472</u>
20-29	115,280 <u>119,891</u>
30-49	126,259 <u>131,309</u>
50-99	137,238 <u>142,728</u>
100 and above	139,983 <u>145,582</u>

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 18 If the number of State-funded assistant and deputy clerks of court as determined by the
 19 Administrative Office of Court's workload formula changes, the salary of the clerk shall be
 20 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 21 for that new number, except that the salary of an incumbent clerk shall not be decreased by any
 22 change in that number during the clerk's continuance in office."

23 **SECTION 39.7.(a1)** Effective July 1, 2024, G.S. 7A-101(a), as amended by
 24 subsection (a) of this section, reads as rewritten:

25 "(a) The clerk of superior court is a full-time employee of the State and shall receive an
 26 annual salary, payable in equal monthly installments, based on the number of State-funded
 27 assistant and deputy clerks of court as determined by the Administrative Office of Court's
 28 workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	\$108,472 <u>\$111,726</u>
20-29	119,891 <u>123,488</u>
30-49	131,309 <u>135,248</u>
50-99	142,728 <u>147,010</u>
100 and above	145,582 <u>149,949</u>

29
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 35 If the number of State-funded assistant and deputy clerks of court as determined by the
 36 Administrative Office of Court's workload formula changes, the salary of the clerk shall be
 37 changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate
 38 for that new number, except that the salary of an incumbent clerk shall not be decreased by any
 39 change in that number during the clerk's continuance in office."
 40

41 **ASSISTANT AND DEPUTY CLERKS OF COURT**

42 **SECTION 39.8.(a)** Effective July 1, 2023, G.S. 7A-102(c1) reads as rewritten:

43 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
 44 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
 45 following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$37,254 <u>\$39,303</u>
Maximum	68,828 <u>72,614</u>

Deputy Clerks	Annual Salary
---------------	---------------

1	Minimum	\$33,419\$35,257
2	Maximum	54,056 <u>57,029</u> "

3
4 **SECTION 39.8.(a1)** Effective July 1, 2024, G.S. 7A-102(c1), as amended by
5 subsection (a) of this section, reads as rewritten:

6 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy
7 clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the
8 following minimum and maximum rates:

10	Assistant Clerks and Head Bookkeeper	Annual Salary
11	Minimum	\$39,303\$40,482
12	Maximum	72,614 <u>74,792</u>
13		
14	Deputy Clerks	Annual Salary
15	Minimum	\$35,257\$36,315
16	Maximum	57,029 <u>58,740</u> "

17
18 **MAGISTRATES**

19 **SECTION 39.9.(a)** Effective July 1, 2023, G.S. 7A-171.1(a)(1) reads as rewritten:

20 "(a) The Administrative Officer of the Courts, after consultation with the chief district
21 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 22 (1) A full-time magistrate shall be paid the annual salary indicated in the table set
23 out in this subdivision. A full-time magistrate is a magistrate who is assigned
24 to work an average of not less than 40 hours a week during the term of office.
25 The Administrative Officer of the Courts shall designate whether a magistrate
26 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
27 shall increase to the next step every two years on the anniversary of the date
28 the magistrate was originally appointed for increases to Steps 1 through 3, and
29 every four years on the anniversary of the date the magistrate was originally
30 appointed for increases to Steps 4 through 6:

31 Table of Salaries of Full-Time Magistrates

32	Step Level	Annual Salary
33	Entry Rate	\$43,462\$45,852
34	Step 1	\$46,670\$49,237
35	Step 2	\$50,131\$52,888
36	Step 3	\$53,795\$56,754
37	Step 4	\$58,186\$61,386
38	Step 5	\$63,473\$66,964
39	Step 6	\$69,401.\$73,218."

40 **SECTION 39.9.(a1)** Effective July 1, 2024, G.S. 7A-171.1(a)(1), as amended by
41 subsection (a) of this section, reads as rewritten:

42 "(a) The Administrative Officer of the Courts, after consultation with the chief district
43 judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

- 44 (1) A full-time magistrate shall be paid the annual salary indicated in the table set
45 out in this subdivision. A full-time magistrate is a magistrate who is assigned
46 to work an average of not less than 40 hours a week during the term of office.
47 The Administrative Officer of the Courts shall designate whether a magistrate
48 is full-time. Initial appointment shall be at the entry rate. A magistrate's salary
49 shall increase to the next step every two years on the anniversary of the date
50 the magistrate was originally appointed for increases to Steps 1 through 3, and

1 every four years on the anniversary of the date the magistrate was originally
 2 appointed for increases to Steps 4 through 6:
 3 Table of Salaries of Full-Time Magistrates

4 Step Level	Annual Salary
5 Entry Rate	\$45,852\$47,228
6 Step 1	\$49,237\$50,714
7 Step 2	\$52,888\$54,475
8 Step 3	\$56,754\$58,457
9 Step 4	\$61,386\$63,228
10 Step 5	\$66,964\$68,973
11 Step 6	\$73,218.\$75,415."

12
 13 **LEGISLATIVE EMPLOYEES**

14 **SECTION 39.10.(a)** Effective July 1, 2023, the annual salaries of the Legislative
 15 Services Officer and of nonelected employees of the General Assembly in effect on June 30,
 16 2023, shall be legislatively increased by four percent (4%).

17 **SECTION 39.10.(a1)** Effective July 1, 2024, the annual salaries of the Legislative
 18 Services Officer and of nonelected employees of the General Assembly in effect on June 30,
 19 2024, shall be legislatively increased by three percent (3%).

20 **SECTION 39.10.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

21
 22 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

23 **SECTION 39.11.(a)** Effective July 1, 2023, G.S. 120-37(c) reads as rewritten:

24 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
 25 to other benefits available to permanent legislative employees and shall be paid an annual salary
 26 of ~~one hundred twenty five thousand thirty four dollars (\$125,034)~~, one hundred thirty thousand
 27 thirty-five dollars (\$130,035), payable monthly. Each principal clerk shall also receive such
 28 additional compensation as approved by the Speaker of the House of Representatives or the
 29 President Pro Tempore of the Senate, respectively, for additional employment duties beyond
 30 those provided by the rules of their House. The Legislative Services Commission shall review
 31 the salary of the principal clerks prior to submission of the proposed operating budget of the
 32 General Assembly to the Governor and shall make appropriate recommendations for changes in
 33 those salaries. Any changes enacted by the General Assembly shall be by amendment to this
 34 paragraph."

35 **SECTION 39.11.(b)** Effective July 1, 2024, G.S. 120-37(c), as amended by
 36 subsection (a) of this section, reads as rewritten:

37 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled
 38 to other benefits available to permanent legislative employees and shall be paid an annual salary
 39 of ~~one hundred thirty thousand thirty five dollars (\$130,035)~~, one hundred thirty-three thousand
 40 nine hundred thirty-six dollars (\$133,936), payable monthly. Each principal clerk shall also
 41 receive such additional compensation as approved by the Speaker of the House of
 42 Representatives or the President Pro Tempore of the Senate, respectively, for additional
 43 employment duties beyond those provided by the rules of their House. The Legislative Services
 44 Commission shall review the salary of the principal clerks prior to submission of the proposed
 45 operating budget of the General Assembly to the Governor and shall make appropriate
 46 recommendations for changes in those salaries. Any changes enacted by the General Assembly
 47 shall be by amendment to this paragraph."

48
 49 **SERGEANTS-AT-ARMS/READING CLERKS**

50 **SECTION 39.12.(a)** Effective July 1, 2023, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four hundred ninety-three dollars (\$493.00)~~ five hundred thirteen dollars (\$513.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 39.12.(b) Effective July 1, 2024, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred thirteen dollars (\$513.00)~~ five hundred twenty-eight dollars (\$528.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 39.13.(a) Community college personnel shall receive the following legislative salary increases:

- (1) Effective July 1, 2023, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of four percent (4%).
- (2) Effective July 1, 2024, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of three percent (3%).

SECTION 39.13.(b) Effective July 1, 2023, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2023-2024 fiscal year are as follows:

Education Level	Minimum Salary 2023-2024
Vocational Diploma/Certificate or Less	\$41,864
Associate Degree or Equivalent	42,447
Bachelor's Degree	44,972
Master's Degree or Education Specialist	47,213
Doctoral Degree	50,443

SECTION 39.13.(b1) Effective July 1, 2024, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2024-2025 fiscal year are as follows:

Education Level	Minimum Salary 2024-2025
Vocational Diploma/Certificate or Less	\$43,120
Associate Degree or Equivalent	43,720
Bachelor's Degree	46,321
Master's Degree or Education Specialist	48,629
Doctoral Degree	51,956

SECTION 39.13.(c) No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.14. The University of North Carolina shall receive the following legislative salary increases:

- (1) Effective July 1, 2023, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of four percent (4%).
- (2) Effective July 1, 2024, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of three percent (3%).

CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY SCHEDULE

SECTION 39.15.(a) State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

SECTION 39.15.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.
- (2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

SECTION 39.15.(b) The following annual salary schedule applies under subsections (a) and (a1) of this section for the 2023-2025 fiscal biennium, effective for each year on July 1, 2023, and July 1, 2024, respectively:

Experience	FY 2023-24			FY 2024-25		
	COI	COII	COIII	COI	COII	COIII
0	\$36,525	\$37,727	\$40,348	\$37,621	\$38,859	\$41,558
1	\$39,081	\$40,367	\$43,173	\$40,253	\$41,578	\$44,468
2	\$41,427	\$42,790	\$45,764	\$42,670	\$44,074	\$47,137
3	\$43,498	\$44,929	\$48,052	\$44,803	\$46,277	\$49,494
4	\$45,237	\$46,726	\$49,974	\$46,594	\$48,128	\$51,473
5	\$46,595	\$48,127	\$51,473	\$47,993	\$49,571	\$53,017
6+	\$47,527	\$49,090	\$52,503	\$48,953	\$50,563	\$54,078

SECTION 39.15.(c) If an employee will not receive a salary increase during a fiscal year because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part for that fiscal year.

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES

SECTION 39.16.(a) Law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary

1 schedule and shall be compensated based on the officer's respective work experience pursuant to
 2 the salary schedule in subsection (b) of this section.

3 **SECTION 39.16.(b)** The following annual salary schedule applies under subsection
 4 (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for
 5 each respective fiscal year:

6 Years of Experience	FY 2023-24	FY 2024-25
7 0	53,477	53,477
8 1	56,954	56,954
9 2	60,656	60,656
10 3	64,599	64,599
11 4	68,798	68,798
12 5	73,270	73,270
13 6+	78,033	78,033

14 **SECTION 39.16.(c)** For the 2023-2025 fiscal biennium:

- 15 (1) Employees of the State Bureau of Investigation employed in positions within
 16 salary grades SW 05-10 who are not compensated pursuant to subsections (a)
 17 and (b) of this section shall receive a salary increase in the amount of eight
 18 percent (8%) in the 2023-2024 fiscal year, effective July 1, 2023.
- 19 (2) Employees of the State Bureau of Investigation employed in positions within
 20 salary grades SW 11-12 who are not compensated pursuant to subsections (a)
 21 and (b) of this section shall receive a salary increase in the amount of seven
 22 percent (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

23 **SECTION 39.16.(d)** For the 2023-2025 fiscal biennium:

- 24 (1) Employees of Alcohol Law Enforcement employed in positions within salary
 25 grades SW 05-09 who are not compensated pursuant to subsections (a) and
 26 (b) of this section shall receive a salary increase in the amount of eight percent
 27 (8%) in the 2023-2024 fiscal year, effective July 1, 2023.
- 28 (2) Employees of Alcohol Law Enforcement employed in positions within salary
 29 grades SW 10-12 who are not compensated pursuant to subsections (a) and
 30 (b) of this section shall receive a salary increase in the amount of seven percent
 31 (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

32
 33 **STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE**

34 **SECTION 39.17.(a)** Law enforcement officers of the State Highway Patrol
 35 compensated pursuant to an experience-based salary schedule shall be compensated based on the
 36 officer's respective work experience pursuant to the salary schedule in subsection (b) of this
 37 section.

38 **SECTION 39.17.(b)** The following annual salary schedule applies under subsection
 39 (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for
 40 each respective fiscal year:

42 Years of Experience	FY 2023-24	FY 2024-25
43 0	55,000	55,000
44 1	58,575	58,575
45 2	62,382	62,382
46 3	66,437	66,437
47 4	70,755	70,755
48 5	75,354	75,354
49 6+	80,252	80,252

50 **SECTION 39.17.(c)** For the 2023-2025 fiscal biennium, employees of the State
 51 Highway Patrol employed in positions within salary grades HP01 through HP05 who are not

1 compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in
 2 the amount of eleven percent (11%) in the 2023-2024 fiscal year, effective July 1, 2023.

3 **SECTION 39.17.(d)** For the 2023-2025 fiscal biennium, employees of the State
 4 Highway Patrol employed in positions within salary grades HP06 through HP011 who are not
 5 compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in
 6 the amount of seven percent (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

7
 8 **PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS –**
 9 **SALARY SCHEDULE**

10 **SECTION 39.18.(a)** Probation and parole officers shall be compensated pursuant to
 11 the experience-based salary schedule based on the officer's respective work experience, as
 12 established in subsection (b) of this section.

13 **SECTION 39.18.(a1)** State employees serving in the Department of Public Safety,
 14 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be
 15 compensated under the probation and parole officer salary schedule.

16 **SECTION 39.18.(b)** The following annual salary schedule applies under subsections
 17 (a) and (a1) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1,
 18 2024, for each respective fiscal year:

20 Years of Experience	21 FY 2023-24	22 FY 2024-25
23 0	44,099	45,422
24 1	46,965	48,374
25 2	50,019	51,520
26 3	53,270	54,868
27 4	56,733	58,435
28 5	60,420	62,233
29 6+	64,348	66,278

30 **SECTION 39.18.(c)** If an employee will not receive a salary increase during a fiscal
 31 year because the employee's salary exceeds the scheduled salary level, then the employee shall
 32 receive an annual salary increase equal to the amount of the across-the-board legislative salary
 33 increase authorized in this Part for that fiscal year.

34 **PAY PLAN RESERVE**

35 **SECTION 39.19.** G.S. 143C-4-9(a) reads as rewritten:

36 "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General
 37 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other
 38 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to
 39 fund statutory and scheduled pay expenses authorized by:

- 40 (1) G.S. 20-187.3, and the Act, for troopers of the State Highway Patrol
 41 compensated pursuant to an experience-based salary schedule.
- 42 (2) G.S. 7A-102.
- 43 (3) G.S. 7A-171.1.
- 44 (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 45 (5) Pay Plans for Principals and Assistant Principals, as enacted by the General
 46 Assembly.
- 47 (6) The Act, for law enforcement officers of the State Bureau of Investigation and
 48 Alcohol Law Enforcement.
- 49 (7) The Act, for correctional officers and other employees compensated pursuant
 50 to the Correctional Officer Salary Schedule.
- 51 (8) The Act, for probation and parole officers and other employees compensated
 pursuant to the Probation and Parole Officer Salary Schedule."

STATE AGENCY TEACHERS

SECTION 39.20. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 39.21. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2023, and June 30, 2024, shall be legislatively increased as provided by this act:

- (1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
- (2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
- (3) Permanent, part-time State employees.
- (4) Temporary and permanent hourly State employees.

ALL STATE SUPPORTED PERSONNEL

SECTION 39.22.(a) The legislative salary increases authorized by this act:

- (1) For the 2023-2024 fiscal year, shall be paid effective on July 1, 2023, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2023.
- (2) For the 2024-2025 fiscal year, shall be paid effective on July 1, 2024, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2024.

SECTION 39.22.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act. The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1 of the applicable fiscal year.

SECTION 39.22.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

OTHER SALARY ADJUSTMENTS/UNC & COMMUNITY COLLEGE NURSING FACULTY

SECTION 39.23. Of the funds appropriated in this act, effective July 1, 2023, the annual salaries of nursing faculty positions at The University of North Carolina and in the North Carolina Community College System shall be increased such that:

- (1) The starting pay of nursing faculty positions shall be increased by at least ten percent (10%).
- (2) No nursing faculty member's annual salary shall be increased by more than fifteen percent (15%).

MITIGATE BONUS LEAVE

1 **SECTION 39.24.** During the 2023-2025 fiscal biennium, State agencies,
2 departments, institutions, the North Carolina Community College System, and The University of
3 North Carolina may offer State employees the opportunity to use or to cash in special bonus leave
4 benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L.
5 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if
6 all of the following requirements are met:

- 7 (1) Employee participation in the program must be voluntary.
- 8 (2) Special leave that is liquidated for cash payment to an employee must be
9 valued at the amount based on the employee's current annual salary rate.
- 10 (3) By March 1, 2025, a report on the position characteristics of employees
11 participating in the program shall be submitted to the respective agency head
12 or employing agency and to the Fiscal Research Division.

13 14 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

15 **SECTION 39.25.(a)** The Office of State Budget and Management shall ensure that
16 the appropriations made by this act for legislatively mandated salary increases and employee
17 benefits are used only for those purposes.

18 **SECTION 39.25.(b)** If the Director of the Budget determines that funds appropriated
19 to a State agency for legislatively mandated salary increases and employee benefits exceed the
20 amount required by that agency for those purposes, the Director may reallocate those funds to
21 other State agencies that received insufficient funds for legislatively mandated salary increases
22 and employee benefits.

23 **SECTION 39.25.(c)** Funds appropriated for legislatively mandated salary and
24 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,
25 to provide salary increases in excess of those required by the General Assembly, or to increase
26 the budgeted salary of filled positions to the minimum of the position's respective salary range.

27 **SECTION 39.25.(d)** Any funds appropriated for legislatively mandated salary and
28 employee benefit increases in excess of the amounts required to implement the increases shall be
29 credited to the Pay Plan Reserve.

30 **SECTION 39.25.(e)** No later than May 1, 2024, for the 2023-2024 fiscal year, and
31 subsequently May 1, 2025, for the 2024-2025 fiscal year, the Office of State Budget and
32 Management shall report to the Joint Legislative Commission on Governmental Operations and
33 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary
34 increases and employee benefits. This report shall include at least the following information for
35 each State agency for each year of the 2023-2025 fiscal biennium:

- 36 (1) The total amount of funds that the agency received for legislatively mandated
37 salary increases and employee benefits.
- 38 (2) The total amount of funds transferred from the agency to other State agencies
39 pursuant to subsection (b) of this section. This section of the report shall
40 identify the amounts transferred to each recipient State agency.
- 41 (3) The total amount of funds used by the agency for legislatively mandated salary
42 increases and employee benefits.
- 43 (4) The amount of funds credited to the Pay Plan Reserve.

44 45 **SALARY-RELATED CONTRIBUTIONS**

46 **SECTION 39.26.(a)** Effective for the 2023-2025 fiscal biennium, required employer
47 salary-related contributions for employees whose salaries are paid from department, office,
48 institution, or agency receipts shall be paid from the same source as the source of the employee's
49 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in
50 part from department, office, institution, or agency receipts, required employer salary-related
51 contributions may be paid from the General Fund or Highway Fund only to the extent of the

1 proportionate part paid from the General Fund or Highway Fund in support of the salary of the
 2 employee, and the remainder of the employer's requirements shall be paid from the source that
 3 supplies the remainder of the employee's salary. The requirements of this section as to source of
 4 payment are also applicable to payments on behalf of the employee for hospital medical benefits,
 5 longevity pay, unemployment compensation, accumulated leave, workers' compensation,
 6 severance pay, separation allowances, and applicable disability income benefits.

7 **SECTION 39.26.(b)** Effective July 1, 2023, the State's employer contribution rates
 8 budgeted for retirement and related benefits as a percentage of covered salaries for the 2023-2024
 9 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 10 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 11 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 12 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
16 Retirement	17.64%	17.64%	6.84%	35.28%	20.65%
17 Disability	0.11%	0.11%	0.11%	0.00%	0.00%
18 Death	0.13%	0.13%	0.00%	0.00%	0.00%
19 Retiree Health	7.14%	7.14%	7.14%	7.14%	7.14%
20 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
21					
22 Total Contribution					
23 Rate	25.02%	30.02%	14.09%	42.42%	27.79%

24 The rate for teachers and State employees and State law enforcement officers includes
 25 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

26 **SECTION 39.26.(c)** Effective July 1, 2024, the State's employer contribution rates
 27 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025
 28 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the
 29 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated
 30 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth
 31 below:

	Teachers and State Employees	State LEOs	ORPs	CJRS	LRS
35 Retirement	16.79%	16.79%	6.84%	37.00%	22.00%
36 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
37 Death	0.13%	0.13%	0.00%	0.00%	0.00%
38 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
39 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
40					
41 Total Contribution					
42 Rate	24.04%	29.04%	13.96%	43.99%	28.99%

43 The rate for teachers and State employees and State law enforcement officers includes
 44 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

45 **SECTION 39.26.(d)** Effective July 1, 2023, the annual employer contributions for
 46 the 2023-2024 fiscal year, payable monthly, by the State to the North Carolina State Health Plan
 47 for Teachers and State Employees for each covered employee and retiree are as follows:

- 48 (1) For employees, a maximum of seven thousand five hundred fifty-seven dollars
 49 (\$7,557).
- 50 (2) For retirees, a recommended amount of five thousand five hundred
 51 twenty-five dollars (\$5,525).

1 **SECTION 39.26.(e)** Effective July 1, 2024, the annual employer contributions for
2 the 2024-2025 fiscal year, payable monthly, by the State to the North Carolina State Health Plan
3 for Teachers and State Employees for each covered employee and retiree are as follows:

- 4 (1) For employees, a maximum amount of eight thousand ninety-five dollars
5 (\$8,095).
6 (2) For retirees, a recommended amount of five thousand four hundred five
7 dollars (\$5,405).
8

9 **4% COST-OF-LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND**
10 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT**
11 **SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

12 **SECTION 39.27.(a)** G.S. 135-5 is amended by adding a new subsection to read:

13 "(zzz) On or before November 30, 2023, a one-time cost-of-living supplement payment shall
14 be made to or on account of beneficiaries who are living as of October 1, 2023, and whose
15 retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of
16 the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be
17 prorated for date of retirement commencement. If the beneficiary dies before the payment is
18 made, then the payment shall be payable to the member's legal representative. No beneficiary
19 shall be deemed to have acquired a vested right to any future supplemental payments."

20 **SECTION 39.27.(b)** G.S. 135-65 is amended by adding a new subsection to read:

21 "(kk) On or before November 30, 2023, a one-time cost-of-living supplement payment shall
22 be made to or on account of beneficiaries who are living as of October 1, 2023, and whose
23 retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of
24 the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be
25 prorated for date of retirement commencement. If the beneficiary dies before the payment is
26 made, then the payment shall be payable to the member's legal representative. No beneficiary
27 shall be deemed to have acquired a vested right to any future supplemental payments."

28 **SECTION 39.27.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

29 "(ee) In accordance with subsection (a) of this section, on or before November 30, 2023, a
30 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who
31 are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023.
32 The payment shall be four percent (4%) of the beneficiary's annual retirement allowance payable
33 as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the
34 beneficiary dies before the payment is made, then the payment shall be payable to the member's
35 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future
36 supplemental payments."

37 **SECTION 39.27.(d)** Notwithstanding any other provision of law to the contrary, in
38 order to administer the one-time cost-of-living supplement for retirees provided for in
39 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department
40 of State Treasurer may increase receipts from the retirement assets of the corresponding
41 retirement system or pay costs associated with the administration of the payment directly from
42 the retirement assets.
43

44 **UNFUNDED LIABILITY SOLVENCY RESERVE**

45 **SECTION 39.28.(a)** G.S. 143C-4-10 reads as rewritten:

46 **"§ 143C-4-10. Unfunded Liability Solvency Reserve.**

47 ...

48 ~~(e) Use of Funds Appropriated by the General Assembly or Transferred From the General~~
49 ~~Fund Based on Estimated State Tax Revenue Growth.—On the first day of each fiscal year, the~~
50 ~~total amount of funds (i) appropriated by the General Assembly to the Reserve as specified in~~
51 ~~subdivision (c)(1) of this section and (ii) transferred into the Reserve under G.S. 143C-4-2(i) or~~

(j) as specified in subdivision (c)(1a) of this section, as of the last day of the preceding fiscal year shall be used to appropriate an additional employer contribution to the Health Benefit Trust and the Retirement System.

(e1) ~~Use of Funds Transferred From Savings Achieved by State Debt Refinancing into the Reserve.~~ – As soon as practicable after funds are transferred into the Reserve under G.S. 142-15.4 and G.S. 142-96, as specified in subdivision (c)(2) of this section, Reserve, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund and the Retirement System. These funds shall be divided between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller. Fund.

(e2) ~~Use of Funds Transferred From Insurance Rebates.~~ – As soon as practicable after funds are transferred into the Reserve as specified in subdivision (c)(3) of this section, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund and the Retirement System. These funds shall be divided between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller.

...."

SECTION 39.28.(b) This section is effective when it becomes law and applies to fiscal years beginning on or after July 1, 2023.

TEMPORARY WAIVER OF TSERS REPORTING REQUIREMENTS/GASTON COUNTY PUBLIC SCHOOLS

SECTION 39.28A.(a) Any penalty payment determined to be owed under G.S. 135-8(f)(3) related to reporting requirements of employee and employer contributions by Gaston County Public Schools for the period of January 1, 2022, to June 30, 2023, is waived and shall no longer be due.

SECTION 39.28A.(b) This section applies only to the period of January 1, 2022, to June 30, 2023.

TRAVEL EXPENSES/MEMORIAL SERVICES FOR PUBLIC SAFETY EMPLOYEES

SECTION 39.28B.(a) Article 12A of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-166.8. Travel expenses for memorial services.

When a covered person killed in the line of duty is honored at a memorial service, the agency who employed the covered person may, depending on availability of funds, pay the travel expenses, including lodging, for the spouse, children, and parents of the covered person to attend the memorial service."

SECTION 39.28B.(b) This section is effective when it becomes law and applies to travel expenses incurred on or after that date.

AUTHORIZE STATE TREASURER TO PAY PREMIUMS TO PURCHASE ALTERNATIVE COVERAGE IN LIEU OF STATE HEALTH PLAN

SECTION 39.29.(a) G.S. 135-48.30(a) is amended by adding a new subdivision to read:

"(19) Optionally offer to pay premiums to purchase alternative coverage in lieu of coverage under the Plan under G.S. 135-48.39A."

SECTION 39.29.(b) Part 3 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-48.39A. Premiums to purchase alternative coverage for retirees in lieu of coverage under the Plan.

(a) The State Treasurer may offer to pay or reimburse premiums for alternative health benefit plan coverage in lieu of coverage under the State Health Plan. If the State Treasurer elects to offer premium payments in lieu of coverage, then the State Treasurer shall adopt rules for and limitations on doing so.

(b) Premium payments in lieu of coverage shall be limited to persons eligible for coverage under the following, and the State Treasurer may vary the amounts of premium payments depending on the category of eligibility:

- (1) G.S. 135-48.40(a)(1).
- (2) G.S. 135-48.40(a)(2).
- (3) G.S. 135-48.40(b)(3).
- (4) G.S. 135-48.40(b)(4).
- (5) G.S. 135-48.40(c)(2).

(c) Notwithstanding the eligibility for coverage provided in Part 4 of this Article, coverage outside of the Plan shall be in lieu of coverage under the Plan during the period for which the Plan member chooses premium payments in lieu of coverage."

SECTION 39.29.(c) This section becomes effective January 1, 2024.

PART XL. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.1.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	Project Code
Department of Agriculture and Consumer Services	
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–Region 1 Headquarters	DACS21-4
Troxler Science Building–Overflow Parking	DACS23-1
Western NC Farmers Market	DACS23-2
Raleigh State Farmers Market–Improvements	DACS23-3
Pesticide Storage, Loading, & Cleaning Facilities	DACS23-4
Cherry Research Station–Administrative Office	DACS23-5
Griffith Forest Center–Central Warehouse & Office	DACS23-6
D-6 HQ (Cumberland Co.)–Maintenance Shop Replacement	DACS23-7
Research Stations–New Maintenance Shop Facilities	DACS23-8
Piedmont Research Station–Bridge	DACS23-9
Research Stations–Multipurpose Facilities	DACS23-10
NCFS–New County Offices, Region 3	DACS23-11
Tuttle Educational State Forest–Office & Education Center	DACS23-12
D-12–New Headquarters & Shop	DACS23-13
NCFS–Property Purchase	DACS23-14
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Department of Health and Human Services	
Walter B. Jones–New Medical Office Bldg.	DHHS23-1
Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
Cherry Hospital–New Maintenance Bldg.	DHHS23-3

1	South Piedmont Medical Examiner	DHHS23-4
2		
3	Department of Natural and Cultural Resources	
4	Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
5	NC Museum of History–Expansion	DNCR21-13
6	Zoo–New Aviary	DNCR23-1
7	NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
8	Stone Mountain State Park–Parking Lot	DNCR23-4
9	North Carolina Maritime Museum at Beaufort	DNCR23-5
10	Town Creek Indian Mound State Historic Site–	
11	Visitor Center & Exhibit Improvements	DNCR23-6
12	State Historic Sites–Three New Visitor Centers	DNCR23-7
13	Thomas Day House–Site Development	DNCR23-8
14	Lake Waccamaw State Park–New Campground	DNCR23-12
15	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
16	NC Maritime Museum at Southport	DNCR23-14
17	NC Transportation Museum	DNCR23-15
18	Fort Fisher Historic Site	DNCR23-16
19		
20	Department of Administration	
21	State Government Executive Headquarters	DOA22-1
22	Department of Instruction Building Renovation	DOA22-3
23	Service Campus	DOA23-1
24	State Agency Lease	DOA23-2
25	Archdale Building Demolition	DOA23-3
26	Caswell Square Demolition	DOA23-4
27	Parking Deck–Wilmington Street	DOA23-5
28	Albemarle Building Facility Improvements	DOA23-6
29		
30	Department of Commerce	
31	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
32		
33	Department of Adult Correction	
34	Stun Fencing	DAC23-1
35	DARTCenter–Exterior Envelope Repairs	DAC23-2
36	Sampson CC–Gatehouse	DAC23-3
37	Gaston CC–Modular Medical Office	DAC23-4
38	Storage Buildings	DAC23-6
39		
40	Department of Public Safety	
41	State Highway Patrol–	
42	Viper Building	DPS21-6
43	Auditorium	DPS23-3
44	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
45	Training Center Cadet Dorm & Training Bldg.	DPS23-7
46	State Bureau of Investigation–	
47	Headquarters & Building 12 Renovation	DPS21-9
48	Logistics Building–Phase 1	DPS23-11
49	Juvenile Justice–	
50	Richmond YDC	DPS21-1
51	New Youth Detention Center	DPS23-1

1	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
2	Cabarrus–New Modular Office	DPS23-6
3	Emergency Management–	
4	Badin Logistics Support Center Shed	DPS23-8
5	Badin Warehouse Expansion	DPS23-9
6	Badin Lot Acquisition	DPS23-10
7	National Guard–	
8	NCNG Matching Fund	NG23-1
9	Ballentine Building/NCNG Museum	NG23-2
10	Constable Building	NG23-3
11	Rocky Mount Complex/MILCON	NG23-4
12	Special Forces Complex	NG23-5
13	Winston Salem Storage Buildings	NG23-6
14	Louisburg Readiness Center	NG23-9
15		
16	Department of Public Instruction	
17	Center for the Advancement of Teaching	DPI21-1
18		
19	Department of Insurance	
20	Office of State Fire Marshal–	
21	Land Development & Training Center	DOI21-1
22		
23	Department of Transportation	
24	North Carolina Global TransPark Authority–	
25	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
26	DOT– New County Buildings	TRAN23-2
27		
28	General Assembly	
29	Education Campus Project	NCGA21-3
30	Education Campus Parking Deck	NCGA23-1
31	Education Campus Demolition	NCGA23-2
32		
33	The University of North Carolina	
34	Appalachian State University–	
35	Peacock Hall/Business	UNC/ASU21-1
36	Hickory Campus	UNC/ASU22-1
37	Walker Hall–Interior Renovation	UNC/ASU23-1
38	University of North Carolina at Charlotte–	
39	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
40	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
41	Esports	UNC/CLT23-3
42	Stadium Upgrades	UNC/CLT23-4
43	University of North Carolina at Chapel Hill–	
44	Business School	UNC/CH20-1
45	Nursing School Renovation	UNC/CH20-2
46	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
47	Elizabeth City State University–	
48	Flight School	UNC/ECS21-4
49	Infrastructure Repairs–Phase 3	UNC/ECS23-1
50	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
51	East Carolina University–	

1	Brody School of Medicine	UNC/ECU21-1
2	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
3	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
4	Medical Examiner Office	UNC/ECU23-3
5	Regional Children's Behavioral Health Facility	UNC/ECU23-4
6	Dental School Planning	UNC/ECU23-5
7	Fayetteville State University–	
8	College of Education	UNC/FSU21-2
9	Butler Targeted Renovation	UNC/FSU23-1
10	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
11	North Carolina Agricultural & Technical State University–	
12	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
13	Health and Human Sciences Bldg.	UNC/A&T23-2
14	North Carolina Central University–	
15	Dent Building–Comprehensive Renovation	UNC/NCC23-1
16	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
17	University Theater Renovation	UNC/NCC23-3
18	North Carolina State University–	
19	S.T.E.M. Building	UNC/NCS20-1
20	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
21	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
22	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
23	Veterinary School–Large Animal Hospital	UNC/NCS23-4
24	Engineering Classroom Building	UNC/NCS23-5
25	Nuclear Study	UNC/NCS23-6
26	Business School	UNC/NCS23-7
27	North Carolina School of Science and Math–	
28	Morganton Campus	
29	Wellness Center	UNC/SSM23-1
30	Durham Campus	
31	Renovation of Residence Halls	UNC/SSM23-2
32	Academic Commons Addition	UNC/SSM23-4
33	University of North Carolina at Asheville–	
34	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
35	Sherrill Center	UNC/AVL23-2
36	Gateway Signage	UNC/AVL23-3
37	Repairs & Renovations	UNC/AVL23-4
38	University of North Carolina at Greensboro–	
39	Moore Building–Renovation	UNC/GBO23-1
40	University of North Carolina at Pembroke–	
41	Health Sciences Center	UNC/PEM21-1
42	Givens Performing Arts Center–Renovation	UNC/PEM23-1
43	University of North Carolina School of the Arts–	
44	Stevens Center–Renovation, Phase 2	UNC/SA23-1
45	New High School Residence Hall	UNC/SA23-2
46	University of North Carolina at Wilmington–	
47	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
48	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
49	DeLoach Hall–Modernization	UNC/WIL23-3
50	Health Education Bldg.	UNC/WIL23-4
51	Western Carolina University–	

1	Replacement Engineering Building	UNC/WCU23-1
2	Winston-Salem State University–	
3	K.R. Williams Auditorium	UNC/WSS21-1
4	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
5	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
6	Campus Police Improvements	UNC/WSS23-3
7	UNC Board of Governors–	
8	UNC Lease Funds	UNC/BOG21-1
9	NC Care Health Clinics	UNC/BOG23-1
10	NC Care Hospital Investment	UNC/BOG23-2
11	Children's Hospital	UNC/BOG23-3
12	PBS North Carolina	UNC/PBS23-1

13		
14	Repairs and Renovations–The University of North Carolina	UNC/R&R21
15	Repairs and Renovations–State Agencies (non-UNC)	R&R21
16	SCIF-Related Personnel	PERS21
17	OSBM Flexibility Funds	FLEX21
18	Debt Payoff	DST23-1
19	Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1

20 **SECTION 40.1.(b)** This subsection authorizes the following capital projects in the
 21 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The
 22 authorizations provided in this subsection represent the maximum amount of funding from the
 23 State Capital and Infrastructure Fund that may be expended on each project and do not reflect
 24 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action
 25 by the General Assembly is required to increase the maximum authorization for any of the
 26 projects listed:

27 **Capital Improvements–**

28	State Capital and	Previous	New/Updated
29	Infrastructure Fund	Project Authorization	Project Authorization
30	DACS21-2	\$3,518,000	\$7,018,000
31	DACS21-4	4,000,000	8,100,000
32	DACS23-1	N/A	2,500,000
33	DACS23-2	N/A	200,000
34	DACS23-3	N/A	13,000,000
35	DACS23-4	N/A	1,750,000
36	DACS23-5	N/A	749,000
37	DACS23-6	N/A	750,000
38	DACS23-7	N/A	4,000,000
39	DACS23-8	N/A	5,000,000
40	DACS23-9	N/A	750,000
41	DACS23-10	N/A	6,200,000
42	DACS23-11	N/A	3,000,000
43	DACS23-12	N/A	4,000,000
44	DACS23-13	N/A	5,000,000
45	DACS23-14	N/A	12,000,000
46	DEQ21-1	55,000,000	68,300,000
47	DHHS23-1	N/A	1,352,000
48	DHHS23-2	N/A	5,983,000
49	DHHS23-3	N/A	5,405,000
50	DHHS23-4	N/A	20,000,000
51	DNCR21-5	15,000,000	45,000,000

1	DNCR21-13	60,000,000	180,000,000
2	DNCR23-1	N/A	60,000,000
3	DNCR23-2	N/A	15,000,000
4	DNCR23-4	N/A	620,000
5	DNCR23-5	N/A	10,000,000
6	DNCR23-6	N/A	5,500,000
7	DNCR23-7	N/A	16,721,240
8	DNCR23-8	N/A	4,000,000
9	DNCR23-12	N/A	3,000,000
10	DNCR23-13	N/A	2,500,000
11	DNCR23-14	N/A	2,000,000
12	DNCR23-15	N/A	5,000,000
13	DNCR23-16	N/A	2,800,000
14	DOA22-1	88,000,000	88,000,000
15	DOA22-3	15,000,000	60,000,000
16	DOA23-1	N/A	33,744,000
17	DOA23-2	N/A	4,500,000
18	DOA23-3	N/A	11,000,000
19	DOA23-4	N/A	15,000,000
20	DOA23-5	N/A	45,000,000
21	DOA23-6	N/A	5,000,000
22	COMM23-1	N/A	250,000
23	DAC23-1	N/A	23,992,000
24	DAC23-2	N/A	2,960,212
25	DAC23-3	N/A	1,521,000
26	DAC23-4	N/A	1,078,000
27	DAC23-6	N/A	3,488,000
28	DPS21-1	10,702,952	14,702,952
29	DPS21-6	7,139,374	10,634,998
30	DPS23-1	N/A	40,450,000
31	DPS23-3	N/A	35,000,000
32	DPS23-4	N/A	194,000,000
33	DPS23-5	N/A	886,000
34	DPS23-6	N/A	690,000
35	DPS23-7	N/A	43,336,785
36	DPS23-8	N/A	527,000
37	DPS23-9	N/A	5,048,828
38	DPS23-10	N/A	4,198,414
39	DPS23-11	N/A	13,883,000
40	NG23-2	N/A	12,500,000
41	NG23-3	N/A	16,428,582
42	NG23-4	N/A	8,500,000
43	NG23-5	N/A	8,000,000
44	NG23-6	N/A	550,000
45	NG23-9	N/A	3,666,667
46	DPI21-1	23,416,952	30,416,952
47	DOI21-1	3,500,000	58,500,000
48	TRAN23-1	N/A	350,000,000
49	TRAN23-2	N/A	3,400,000
50	NCGA21-3	269,000,000	320,000,000
51	NCGA23-1	N/A	65,000,000

1	NCGA23-2	N/A	10,000,000
2	UNC/ASU21-1	25,000,000	40,000,000
3	UNC/ASU22-1	9,000,000	50,000,000
4	UNC/ASU23-1	N/A	18,000,000
5	UNC/CLT23-1	N/A	36,000,000
6	UNC/CLT23-2	N/A	45,000,000
7	UNC/CLT23-3	N/A	1,500,000
8	UNC/CLE23-4	N/A	25,000,000
9	UNC/CH20-1	75,000,000	89,250,000
10	UNC/CH20-2	65,200,000	87,900,000
11	UNC/CH23-1	N/A	25,000,000
12	UNC/ECS21-4	34,000,000	54,000,000
13	UNC/ECS23-1	N/A	20,000,000
14	UNC/ECS23-2	N/A	12,500,000
15	UNC/ECU21-1	215,000,000	265,000,000
16	UNC/ECU23-1	N/A	46,000,000
17	UNC/ECU23-2	N/A	18,900,000
18	UNC/ECU23-3	N/A	35,000,000
19	UNC/ECU23-4	N/A	50,000,000
20	UNC/ECU23-5	N/A	1,000,000
21	UNC/FSU23-1	N/A	20,750,000
22	UNC/FSU23-2	N/A	10,000,000
23	UNC/A&T23-1	N/A	9,700,000
24	UNC/A&T23-2	N/A	125,500,000
25	UNC/NCC23-1	N/A	12,073,798
26	UNC/NCC23-2	N/A	12,999,424
27	UNC/NCC23-3	N/A	8,500,000
28	UNC/NCS23-1	N/A	30,000,000
29	UNC/NCS23-2	N/A	80,000,000
30	UNC/NCS23-3	N/A	63,000,000
31	UNC/NCS23-4	N/A	120,000,000
32	UNC/NCS23-5	N/A	200,000,000
33	UNC/NCS23-6	N/A	3,000,000
34	UNC/NCS23-7	N/A	4,500,000
35	UNC/SSM23-1	N/A	12,000,000
36	UNC/SSM23-2	N/A	28,988,042
37	UNC/SSM23-4	N/A	10,000,000
38	UNC/AVL23-1	N/A	26,150,000
39	UNC/AVL23-2	N/A	5,000,000
40	UNC/AVL23-3	N/A	1,000,000
41	UNC/AVL23-4	N/A	4,000,000
42	UNC/GBO23-1	N/A	24,200,000
43	UNC/PEM23-1	N/A	61,000,000
44	UNC/SA23-1	N/A	51,000,000
45	UNC/SA23-2	N/A	24,500,000
46	UNC/WIL23-1	N/A	40,050,000
47	UNC/WIL23-2	N/A	21,600,000
48	UNC/WIL23-3	N/A	12,150,000
49	UNC/WIL23-4	N/A	8,000,000
50	UNC/WCU23-1	N/A	95,300,000
51	UNC/WSS23-1	N/A	10,800,000

1	UNC/WSS23-2	N/A	16,000,000
2	UNC/WSS23-3	N/A	4,000,000
3	UNC/BOG21-1	15,000,000	18,750,000
4	UNC/BOG23-1	N/A	210,000,000
5	UNC/BOG23-2	N/A	150,000,000
6	UNC/BOG23-3	N/A	319,746,392
7	UNC/PBS23-1	N/A	49,500,000
8	FLEX21	100,000,000	175,000,000
9	WRC/23-1	N/A	20,000,000

10 **SECTION 40.1.(c)** The Board of Governors of The University of North Carolina
 11 shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations
 12 pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in
 13 Section 40.1(d) of S.L. 2021-180. The cost for any single repair and renovation project other than
 14 those specifically listed in Section 40.1(d) of S.L. 2021-180 shall not exceed fifteen million
 15 dollars (\$15,000,000). The Board of Governors may reallocate funds in accordance with
 16 G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however,
 17 reallocation of funds intended for a project located at a particular constituent institution may only
 18 be reallocated for repairs and renovations projects at that particular constituent institution. The
 19 provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of
 20 S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on
 21 Governmental Operations in accordance with G.S. 143C-8-13(b). In addition to the projects
 22 authorized in Section 40.1(d) of S.L. 2021-180, Elizabeth City State University may utilize
 23 repairs and renovation funds not to exceed one million five hundred thousand dollars
 24 (\$1,500,000) for comprehensive modernization or replacement of the Chancellor's Residence.

25 **SECTION 40.1.(d)** For project code R&R21, the provisions of Section 40.1(c) of
 26 S.L. 2021-180 shall apply to funds allocated for the project code during the 2023-2025 fiscal
 27 biennium.

28 **SECTION 40.1.(d1)** Of the funds allocated for project code R&R21, the following
 29 sums shall be allocated for the following projects:

- 30 (1) Five million dollars (\$5,000,000) for the 2023-2024 fiscal year to the
 31 Department of Natural and Cultural Resources to be used for capital
 32 improvements to Vade Mecum at Hanging Rock State Park.
- 33 (2) Four million three hundred ninety-four thousand one hundred seventy-eight
 34 dollars (\$4,394,178) for the 2023-2024 fiscal year to the Department of Adult
 35 Correction to be used to repair the pathways, roads, and parking areas and for
 36 flood mitigation measures at the Eastern Correctional Institution.
- 37 (3) Seven hundred eighty-eight thousand dollars (\$788,000) for the 2023-2024
 38 fiscal year to the Office of Lieutenant Governor for conference room
 39 conversions at the Hawkins-Hartness Carriage House.
- 40 (4) One million four hundred thousand dollars (\$1,400,000) for the 2023-2024
 41 fiscal year to the Department of Natural and Cultural Resources for the
 42 purchase and utilization of energy saving building systems and equipment for
 43 use in conjunction with energy savings contractor projects.

44 **SECTION 40.1.(e)** For project code UNC/NCS23-4, notwithstanding
 45 G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred twenty
 46 million dollars (\$120,000,000) on the project but shall commit to providing funding of at least
 47 fifty million dollars (\$50,000,000) from non-State sources on or before December 31, 2024, as a
 48 match for the intended State allocations totaling seventy million dollars (\$70,000,000) for the
 49 project. Upon verification by the Office of State Budget and Management that North Carolina
 50 State University has deposited at least twenty-five million dollars (\$25,000,000) into an account
 51 dedicated for the project, the University may begin the letting of construction and design

1 contracts and begin construction. It is the intent of the General Assembly to appropriate funds
2 from the State Capital and Infrastructure Fund for this project beginning in the 2025-2026 fiscal
3 year.

4 **SECTION 40.1.(g)** For project code UNC/WIL23-1, notwithstanding
5 G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to
6 forty-four million five hundred thousand dollars (\$44,500,000) on the project but shall commit
7 to providing funding of at least four million four hundred fifty thousand dollars (\$4,450,000)
8 from non-State sources on or before December 31, 2025, as a match for the intended State
9 allocations totaling forty million fifty thousand dollars (\$40,050,000) for the project.

10 **SECTION 40.1.(h)** For project code UNC/WIL23-2, notwithstanding
11 G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to
12 twenty-four million dollars (\$24,000,000) on the project but shall commit to providing funding
13 of at least two million four hundred thousand dollars (\$2,400,000) from non-State sources on or
14 before December 31, 2025, as a match for the intended State allocations totaling twenty-one
15 million six hundred thousand dollars (\$21,600,000) for the project.

16 **SECTION 40.1.(i)** There is established in the General Fund an Additional Project
17 Reserve that shall make funds available for capital improvement project expenditures only upon
18 an act of appropriation by the General Assembly. The State Controller shall reserve to the
19 Additional Project Reserve from funds available in the State Capital and Infrastructure Fund the
20 sum of two hundred seven million four hundred seven thousand five hundred sixty-nine dollars
21 (\$207,407,569) in nonrecurring funds for the 2023-2024 fiscal year. Funds reserved in the
22 Additional Project Reserve pursuant to this subsection do not constitute an "appropriation made
23 by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

24 **SECTION 40.1.(j)** For project code DST23-1, the Department of State Treasurer
25 may use funds allocated for the project code to redeem or purchase and cancel bonds that have
26 debt service paid from the State Capital and Infrastructure Fund if (i) the cost of redeeming or
27 purchasing and canceling those bonds is less than the estimated market value the bonds would
28 have if not redeemed or purchased and canceled or (ii) the bonds were purchased by one or more
29 of funds listed in G.S. 147-69.2(a) between May 1, 2023, and October 31, 2023, in a principal
30 amount not to exceed forty million dollars (\$40,000,000).

31 **SECTION 40.1.(l)** For project code WRC23-1, the Wildlife Resources Commission
32 is authorized to spend up to thirty-nine million seven hundred thousand dollars (\$39,700,000) on
33 the project but shall commit to providing funding of at least nineteen million seven hundred
34 thousand dollars (\$19,700,000) in non-State funds from the Commission's endowment as a match
35 to the intended State allocations totaling twenty million dollars (\$20,000,000) for the project.
36 The Commission shall use the endowment funds described in this subsection on the project prior
37 to expending any State funds.

38 **SECTION 40.1.(m)** For project code DOA23-4, the Department of Administration
39 shall not demolish the structure sited at 216 W. Jones Street, at the corner of West Jones and
40 North Dawson streets in Raleigh, otherwise known as the Old Health Building, Building Asset
41 ID: 9806.

42 **SECTION 40.1.(n)** For project code DOA23-5, the Department of Administration
43 shall site the project on the parcel of real property identified with Wake County real estate ID#
44 0080466.

45 **SECTION 40.1.(o)** Section 40.1(h1) of S.L. 2021-180 reads as rewritten:

46 **"SECTION 40.1.(h1)** For project code UNC/BOG21-1, The University of North Carolina
47 System Office shall enter into a lease agreement for space sufficient to relocate staff and
48 operations located in the City of Raleigh. The lease term shall be for no less than three years and
49 no more than ~~four~~ five years. The Board of Governors of The University of North Carolina shall
50 be responsible for selection and approval of all lease terms not otherwise specified in this

1 subsection. All staff and operations shall be relocated to the leased space on or before December
2 31, 2022."

3 **SECTION 40.1.(p)** Notwithstanding any provision of S.L. 2021-180, S.L. 2022-74,
4 or any other provision of law to the contrary, for project code DOA22-1, the State Controller
5 shall transfer unspent and unencumbered funds allocated for the project to the State Capital and
6 Infrastructure Fund. The General Assembly intends to appropriate funds for this project code in
7 future fiscal years. This subsection shall have no impact on the amount authorized for this project.

8 **SECTION 40.1.(s)** For project code TRAN23-1, the North Carolina Global
9 TransPark Authority (Authority) shall be considered the funded agency, pursuant to
10 G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the
11 contrary, shall have final authority over any aspect of the project. The Authority shall use up to
12 five million dollars (\$5,000,000) allocated in this Part for the 2023-2024 fiscal year for project
13 planning. The Office of State Budget and Management shall disburse additional funding that has
14 been allocated by the General Assembly for the project during the 2023-2025 fiscal biennium
15 and subsequent fiscal years contingent upon the Authority entering into an intergovernmental
16 services agreement with an agency of the United States for the use of the facility being
17 constructed under this project code. The Authority shall repay the total amount of three hundred
18 fifty million dollars (\$350,000,000) intended to be allocated from the State Capital and
19 Infrastructure Fund for the project in an amount of no less than fifteen million dollars
20 (\$15,000,000) annually, commencing on the first year the federal government agency takes
21 occupancy of the facility under the terms of the intergovernmental services agreement.
22 Reimbursement funds submitted by the Authority pursuant to this subsection shall be credited to
23 the State Capital and Infrastructure Fund.

24 **SECTION 40.1.(t)** Section 1(e) of S.L. 2020-81, as amended by Section 40.1(l) of
25 S.L. 2021-180, reads as rewritten:

26 "**SECTION 1.(e)** For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the
27 University of North Carolina at Chapel Hill is authorized to spend up to ~~one hundred fifty million~~
28 ~~dollars (\$150,000,000)~~ one hundred ninety-four million two hundred fifty thousand dollars
29 (\$194,250,000) on the project, but shall commit to providing funding of at least seventy-five
30 million dollars (\$75,000,000) from non-State sources on or before June 30, 2022, as a match for
31 the intended State allocations totaling seventy-five million dollars (\$75,000,000) for the project."

32 **SECTION 40.1.(u)** With the funds allocated for project code DOA23-1 for the
33 2023-2024 fiscal year, the Department of Administration shall engage one or more third-party
34 consultants to assist with architectural, engineering, site planning, real estate, and other services
35 related to the development of a campus space template to accommodate motor fleet services. The
36 campus space template shall address building space needs and land area required to support the
37 campus space and future adaptability and growth. In addition, the Department shall use a portion
38 of the funds described in this subsection to conduct a site location assessment to determine
39 alternative geographic locations for comparison and to aid in determining an ideal location to
40 best serve State government facilities. The Department shall complete the campus space template
41 and the site location assessment described in this subsection and report its findings to the
42 Legislative Services Officer on or before April 1, 2024.

43 **SECTION 40.1.(v)** For project code UNC/NCS23-6, North Carolina State
44 University shall utilize the funds allocated in this Part to conduct a study to assess the feasibility
45 of establishment of an advanced nuclear research reactor (reactor) at the University. The
46 feasibility study may include all of the following matters:

- 47 (1) Assessment of site selection for a reactor.
- 48 (2) Study and analysis of potential environmental impacts.
- 49 (3) Analysis of licensing requirements for a reactor.
- 50 (4) Engineering and construction evaluation of a reactor and associated
51 laboratories, including cost estimates.

- (5) Utilization analysis, including capability development for advanced nuclear power generation in the State.
- (6) Vendor and contractor evaluation.
- (7) Identification of the potential for collaboration with industry, other academic institutions, and State and federal entities.

SECTION 40.1.(w) Of the funds received by the State and deposited to the ARPA Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, it is the intent of the General Assembly to use a portion of those funds in future fiscal years for project codes UNC/BOG23-1 and UNC/BOG23-3.

SECTION 40.1.(x) For project codes NCGA23-1 and NCGA23-2, the General Assembly shall be considered the funded agency, pursuant to G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall initiate and have final authority over any activity related to project planning, contracting, and construction.

SECTION 40.1.(y) For project codes DOA23-4 and DOA23-5, the Department of Administration shall be considered the funded agency pursuant to G.S. 143-135.26(1) and, notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall consult with the Legislative Services Office for any activity related to project planning, contracting, and construction.

SECTION 40.1.(z) Subsection (p) of this section is effective June 30, 2023. The remainder of this section is effective July 1, 2023.

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2023-2025 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
UNC/R&R21	280,503	250,000	200,000	200,000	200,000	200,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
DACS21-4	750	1,850	1,500	N/A	N/A	N/A
DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
DACS23-9	N/A	N/A	750	N/A	N/A	N/A
DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
DOA23-1	500	N/A	N/A	N/A	1,000	20,244

1	DOA23-2	2,900	800	800	N/A	N/A	N/A
2	DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
3	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
4	DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
5	DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
6	DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
7	DAC23-6	N/A	449	2,439	600	N/A	N/A
8	DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
9	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A
10	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
11	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
12	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
13	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
14	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
15	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
16	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
17	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
18	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
19	NG23-5	N/A	N/A	800	4,000	3,200	N/A
20	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
21	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
22	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
23	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
24	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
25	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
26	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
27	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
28	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
29	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
30	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
31	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
32	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
33	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
34	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
35	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
36	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
37	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
38	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
39	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
40	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
41	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
42	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
43	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
44	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
45	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
46	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
47	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
48	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
49	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
50	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
51	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A

1	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
2	UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
3	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
4	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
5	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
6	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
7	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
8	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
9	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575
10	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
11	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
12	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
13	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
14	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
15	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
16	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
17	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
18	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
19	UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
20	UNC/PBS23-1	N/A	4,950	N/A	17,325	27,225	N/A

NATIONAL GUARD PROJECTS

SECTION 40.3.(a) From the funds allocated in this Part for Project Code NG23-1, the Office of State Budget and Management may disburse to the Department of Public Safety funds needed to provide a State match for federal funds for projects included in the latest Armory and Facilities Development Plan developed pursuant to G.S. 127A-210 and designated by the Adjutant General of the North Carolina National Guard in an amount not exceeding four million dollars (\$4,000,000) during the 2023-2024 fiscal year and not exceeding six million dollars (\$6,000,000) during the 2024-2025 fiscal year.

SECTION 40.3.(b) No later than June 1, 2025, and every two years thereafter until project completion, the Department shall report on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) The status of all projects undertaken pursuant to this section.
- (2) The estimated total cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project, including federal matching funds.
- (6) Facilities planned for closure or reversion.
- (7) A list of projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

NON-GENERAL FUND/NON-SCIF CAPITAL PROJECT AUTHORIZATIONS

SECTION 40.4.(a) The General Assembly authorizes the following capital projects to be funded with receipts or from other non-General Fund and non-State Capital and Infrastructure Fund sources available to the appropriate department:

Name of Project	Amount of Non-General Fund/Non-SCIF Funding Authorized	
	FY 2023-2024	FY 2024-2025

1	Department of Natural and Cultural Resources		
2	Electric Vehicle Fast Chargers	\$2,000,000	\$0
3	Brunswick Town State Historic Site–		
4	Historical Restorations	150,000	0
5	Department of Agriculture and Consumer Services		
6	Arena and Barn Replacement	1,900,000	0
7	ASC Lab Renovation	400,000	0
8	Grain Storage and Drying Improvements	370,000	0
9	Equipment Shelters Replacement	0	300,000
10	NCFS Facility and Infrastructure Improvements	1,000,000	0
11	PTFM Facility and Infrastructure Improvements	1,000,000	0
12	Raleigh FM Facility and Infrastructure Improvements	1,000,000	0
13	RS Infrastructure Repairs and Renovations	1,250,000	0
14	State Fair Gate 8 Restroom Renovation	1,500,000	0
15	State Fair Infrastructure Improvements	20,000,000	0
16	State Fair Lunch Facility Renovation	25,500,000	0
17	Vet Infrastructure Repairs and Renovations	250,000	0
18	WNCAGCTR Facility and Infrastructure Improvements	1,250,000	0
19	Department of Public Safety		
20	Alcoholic Beverage Control–		
21	Warehouse Precast Repair	275,000	0
22	ABC New Campus–Advanced Planning	4,700,000	0
23	Department of Adult Correction		
24	Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
25	Wildlife Resources Commission		
26	Land Acquisition	5,000,000	5,000,000
27	Game Land Improvements	2,000,000	0
28	Caswell Depot Expansion	2,460,000	0
29	Mills River Equipment Storage	355,000	0
30	Morganton Depot Equipment Storage	340,000	0
31	Rhems Depot Equipment Storage	415,000	0
32	Troy Depot Office/Shop & Storage	1,900,000	0
33	Shooting Range Office & Classroom Constr.	3,100,000	0
34	Mount Holly Depot	0	2,400,000
35	Marion Aquaculture Building	0	600,000
36			
37	TOTAL AMOUNT OF NON-GENERAL		
38	FUND/NON-SCIF CAPITAL PROJECTS		
39	AUTHORIZED	\$78,857,000	\$8,300,000
40			

41 **SECTION 40.4.(b)** From funds deposited with the State Treasurer in a capital
42 improvement account to the credit of the Department of Agriculture and Consumer Services
43 pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2023-2024
44 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2024-2025 fiscal year
45 shall be transferred to the Department of Agriculture and Consumer Services to be used,
46 notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article
47 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as
48 land appraisals, land surveys, title searches, and environmental studies, and for the management
49 of the plant conservation program preserves owned by the Department.

50
51 **VARIOUS CAPITAL CHANGES**

1 **SECTION 40.5.(a)** G.S. 143C-8-10 is repealed.

2 **SECTION 40.5.(b)** G.S. 143C-8-11 reads as rewritten:

3 "**§ 143C-8-11. Reversion of appropriation; lapse of project authorization; transfer of funds**
4 **remaining after project completion.**

5 (a) Reversion of Appropriation. – A State agency shall begin the planning of or the
6 construction of an authorized capital improvement project during the fiscal year in which the
7 funds are appropriated. If it does not, the Director may credit the appropriation to the ~~Project~~
8 ~~Reserve Account, State Capital and Infrastructure Fund,~~ unless otherwise required by law. ~~If the~~
9 ~~Director does not credit the appropriation to the Project Reserve Account, the appropriation shall~~
10 ~~revert to the principal fund from which it was appropriated.~~ The Director may, for good cause,
11 allow a State agency to take up to an additional 12 months to take the actions required by this
12 subsection.

13 (b) Lapse of Project Authorization. – Authorizations for capital improvement projects
14 shall lapse if any of the following occur: (i) the appropriation for a capital improvement project
15 reverts, (ii) the construction of a project does not begin during the first two fiscal years in which
16 funds are appropriated, or (iii) the Director redirects funds appropriated for a capital improvement
17 project in accordance with G.S. 143C-6-2. The Director may, for good cause, allow a State
18 agency to take up to an additional 12 months to begin construction of a project; however, if the
19 Director approves an extension of time under this subsection and construction of the project has
20 not begun by the end of the extension, the authorization for the project shall lapse.

21 (c) Funds Remaining After Project Completion. – The State Controller shall transfer any
22 balance of State funds appropriated for a capital project that remains unspent and unencumbered
23 two years after completion of the project in accordance with this section. If applicable law
24 requires a particular disposition of the funds, then the transfer shall be made in accordance with
25 that requirement. Otherwise, ~~the transfer shall be made in accordance with the following~~
26 ~~requirements:~~

27 (1) ~~If the funds were initially allocated from the Reserve for Repairs and~~
28 ~~Renovations, then the funds shall be transferred to that Reserve.~~

29 (2) ~~All other funds balance shall be transferred to the Project Reserve Account~~
30 ~~State Capital and Infrastructure Fund created by G.S.~~
31 ~~143C-8-10.G.S. 143C-4-3.1."~~

32 **SECTION 40.5.(c)** G.S. 143C-4-3.1 reads as rewritten:

33 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

34 ...

35 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and
36 unencumbered upon completion of the project shall revert to the Fund. For the purposes of this
37 subsection, a project includes any allocation from the Fund to a State agency or The University
38 of North Carolina.

39 "

40 **SECTION 40.5.(d)** Section 40.6(g)(3) of S.L. 2022-74 reads as rewritten:

41 "(3) Third, to be deposited into the ~~Downtown Government Complex Reserve,~~
42 ~~established in Section 2.2 of this act.~~State Capital and Infrastructure Fund."

43 **SECTION 40.5.(e)** Section 40.3(f) of S.L. 2021-180, as enacted by Section 18.2 of
44 S.L. 2022-6, reads as rewritten:

45 "**SECTION 40.3.(f)** Notwithstanding any other provision of law to the contrary, there shall
46 be no local match required for the North Topsail Beach Shoreline Protection – Phases 1–4 project
47 referenced in ~~subsection (b)~~ subsection (c) of this section."

48 **SECTION 40.5.(f)** Section 9.3 of S.L. 2023-11 reads as rewritten:

49 "**SECTION 9.3-9.3.(a)** Subdivision (65) of Section 40.17(a) of S.L. 2021-180, as enacted
50 by Section 40.2(a) of S.L. 2022-74, reads as rewritten:

1 "(65) The funds for Ball's Creek Camp Ground in the sum of three hundred thousand
2 dollars (\$300,000) for the 2021-2022 fiscal year shall instead be provided to
3 Ball's Creek Campground History & Learning Center, Inc., a nonprofit
4 corporation, to be used for repairs and renovations to Ball's Creek Camp
5 Ground."

6 "**SECTION 9.3.(b)** Section 40.2 of S.L. 2022-74 is amended by adding a new subsection to
7 read:

8 "**SECTION 40.2.(i)** Notwithstanding any provision of law or the Committee Report
9 referenced in Section 43.2 of this act to the contrary, the allocation of two hundred thousand
10 dollars (\$200,000) from the State Capital and Infrastructure Fund to Ball's Creek Campground
11 for capital improvements or equipment shall instead be provided to Ball's Creek Campground
12 History & Learning Center, Inc., a nonprofit corporation, for capital improvements or
13 equipment."

14 **SECTION 40.5.(g)** Part XXIV of S.L. 2022-74 is amended by adding a new section
15 to read:

16 "**REPEAL GRANT ALLOCATION**

17 "**SECTION 24.5.** Notwithstanding any provision of law or the Committee Report referenced
18 in Section 43.2 of this act to the contrary, the directed grant in the amount of fifty thousand
19 dollars (\$50,000) in nonrecurring funds for the 2022-2023 fiscal year shall not be provided to
20 Ace Speedway Racing, Ltd., and the funds shall revert."

21 **SECTION 40.5.(h)** The State Controller shall transfer all funds remaining in (i) the
22 Government Complex Reserve established in Section 2.2(r) of S.L. 2022-74 and (ii) the Capital
23 Project Inflationary Reserve established in Section 40.7 of S.L. 2022-74 to the State Capital and
24 Infrastructure Fund.

25 **SECTION 40.5.(i)** Section 2.2(r) and Section 40.7 of S.L. 2022-74 are repealed.

26 **SECTION 40.5.(j)** Section 40.17(a)(55) of S.L. 2021-180, as enacted by Section
27 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, reads as rewritten:

28 "(55) The funds for Nikwasi Town Cherokee Settlement in the sum of seven
29 hundred thirteen thousand four hundred dollars (\$713,400) for the 2021-2022
30 fiscal year and the funds for Watauga Town Cherokee Settlement in the sum
31 of one hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year shall
32 instead be provided as follows:

33 a. ~~A grant in the sum of six~~ eight hundred thirteen thousand four
34 hundred dollars (\$600,000) (\$813,400) to Mainspring Conservation
35 Trust, Inc., a nonprofit corporation, for the purchase of approximately
36 0.6 acres at the site of land acquisition at the Cherokee settlement of
37 Nikwasi Town in the Town of Franklin in Macon County with a
38 conservation and preservation easement to be held by the Department
39 of Natural and Cultural Resources and Watauga Town Cherokee
40 mound sites.

41 b. ~~A grant in the sum of one hundred thirteen thousand four hundred~~
42 dollars (\$113,400) to the Department of Natural and Cultural
43 Resources for the purchase of a conservation and preservation
44 easement of approximately 0.7 acres at the site of the Cherokee
45 settlement of Nikwasi Town in the Town of Franklin in Macon
46 County."

47 **SECTION 40.5.(l)** Section 40.2(h)(2) of S.L. 2022-74, as enacted by Section 9.2 of
48 S.L. 2023-11, reads as rewritten:

49 "(2) The funds for Foothills Conservancy of North Carolina in the sum of two
50 hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the
51 2022-2023 fiscal year shall instead be provided in the form of a grant to Oak

1 Hill ~~Ruritan Club~~, Development Corporation, a nonprofit corporation, for
2 ~~planning and development of Oak Hill Community Park capital~~
3 ~~improvements."~~

4 **SECTION 40.5.(m)** Funds appropriated in Section 40.17(a)(61) of S.L. 2021-180,
5 as enacted by Section 40.2 of S.L. 2022-74, from the State Capital and Infrastructure Fund to the
6 Western Piedmont Council of Governments for various trail projects that remain unexpended and
7 unencumbered on the effective date of this section shall not revert, but shall be reallocated as a
8 directed grant to the Burke River Trail Association, a nonprofit corporation, to be used for the
9 completion of those trail projects.

10 **SECTION 40.5.(n)** Section 40.17(a) of S.L. 2021-180, as enacted by Section 9.1(d)
11 of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, is amended by adding the
12 following new subdivisions to read:

13 "(75) The funds for the Town of Hemby Bridge in the sum of two hundred thousand
14 dollars (\$200,000) for the 2021-2022 fiscal year shall instead be provided in
15 the form of a grant to the Town of Hemby Bridge Volunteer Fire Department,
16 Inc., a nonprofit corporation, to be used for capital improvements.

17 (76) The funds for Haywood County Pedestrian Walkway in the sum of one million
18 nine hundred thousand dollars (\$1,900,000) shall not be provided to Haywood
19 County and shall revert.

20 (77) The funds for Winterville Concerned Citizens and Development in the sum of
21 fifty thousand dollars (\$50,000) shall not be provided to Winterville
22 Concerned Citizens and Development, Inc., and shall revert.

23 (78) The funds for East Burke Christian Ministries in the sum of twenty-five
24 thousand dollars (\$25,000) shall not be provided to East Burke Christian
25 Ministries and shall revert."

26 **SECTION 40.5.(o)** Subsections (m) and (n) of this section are effective June 30,
27 2023.

29 GRANTS TO NON-STATE ENTITIES

30 **SECTION 40.7.** Requirements. – For purposes of this Part, nonrecurring funds
31 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined
32 by G.S. 143C-1-1(d), are subject to all of the following requirements:

33 (1) As soon as practicable after the effective date of this act, each State agency
34 administering grants shall begin disbursement of funds to each grantee
35 non-State entity when all applicable requirements are met. However,
36 disbursement of grant funds allocated for the 2023-2024 fiscal year shall
37 commence no later than 100 days after the date this act becomes law, and
38 disbursement in full to all grantees shall be completed no later than nine
39 months after the date this act becomes law. Disbursement of grants allocated
40 for the 2024-2025 fiscal year shall be completed no later than 100 days after
41 the beginning of the 2024-2025 fiscal year.

42 (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.

43 (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless
44 otherwise indicated, nonrecurring funds appropriated in this Part as grants
45 shall not revert until expended or the particular project has been completed.

46 (4) Grants to each grantee non-State entity shall be used for nonsectarian,
47 nonreligious purposes only.

48 (5) By January 1, 2024, and then quarterly thereafter, the Office of State Budget
49 and Management shall report to the Fiscal Research Division on the schedule
50 for and status of grant disbursement. At a minimum, the report shall include
51 the following for each grant:

- 1 a. The date when the disbursing agency issued the initial contract.
- 2 b. The date when the contract was sent to the grantee non-State entity.
- 3 c. The date when the fully executed contract was returned to the
- 4 disbursing agency.
- 5 d. The date when the contract was executed.
- 6 e. The date when a grant was disbursed in full.
- 7

8 **PART XLI. TRANSPORTATION**

9

10 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

11 **SECTION 41.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2022-74 are
12 repealed.

13 **SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated
14 revenues for the Highway Fund as follows:

15 For Fiscal Year 2025-26	\$3,148.6 million
16 For Fiscal Year 2026-27	\$3,159.5 million
17 For Fiscal Year 2027-28	\$3,177.7 million
18 For Fiscal Year 2028-29	\$3,302.6 million
19 For Fiscal Year 2029-30	\$3,338.0 million

20 **SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated
21 revenues for the Highway Trust Fund as follows:

22 For Fiscal Year 2025-26	\$2,470.9 million
23 For Fiscal Year 2026-27	\$2,505.5 million
24 For Fiscal Year 2027-28	\$2,549.3 million
25 For Fiscal Year 2028-29	\$2,609.6 million
26 For Fiscal Year 2029-30	\$2,669.8 million

27 **SECTION 41.1.(d)** The Department of Transportation, in collaboration with the
28 Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year
29 revenue forecast developed under this subsection shall be used (i) to develop the five-year cash
30 flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation
31 Improvement Program, and (iii) by the Department of the State Treasurer to compute
32 transportation debt capacity.

33

34 **CONTINGENCY FUNDS**

35 **SECTION 41.2.(a)** The funds appropriated in this act to the Department of
36 Transportation, Construction – Contingency Fund Code for the 2023-2024 fiscal year shall be
37 allocated statewide for rural or small urban highway improvements and related transportation
38 enhancements to public roads and public facilities, industrial access roads, railroad infrastructure,
39 and spot safety projects, including pedestrian walkways that enhance highway safety. Projects
40 funded pursuant to this subsection require prior approval by the Secretary of Transportation.
41 Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but
42 shall remain available until expended. The use of funds that do not revert under this subsection
43 is not restricted to the fiscal year in which the funds were allocated.

44 **SECTION 41.2.(b)** The Department of Transportation shall report to the members
45 of the General Assembly on projects funded pursuant to subsection (a) of this section in each
46 member's district prior to construction. The Department shall make a quarterly comprehensive
47 report on the use of these funds to the Joint Legislative Transportation Oversight Committee and
48 the Fiscal Research Division.

49

50 **CAPITAL, REPAIRS, AND RENOVATIONS**

1 **SECTION 41.3.** For the 2023-2025 fiscal biennium, the funds appropriated in this
 2 act from the Highway Fund to the Department of Transportation for capital, repairs, and
 3 renovations shall be used as follows:

4	5 Item	6 FY 2023-24	7 FY 2024-25
6	Avery Maintenance Engineer Office	2,628,000	
7	Cherry Branch Shore Power	2,104,000	
8	Clay Maintenance Engineer Office		
9	and Equipment Shop	261,354	
10	Columbus DMV Office/Troop B District		
11	V Headquarters	3,500,000	
12	Hyde Maintenance Office and Equipment Shop	2,485,045	
13	Iredell Maintenance Engineer		
14	and Bridge Maintenance Office	1,628,865	
15	New Hanover DMV Office/Troop		
16	B District VI Headquarters	4,100,000	
17	Replace Rooftop HVAC Units – Century Center	449,500	200,000
18	Rowan District Engineer Office	627,426	
19	Statewide Americans with Disabilities		
20	Act Compliance	1,000,000	1,000,000
21	Statewide Asbestos Abatement	462,000	504,000
22	Statewide Roof Repair	7,027,638	7,623,363
23	Statewide Office Repairs and Renovations	1,244,500	1,244,500
24	Surry District Engineer Office	1,231,450	
25	Watauga District Engineer Office	1,070,041	
26			
27	Total	\$29,819,819	\$10,571,863

28
 29 **EXPEDITE INTERSTATE DESIGNATION**

30 **SECTION 41.4.** The North Carolina Department of Transportation is directed to
 31 work with the State's federal elected representatives, the U.S. Department of Transportation, the
 32 Federal Highway Administration (FHWA), and all relevant federal agencies to expedite the
 33 interstate designation of the following corridors:

- 34 (1) US 74 Corridor from exit 10 in Gaston County through Cleveland County and
- 35 Rutherford County to exit 67 in Polk County at I-26.
- 36 (2) US 29 Corridor from the Guilford/Rockingham County line to the Virginia
- 37 state line.

38
 39 **POWELL BILL FUNDS**

40 **SECTION 41.5.** For the 2023-2025 fiscal biennium:

- 41 (1) The Department of Transportation shall not reduce the funds appropriated
- 42 under this act to the State Aid – Powell Bill Fund for allocation under the
- 43 Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).
- 44 (2) Notwithstanding G.S. 136-41.1(a), eligible municipalities with a population
- 45 of 400,000 or more shall receive the same amount of Powell Bill Program
- 46 funds allocated for the 2020-2021 fiscal year. The remaining Powell Bill
- 47 Program funds shall be allocated to municipalities with a population of less
- 48 than 400,000 in accordance with the requirements of G.S. 136-41.1(a).

49
 50 **FACILITIES MANAGEMENT DIVISION POSITIONS**

1 **SECTION 41.6.(a)** Of the funds appropriated in this act to the Department of
2 Transportation, Facilities Management Division (FMD), the Department shall create 14 full-time
3 equivalent (FTE) Maintenance and Construction Tech III positions (FMD positions). The FMD
4 positions shall be assigned to the 14 local highway division offices and integrated into the current
5 FMD organizational structure set up for regional maintenance of the Division of Motor Vehicles
6 offices. The FMD positions shall be responsible for building inspections, maintenance, repairs
7 and support for State-owned buildings, and management of contracts necessary to complete
8 tasks. Operational funds based on needs shall be allotted by the FMD main office for support of
9 the local highway divisions and district. The FMD shall submit a report on the implementation
10 status of this section by October 1, 2023, and May 1, 2024, to the House of Representatives
11 Appropriations Committee on Transportation, Senate Appropriations Committee on the
12 Department of Transportation, Joint Legislative Transportation Oversight Committee (JLTOC),
13 and the Fiscal Research Division. The report shall include the status of creating and filling
14 positions, lease of trucks, purchase of rolling stock and other supplies, and methodology for
15 allocation of operational funds for the local highway divisions and amount of funds spent. The
16 FMD shall include a needs assessment for additional staffing and funding for routine building
17 maintenance activities.

18 **SECTION 41.6.(b)** By August 1 of each year, the Facilities Management Division
19 shall submit a report to the Joint Legislative Transportation Oversight Committee (JLTOC) and
20 the Fiscal Research Division. The report shall include the following information:

- 21 (1) Capital projects status to include each project undertaken, amount of funds
22 expended, and planned completion and, if additional appropriations are
23 required, include amount needed for completion of the project.
- 24 (2) Information on the contract, including whether the Department of
25 Administration administered the contract and whether the contract was
26 managed by DOT.
- 27 (3) Update of building replacement schedules for upcoming budget planning.

28 29 **AED REPORT**

30 **SECTION 41.6A.** By March 1, 2024, the Department of Transportation shall submit
31 a report to the House Appropriations Committee on Transportation, the Senate Appropriations
32 Committee on the Department of Transportation, and the Fiscal Research Division on the status
33 of purchase and installation of the automated external defibrillator (AED) devices. The report
34 shall include the number of AED devices purchased, location and building purpose of
35 installation, number of replacement AED devices, amount of credit or rebate applied toward new
36 purchases, and total amount spent for purchase and installation of AED devices.

37 38 **EMERGENCY FUNDS EXEMPT FROM TRANSPORTATION INVESTMENT** 39 **STRATEGY FORMULA**

40 **SECTION 41.6B.** G.S. 136-189.11(c1) reads as rewritten:

41 "(c1) Emergency Funds With Alternative Criteria. – The following funds, obligated in
42 support of emergency repair work necessary to restore essential travel, minimize the extent of
43 damage, or protect remaining facilities, as a result of events that occurred during a federal- or
44 State-declared emergency that significantly damaged the State-maintained transportation system
45 to the extent that safe passage is jeopardized, shall not be subject to subsection (d) of this ~~section~~
46 ~~but shall not be subject to the prioritization criteria set forth in that subsection:~~section:

- 47 (1) Federal or State funds obligated for repairs for which federal Emergency
48 Relief Funds are available pursuant to 23 U.S.C. § 125.
- 49 (2) State funds obligated for repairs to damage occurring as a result of an event
50 that is lawfully declared to be a federal or State emergency."
51

ROAD AND BRIDGE NAMING

SECTION 41.7. Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate as follows:

- (1) A section of Interstate 40 in Catawba County named in honor of Cherie Killian Berry, the first female Commissioner of Labor in North Carolina.
- (2) A pedestrian bridge to be constructed in Concord at the Charlotte Motor Speedway named in honor of Linda P. Johnson.
- (3) The bridge on U.S. Highway 74 that crosses over the Catawba River at the Mecklenburg County and Gaston County line and is numbered 350091 by the Department as the "Dana Bumgardner Bridge."
- (4) A bridge to be constructed on Interstate Highway 77 southbound that crosses over Interstate Highway 40 in Statesville as the "Sheriff Godfrey "Click" Kimball Bridge."
- (5) The bridges on U.S. Highway 1 that cross over North Carolina Highway 2 in Moore County as the "George Little Bridges."
- (6) The bridge on North Carolina Highway 49 that crosses over the Tuckertown Reservoir in Davidson County as the "Senator Stan Bingham Bridge."

ROADSIDE ENVIRONMENTAL

SECTION 41.8.(a) Of the funds appropriated to the Department of Transportation from the Highway Fund for the 2023-2025 fiscal biennium, the Department shall spend the following amounts for Roadside Environmental:

FY 2023-2024	\$120,000,000
FY 2024-2025	\$120,000,000

SECTION 41.8.(b) Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:

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

In consultation with university system and community college horticulture programs and the North Carolina Forestry Association, the Department of Natural and Cultural Resources shall require the use of seeds and plants the U.S. Department of Agriculture has classified as native to a state or county in the Southeastern United States, including cultivars and varieties thereof that were not bred to have reduced reproductive structures, with a strong preference for plants the U.S. Department of Agriculture has classified as native to North Carolina, on all lands that are part of the State Parks System as defined in G.S. 143B-135.44. Exempt from this requirement are (i) nonnative seeds and plants used in landscaping for locations where the primary purpose is crop cultivation, crop and horticulture research, science, botanical gardens, plantings for wildlife by the Wildlife Resources Commission, and zoos and (ii) nonnative turf grass. For purposes of this section, the Southeastern United States means the states of Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia, and the following counties in Florida: Bay, Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington."

SECTION 41.8.(c) G.S. 136-18(9) reads as rewritten:

- "(9) ~~To employ appropriate means for properly selecting, planting, and protecting acceptable trees, shrubs, vines, grasses, or legumes~~ In consultation with university system and community college horticulture programs and the North Carolina Forestry Association, the Department shall use seeds and plants the U.S. Department of Agriculture has classified as native to a state or county in the Southeastern United States, including cultivars and varieties thereof that were not bred to have reduced reproductive structures, with a strong preference for plants the U.S. Department of Agriculture has classified as native to North Carolina, in the highway right-of-way in the promotion of erosion control, landscaping, and general protection of the highways;

1 highways, except that the Department may use (i) nonnative grasses, plants,
 2 and seeds for the purpose of soil and slope stabilization for erosion control
 3 and (ii) nonnative turf grasses. For purposes of this subdivision, the
 4 Southeastern United States means the states of Alabama, Georgia, North
 5 Carolina, South Carolina, Tennessee, Virginia, and the following counties in
 6 Florida: Bay, Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa
 7 Rosa, Walton, and Washington. The Department shall also have the power to
 8 acquire by gift or otherwise land for and to construct, operate, and maintain
 9 roadside parks, picnic areas, picnic tables, scenic overlooks, and other
 10 appropriate turnouts for the safety and convenience of highway users; and to
 11 cooperate with municipal or county authorities, federal agencies, civic bodies,
 12 and individuals in the furtherance of those objectives. For purposes of this
 13 subdivision, the term "acceptable" means plants the Department of
 14 Transportation determines will maintain a stable and aesthetic roadside, with
 15 a strong preference for using plants the U.S. Department of Agriculture has
 16 classified as native to North Carolina. None of the roadside parks, picnic areas,
 17 picnic tables, scenic overlooks, or other turnouts, or any part of the highway
 18 right-of-way shall be used for commercial purposes except for any of the
 19 following:

- 20 a. Materials displayed in welcome centers in accordance with
 21 G.S. 136-89.56.
 22 b. Vending machines permitted by the Department of Transportation and
 23 placed by the Division of Services for the Blind of the Department of
 24 Health and Human Services, as the State licensing agency designated
 25 pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 U.S.C.
 26 107a(a)(5)). The Department of Transportation shall regulate the
 27 placing of the vending machines in highway rest areas and shall
 28 regulate the articles to be dispensed.
 29 c. Activities permitted by a local government pursuant to an ordinance
 30 meeting the requirements of G.S. 136-27.4.

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

34 **SECTION 41.8.(d)** Subsections (b) and (c) of this section become effective
 35 December 31, 2024, and apply to contracts entered into on or after that date. The remainder of
 36 this section is effective when it becomes law.
 37

38 **RIGHT-OF-WAY CONDEMNATION JUST COMPENSATION INTEREST RATE**

39 **SECTION 41.9.(a)** G.S. 136-113 reads as rewritten:

40 **"§ 136-113. Interest as a part of just compensation.**

41 ~~To~~ Notwithstanding G.S. 24-1, to said amount awarded as damages by the commissioners or
 42 a jury or judge, the judge shall, as a part of just compensation, add interest at the legal rate on
 43 said amount from the date of taking to the date of satisfaction of the judgment; but interest shall
 44 not be allowed from the date of deposit on so much thereof as shall have been paid into court as
 45 provided in this Article. For purposes of this section, the term "legal rate" means the prime
 46 lending rate, as published by the Board of Governors of the Federal Reserve System on the first
 47 business day of the calendar month immediately preceding the date of taking. ~~The~~ However, the
 48 legal rate established under this section shall not be less than five percent (5%) per annum and
 49 shall not exceed the legal rate set in G.S. 24-1, ~~eight percent (8%) per annum.~~ eight percent (8%) per annum. An amount
 50 awarded as damages shall bear simple, not compounding, interest."

1 **SECTION 41.9.(b)** This section is effective October 31, 2023, and applies to causes
2 of action filed on or after that date.

3 4 **CONTRACT TO MANAGE FERRY CONSTRUCTION**

5 **SECTION 41.10.(a)** For the 2023-2025 fiscal biennium, and notwithstanding any
6 other provision of law, the Department of Transportation shall contract with a qualified vendor
7 to manage ferry vessel construction.

8 **SECTION 41.10.(b)** Beginning January 1, 2024, and quarterly thereafter until the
9 end of the biennium, the Department shall report to the Joint Legislative Transportation Oversight
10 Committee and the Fiscal Research Division on ferry construction progress.

11 12 **CLARIFY FERRY OPERATING BUDGET REQUIREMENTS**

13 **SECTION 41.11.** Section 41.15A of S.L. 2021-180 is amended by adding the
14 following new subsections to read:

15 "SECTION 41.15A.(c) Notwithstanding subsections (a) and (b) of this section, the
16 Committee Report described in Section 43.2 of this act, and any other provision of law, the
17 Department of Transportation may maintain field, program, administrative, or any other fund
18 codes it determines to be necessary within its internal SAP accounting system to implement this
19 section. The Department shall combine these internal fund codes to show only Fund Code 7825
20 for Ferry Operations in the North Carolina Accounting System and North Carolina Financial
21 System and any successor accounting systems. To the extent practicable, the Department shall
22 combine these internal fund codes to show only Fund Code 7825 in reports required by the
23 General Assembly and any other public reports.

24 "SECTION 41.15A.(d) Notwithstanding any other provision of law, the Office of State
25 Budget and Management may make changes to the Integrated Budget Information System, North
26 Carolina Accounting System, North Carolina Financial System, or any successor systems to
27 those listed to comply with this section."

28 29 **FERRY VESSEL REPLACEMENT PLAN**

30 **SECTION 41.11A.(a)** Plan. – The Ferry Division of the Department of
31 Transportation shall develop a plan for replacing its fleet. The plan shall identify each vessel
32 owned by the Department of Transportation at the time of publication of the report and, in
33 addition, include all of the following information:

- 34 (1) The date each vessel entered service.
- 35 (2) The routes and division served by each vessel.
- 36 (3) An assessment of the condition of each vessel.
- 37 (4) The estimated remaining service life of each vessel.
- 38 (5) A schedule for replacing each vessel that includes all of the following:
 - 39 a. A rank order prioritization of vessel replacement that includes the
40 estimated replacement date for each vessel.
 - 41 b. The class of vessel each vessel currently in service will be replaced
42 with.
 - 43 c. The costs the Division will incur to replace each vessel.
- 44 (6) Any funds dedicated or identified for replacing vessels, including the amount
45 and source of the funds.
- 46 (7) A list of potential interventions, if any, that could extend the life of each vessel
47 currently in service. This list shall include (i) the cost of the intervention and
48 (ii) the additional extended life the intervention would provide for the vessel.

49 The Division shall submit this plan to the chairs of the Joint Legislative Transportation Oversight
50 Committee, the chairs of the House and Senate Transportation Appropriations Committees, and
51 the Fiscal Research Division no later than March 1, 2024.

1 **SECTION 41.11A.(b)** Effective Date. – This section is effective when it becomes
2 law.

3 4 **FERRY MAINTENANCE REPORT**

5 **SECTION 41.11B.(a)** The Ferry Division of the Department of Transportation shall
6 report on the use of funds appropriated for marine and facilities maintenance for each year of the
7 2023-2025 fiscal biennium. The report shall include all of the following:

- 8 (1) The projects on which the funds were used.
- 9 (2) The amount of funds used for each project.
- 10 (3) Whether the work on the project was performed by a contractor or by the
11 Division.
- 12 (4) For all work performed by a contractor, the name of the contracting company.

13 **SECTION 41.11B.(b)** The Division shall submit this report to the chairs of the Joint
14 Legislative Transportation Oversight Committee, the chairs of the House and Senate
15 Transportation Appropriations Committees, and the Fiscal Research Division on June 30, 2024,
16 and June 30, 2025.

17 18 **STUDY INCREASING FERRY DIVISION'S CAPACITY FOR VESSEL** 19 **MAINTENANCE**

20 **SECTION 41.11E.(a)** Study. – The Ferry Division of the Department of
21 Transportation shall study increasing its in-house capacity for vessel maintenance, including
22 maintenance related to credit dry-dock examinations required by the United States Coast Guard.
23 This study shall include all of the following:

- 24 (1) An evaluation of all of the following options for increasing in-house capacity
25 for vessel maintenance:
 - 26 a. Expanding berths and staffing at Manns Harbor.
 - 27 b. Using existing State-owned properties for dry-dock availability.
 - 28 c. Purchasing or leasing additional property elsewhere along the North
29 Carolina coast. The evaluation of this option shall include the
30 identification of specific sites or regions where potential additional
31 shipyard capacity may be found and whether the local population of
32 that site or region possesses sufficient skilled labor to support vessel
33 maintenance.
 - 34 d. Any other option that could potentially increase in-house capacity for
35 vessel maintenance.
- 36 (2) For each option evaluated pursuant to subdivision (1) of this subsection, the
37 Division shall assess both of the following:
 - 38 a. The total costs the Division will incur for each option.
 - 39 b. The steps that would be necessary to implement each option and a
40 proposed time line for implementation.
- 41 (3) An assessment of whether the presence of skilled employment in the local
42 population is sufficient to support vessel maintenance.

43 The Division shall report the findings of this study, including any legislative recommendations,
44 to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House
45 and Senate Transportation Appropriations Committees, and the Fiscal Research Division no later
46 than March 1, 2024.

47 **SECTION 41.11E.(b)** Effective Date. – This section is effective when it becomes
48 law.

49 50 **FERRY OVERDRAFT AUTHORIZATION**

1 **SECTION 41.11F.** Notwithstanding G.S. 136-16.10, the Chief Financial Officer of
2 the Department of Transportation shall allocate from the 2024-2025 fiscal year appropriations
3 made to the Department of Transportation for Ferry Operations sufficient funds to eliminate
4 Ferry Division overdrafts for ferry operation expenditures incurred during the 2023-2024 fiscal
5 year.

6
7 **MODIFY LOW-SPEED VEHICLE DEFINITION**

8 **SECTION 41.11H.(a)** G.S. 20-4.01 reads as rewritten:

9 **"§ 20-4.01. Definitions.**

10 Unless the context requires otherwise, the following definitions apply throughout this
11 Chapter to the defined words and phrases and their cognates:

12 ...

13 (27) Passenger Vehicles. –

14 ...

15 g. Low-speed vehicle. – A four-wheeled ~~electric vehicle~~ vehicle that is
16 either electrically powered or propelled by a gasoline engine whose
17 top speed is greater than 20 miles per hour but less than 25 miles per
18 hour.

19 "

20 **SECTION 41.11H.(b)** This section becomes effective October 1, 2023.

21
22 **S-LINE ANNUAL REPORT**

23 **SECTION 41.12.** Beginning October 1, 2023, the Department of Transportation,
24 Rail Division, shall report annually on the status of the S-Line rail corridor reconstruction project
25 between Raleigh and Ridgeway to the Joint Legislative Transportation Oversight Committee and
26 the Fiscal Research Division. This report shall include the status of the acquisition of the project;
27 the total allocations of any funds to the project and their source, including Highway Fund,
28 Highway Trust Fund, and federal funds; and the amount of funds disbursed, including the
29 recipients of those funds. The report shall include any details of lease agreements made with any
30 property owners along the corridor after acquisition is completed. The report shall include an
31 estimated time line, or dates of work completed, of the major project phases, including
32 acquisition, preconstruction, construction, and project closeout. The report shall show the amount
33 of federal funds associated with each State appropriation for the project and detail the award or
34 awards associated with that appropriation.

35
36 **PASSENGER RAIL FLEET PLAN AND COST ESTIMATES**

37 **SECTION 41.13.** The Department of Transportation, Rail Division, shall submit a
38 report on its passenger rail fleet plan to the Joint Legislative Transportation Oversight Committee
39 (JLTOC) and the Fiscal Research Division by December 31, 2023. The report shall include all
40 of the following information regarding new passenger rail rolling stock:

41 (1) The source of funds for purchasing the new passenger rail rolling stock.

42 (2) The cost to purchase the new passenger rail rolling stock.

43 (3) The delivery time line for the new passenger rail rolling stock.

44 (4) The expected annual cost for maintenance and contractor services for the new
45 passenger rail rolling stock.

46 (5) The annual total cost for the existing passenger rail fleet.

47 (6) A comparison of the annual total cost for the existing passenger rail fleet to
48 the expected annual total cost for the new passenger rail rolling stock.

49
50 **EXTEND DURATION OF LICENSES AND ALLOW UNLIMITED REMOTE LICENSE**
51 **RENEWALS**

1 **SECTION 41.14.(a)** G.S. 20-7 reads as rewritten:

2 "**§ 20-7. Issuance and renewal of drivers licenses.**

3 ...

4 (f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed
5 pursuant to the provisions of this subsection:

6 ...

7 (2) Duration of original license for persons at least 18 years of age or older. – A
8 drivers license issued to a person at least 18 years old but less than 66 years
9 old expires on the birthday of the licensee in the ~~eight~~sixteenth year after
10 issuance. A drivers license issued to a person at least 66 years old expires on
11 the birthday of the licensee in the fifth year after issuance. A commercial
12 drivers license expires on the birthday of the licensee in the fifth year after
13 issuance. A commercial drivers license that has a vehicles carrying passengers
14 (P) and school bus (S) endorsement issued pursuant to G.S. 20-37.16 expires
15 on the birthday of the licensee in the third year after issuance, if the licensee
16 is certified to drive a school bus in North Carolina.

17 (2a) Duration of renewed licenses. – A renewed drivers license that was issued by
18 the Division to a person at least 18 years old but less than 66 years old expires
19 ~~eight~~16 years after the expiration date of the license that is renewed. A
20 renewed drivers license that was issued by the Division to a person at least 66
21 years old expires five years after the expiration date of the license that is
22 renewed. A renewed commercial drivers license expires five years after the
23 expiration date of the license that is renewed.

24 ...

25 (6) Remote renewal or conversion. – Subject to the following requirements and
26 limitations, the Division ~~may~~shall offer remote renewal of a drivers license
27 or remote conversion of a full provisional license issued by the Division:

28 a. Requirements. – To be eligible for remote renewal or conversion under
29 this subdivision, a person must meet all of the following requirements:

- 30 1. The license holder possesses either (i) a valid Class C drivers
31 license or (ii) a valid full provisional license and is at least 18
32 years old at the time of the remote conversion.
- 33 2. The license holder's current license includes no restrictions
34 other than a restriction for corrective lenses.
- 35 3. The license holder attests, in a manner designated by the
36 Division, that (i) the license holder is a resident of the State and
37 currently resides at the address on the license to be renewed or
38 converted, (ii) the license holder's name as it appears on the
39 license to be renewed or converted has not changed, and (iii)
40 all other information required by the Division for an in-person
41 renewal under this Article has been provided completely and
42 truthfully. If the license holder does not currently reside at the
43 address on the license to be renewed or converted, the license
44 holder may comply with the address requirement of this
45 sub-sub-subdivision by providing the address at which the
46 license holder resides at the time of the remote renewal or
47 conversion request.
- 48 4. ~~For a remote renewal, the most recent renewal was an~~
49 ~~in-person renewal and not a remote renewal under this~~
50 ~~subdivision.~~

5. The license holder is otherwise eligible for renewal or conversion under this subsection.

...."

SECTION 41.14.(b) This section becomes effective July 1, 2024.

STUDY ON DMV MAIL FLOW AND ROUTING

SECTION 41.14A.(a) Study. – The Division of Motor Vehicles of the North Carolina Department of Transportation, in consultation with the Department of Administration, shall study the flow and routing of mail related to the Division's provision of services and other business. The study shall consider all of the following:

- (1) The legislative and administrative rule requirements that currently control the Division's flow and routing of mail.
(2) The effect that routing incoming mail destined for the Division's Rocky Mount office through the Division's Raleigh office has on the Division's provision of services and other business.
(3) The current routing and flow of outgoing mail the Division uses to (i) provide vehicle services, (ii) issue drivers licenses, and (iii) conduct other business.
(4) The current costs, including transportation costs, associated with mail service between the Division's Raleigh and Rocky Mount offices.
(5) The processing time for the Division's outgoing mail that is routed through the Division's Raleigh office.
(6) Potential new mail routing options that would increase efficiency and reduce costs.
(7) Potential new routing for mail services that originate and terminate at the Division's Rocky Mount office.
(8) Any cost-saving measures the Division could implement to realize cost-savings with respect to its flow and routing of mail.
(9) Any legislative changes necessary to implement a more efficient and cost-effective routing of the Division's mail.
(10) The impact any potential change to the Division's mail flow and routing would have on the Department of Administration's provision of mail services to State agencies under G.S. 143-341.

The Division shall report the findings of this study, including any legislative recommendations, to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House and Senate Transportation Appropriations Committees, the chairs of the House and Senate General Government Appropriations Committees, and the Fiscal Research Division no later than January 15, 2024.

SECTION 41.14A.(b) Effective Date. – This section is effective when it becomes law.

DMV PRIVATIZATION STUDY

SECTION 41.14C.(a) Intent. – The General Assembly finds that the further privatization and modernization of services provided by the Division of Motor Vehicles of the North Carolina Department of Transportation, beyond those services already provided by commission contractors under G.S. 20-63(h), would provide a more citizen-friendly service model for the taxpayers of the State. Therefore, it is the intent of the General Assembly to study viability and feasibility of further privatizing and modernizing the Division or its component parts.

SECTION 41.14C.(b) Request for Proposal. – The Legislative Services Officer (LSO), in conjunction with the Joint Legislative Transportation Oversight Committee (JLTOC),

1 shall issue a request for proposals (RFP) and select a consultant to study the feasibility and
2 advisability of further privatizing and modernizing the Division.

3 **SECTION 41.14C.(c)** Study. – The consultant selected by the LSO and JLTOC shall
4 study the feasibility and desirability of further privatizing the Division. The study shall consider
5 all of the following:

- 6 (1) Potential improvements to the services provided by the Division that could be
7 achieved through further privatization.
- 8 (2) How further privatization of the Division would interact with the current use
9 of commission contractors under G.S. 20-63(h).
- 10 (3) Any legislation or rulemaking necessary to enact further privatization.
- 11 (4) Reliable economic data on the financial impact of further privatization.
- 12 (5) Potential strategies and frameworks for transitioning the Division into further
13 privatization.
- 14 (6) How the State would maintain effective oversight as its direct role in the
15 delivery of services is reduced through further privatization.
- 16 (7) The market interest of qualified vendors in assuming responsibility for
17 services currently provided by the Division.
- 18 (8) Potential methods for selecting vendors or contractors if further privatization
19 is enacted.
- 20 (9) Any modernization efforts, other than privatization, that would improve the
21 Division's provision of services.

22 **SECTION 41.14C.(d)** Time Line. – The LSO and JLTOC shall issue an RFP for the
23 study by November 1, 2023, and select a consultant by January 1, 2024. The consultant shall
24 report the findings of this study, including any legislative recommendations, to the chairs of the
25 JLTOC, the chairs of the House and Senate Transportation Appropriations Committees, and the
26 Fiscal Research Division no later than May 1, 2024.

27 **SECTION 41.14C.(e)** Transfer of Funds. – Of the funds appropriated from the
28 Highway Fund to the Department of Transportation, the Department shall transfer one hundred
29 twenty-five thousand dollars (\$125,000) to the General Assembly to select and retain a consultant
30 to conduct the study required by subsection (b) of this section. Funds allocated by this subsection
31 shall remain available until the conclusion of the study, and any funds unused at that time shall
32 revert to the Highway Fund.

33 **SECTION 41.14C.(f)** Effective Date. – This section is effective when it becomes
34 law.

35 **INCREASE ELECTRIC AND HYBRID VEHICLE FEES**

36 **SECTION 41.14D.(a)** G.S. 20-87 reads as rewritten:

37 **"§ 20-87. Passenger vehicle registration fees.**

38 These fees shall be paid to the Division annually for the registration and licensing of
39 passenger vehicles, according to the following classifications and schedules:

40 ...

- 41 (13) Additional fee for certain electric vehicles. – At the time of an initial
42 registration or registration renewal, the owner of a plug-in electric vehicle that
43 is not a low-speed vehicle and that does not rely on a nonelectric source of
44 power shall pay a fee in the amount of ~~one hundred forty dollars and~~
45 ~~twenty five cents (\$140.25)~~ one hundred eighty dollars (\$180.00) in addition
46 to any other required registration fees.

- 47 (13a) Additional fee for plug-in hybrid vehicles. – At the time of an initial
48 registration or registration renewal, the owner of a plug-in hybrid vehicle shall
49 pay a fee in the amount of ninety dollars (\$90.00) in addition to any other
50 required registration fees.

...."

SECTION 41.14D.(b) This section becomes effective January 1, 2024, and applies to vehicles registered on or after that date.

AUTHORIZE DMV TO IMPLEMENT TRANSACTION FEES ON ELECTRONIC PAYMENTS

SECTION 41.14E.(a) The Division of Motor Vehicles of the Department of Transportation shall develop a plan for adding a fee to transactions where it accepts electronic payment, as that term is defined in G.S. 147-86.20, to offset any service charge the Division pays for electronic payment service. The plan shall do all of the following:

- (1) Determine the processes the Division will use to implement an electronic payment transaction fee.
- (2) Determine the percentage transaction fee necessary to impose on parties using electronic payment to offset any service charges the Division pays.
- (3) Estimate the costs the Division would incur implementing the changes required by the plan, if any.
- (4) Estimate the cost-savings the Division will realize by charging an electronic payment transaction fee.

The Division shall submit this plan to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House and Senate Transportation Appropriations Committees, and the Fiscal Research Division no later than January 1, 2024.

SECTION 41.14E.(b) Article 1 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.

When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division may add a transaction fee to each electronic payment transaction to offset the service charge the Division pays for electronic payment service. The Division's transaction fee shall not exceed two percent (2%) of the electronic payment."

SECTION 41.14E.(c) The Office of State Budget and Management shall add receipts to the base budget for transaction fees to be collected through electronic payments pursuant to G.S. 20-4.05 and adjust the receipts for fiscal year 2024-2025.

SECTION 41.14E.(d) Subsection (a) of this section is effective when it becomes law. The remainder of this section becomes effective July 1, 2024.

AUTHORIZE ISSUANCE OF OVERSIZE PERMITS FOR MOVEMENT OF SHEDS AND OTHER STRUCTURES UP TO SIXTEEN FEET WIDE

SECTION 41.14G.(a) G.S. 20-356(2) reads as rewritten:

- "(2) House. – A dwelling, building, or other structure in excess of ~~15~~16 feet in width. Mobile homes, manufactured homes, or modular homes, or portions thereof, are not within this definition when being transported from the manufacturer or from a licensed retail dealer location to the first set-up site."

SECTION 41.14G.(b) G.S. 20-358(3) reads as rewritten:

- "(3) The applicant must furnish proof that all of the vehicles, excluding "beams and dollies" and "hauling units," to be used in the movement of buildings, structures, or other extraordinary objects wider than ~~15~~16 feet have met the requirements of G.S. 20-183.2 pertaining to the equipment inspection of motor vehicles; provided that the "beams and dollies" and "hauling units" are excluded from inspection under G.S. 20-183.2 and, further, are not required to be equipped with brakes."

SECTION 41.14G.(c) This section becomes effective October 1, 2023.

INCREASE COMPENSATION TO COMMISSION CONTRACT AGENTS AND INCREASE PORTION OF TITLE & REGISTRATION FEES CREDITED TO HIGHWAY FUND

SECTION 41.15.(a) G.S. 20-63(h1) reads as rewritten:

"(h1) Commission contracts entered into by the Division under this subsection shall also provide for the payment of an additional ~~one dollar (\$1.00)~~ two dollars (\$2.00) of compensation to commission contract agents for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of G.S. 20-85."

SECTION 41.15.(b) G.S. 20-85(a1) reads as rewritten:

"(a1) ~~One dollar (\$1.00)~~ Two dollars (\$2.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional twenty cents (20¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Pollution Prevention Fund in the Department of Environmental Quality."

SECTION 41.15.(c) This section becomes effective October 1, 2023, and applies to certificates of title issued or renewed on or after that date.

TRANSFER VACANT POSITIONS TO DIVISION OF AVIATION

SECTION 41.19. Notwithstanding any other provision of law to the contrary, of the full-time equivalent (FTE) positions assigned to the Department of Transportation, the Department shall reclassify nine FTE positions to be assigned to the Division of Aviation according to the following schedule:

- (1) Program Analyst II
- (2) Program Analyst II
- (3) Program Analyst I
- (4) Administrative Officer II
- (5) Engineering Manager I
- (6) Engineer II
- (7) Engineer II
- (8) Engineer I
- (9) Pilot

PART XLII. FINANCE

PERSONAL INCOME TAX RATE REDUCTIONS

SECTION 42.1.(a) G.S. 105-153.7 reads as rewritten:

"§ 105-153.7. Individual income tax imposed.

(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. ~~The~~ Except as otherwise provided in subsection (a1) of this section, the tax is a percentage of the taxpayer's North Carolina taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	4.6% <u>4.5%</u>
In 2025	4.5% <u>4.25%</u>
In 2026	4.25%
After 2026 <u>2025</u>	3.99%.

(a1) Rate Reduction Trigger. – Notwithstanding the tax rates set out in subsection (a) of this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of this subsection, total General Fund revenue is the amount stated in the final accounting of total General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the Office of State Controller in August following the end of the fiscal year.

<u>Fiscal Year</u>	<u>Trigger Amount</u>	<u>Taxable Year Beginning</u>
<u>FY 2025-2026</u>	<u>\$33,042,000,000</u>	<u>In 2027</u>
<u>FY 2026-2027</u>	<u>\$34,100,000,000</u>	<u>In 2028</u>
<u>FY 2027-2028</u>	<u>\$34,760,000,000</u>	<u>In 2029</u>
<u>FY 2028-2029</u>	<u>\$35,750,000,000</u>	<u>In 2030</u>
<u>FY 2029-2030</u>	<u>\$36,510,000,000</u>	<u>In 2031</u>
<u>FY 2030-2031</u>	<u>\$38,000,000,000</u>	<u>In 2032</u>
<u>FY 2031-2032</u>	<u>\$38,500,000,000</u>	<u>In 2033</u>
<u>FY 2032-2033</u>	<u>\$39,000,000,000</u>	<u>In 2034</u>

...."

SECTION 42.1.(b) This section is effective when it becomes law.

CAP THE FRANCHISE TAX ON FIRST ONE MILLION DOLLARS OF C CORP TAX BASE

SECTION 42.6A.(a) G.S. 105-122(d2) reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of this section. ~~its tax base that exceeds one million dollars (\$1,000,000).~~ For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base that exceeds one million dollars (\$1,000,000). In no event may the tax imposed by this section be less than two hundred dollars (\$200.00)."

SECTION 42.6A.(b) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of five hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax base as determined under subsection (a) of this section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of the amount determined under subsection (a) of this section, ~~its tax base that exceeds one million dollars (\$1,000,000),~~ but in no case shall the tax be more than one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00)."

SECTION 42.6A.(c) This section is effective for taxable years beginning on or after January 1, 2025, and applicable to the calculation of franchise tax reported on the 2024 and later corporate income tax return.

REPEAL STATE PRIVILEGE TAX ON PROFESSIONALS

SECTION 42.7.(a) G.S. 105-41 and G.S. 93-12(12) are repealed.

SECTION 42.7.(b) G.S. 53-191 reads as rewritten:

"§ 53-191. **Businesses exempted.**

Nothing in this Article shall be construed to apply to any person, firm or corporation doing business under the authority of any law of this State or of the United States relating to banks,

1 trust companies, savings and loan associations, cooperative credit unions, agricultural credit
2 corporations or associations organized under the laws of North Carolina, production credit
3 associations organized under the act of Congress known as the Farm Credit Act of 1933,
4 pawnbrokers lending or advancing money on specific articles of personal property, industrial
5 banks, the business of negotiating loans on real estate ~~as defined in G.S. 105-41, estate,~~ nor to
6 installment paper dealers as defined in G.S. 105-83 other than persons, firms and corporations
7 engaged in the business of accepting fees for endorsing or otherwise securing loans or contracts
8 for repayment of loans."

9 **SECTION 42.7.(c)** G.S. 105-88(b) reads as rewritten:

10 "(b) This section does not apply to banks, industrial banks, trust companies, savings and
11 loan associations, cooperative credit unions, the business of negotiating loans on real estate ~~as~~
12 ~~described in G.S. 105-41, estate,~~ or insurance premium finance companies licensed under Article
13 35 of Chapter 58 of the General Statutes. This section applies to those persons or concerns
14 operating what are commonly known as loan companies or finance companies and whose
15 business is as hereinbefore described, and those persons, firms, or corporations pursuing the
16 business of lending money and taking as security for the payment of the loan and interest an
17 assignment of wages or an assignment of wages with power of attorney to collect the amount
18 due, or other order or chattel mortgage or bill of sale upon household or kitchen furniture. No
19 real estate mortgage broker is required to obtain a privilege license under this section merely
20 because the broker advances the broker's own funds and takes a security interest in real estate to
21 secure the advances and when, at the time of the advance, the broker has already made
22 arrangements with others for the sale or discount of the obligation at a later date and does so sell
23 or discount the obligation within the period specified in the arrangement or extensions thereof;
24 or when, at the time of the advance the broker intends to sell the obligation to others at a later
25 date and does, within 12 months from date of initial advance, make arrangements with others for
26 the sale of the obligation and does sell the obligation within the period specified in the
27 arrangement or extensions thereof; or because the broker advances the broker's own funds in
28 temporary financing directly involved in the production of permanent-type loans for sale to
29 others; and no real estate mortgage broker whose mortgage lending operations are essentially as
30 described above is required to obtain a privilege license under this section."

31 **SECTION 42.7.(d)** This section is effective for taxes imposed for taxable years
32 beginning on or after July 1, 2024.

33 34 **SALES TAX EXEMPTION FOR CONTINUING CARE RETIREMENT** 35 **COMMUNITIES**

36 **SECTION 42.10.(a)** G.S. 105-164.13 reads as rewritten:

37 "**§ 105-164.13. Retail sales and use tax.**

38 The sale at retail and the use, storage, or consumption in this State of the following items are
39 specifically exempted from the tax imposed by this Article:

40 ...

41 (74) Sales of items by a provider of continuing care to its residents, other than sales
42 of alcoholic beverages. A provider of continuing care must pay sales and use
43 tax on the purchase price of an item that is exempt from tax under this
44 subdivision as if the provider is the user of the item. As a result, the provider
45 of continuing care is not required to pay sales or use tax if the purchase would
46 be exempt if purchased for use, not resale, by the provider. The terms
47 "provider," "continuing care," and "resident" have the same meanings as
48 defined in G.S. 58-64-1. The term "alcoholic beverage" has the same meaning
49 as defined in G.S. 18B-101."

50 **SECTION 42.10.(b)** This section becomes effective November 1, 2023, and applies
51 to sales occurring on or after that date.

1
2 **EXTEND SUNSET ON EXEMPTIONS AND REFUNDS FOR PROFESSIONAL**
3 **MOTORSPORTS**

4 **SECTION 42.11.(a)** G.S. 105-164.13 reads as rewritten:

5 **"§ 105-164.13. Retail sales and use tax.**

6 The sale at retail and the use, storage, or consumption in this State of the following items are
7 specifically exempted from the tax imposed by this Article:

8
9 (65) This subdivision expires January 1, ~~2024-2028~~. Sales of the following to a
10 professional motorsports racing team or a related member of a team for use in
11 competition in a sanctioned race series:

12 a. The sale, lease, or rental of an engine.

13 b. The sales price of or gross receipts derived from a service contract on,
14 or repair, maintenance, and installation services for, a transmission, an
15 engine, rear-end gears, and any tangible personal property that is
16 purchased, leased, or rented and that is exempt from tax under this
17 subdivision or that is allowed a sales tax refund under
18 G.S. 105-164.14A(a)(5).

19 c. The gross receipts derived from an agreement to provide an engine to
20 a professional motorsports racing team or related member of a team
21 for use in competition in a sanctioned race series, where such
22 agreement does not meet the definition of a "service contract" as
23 defined in G.S. 105-164.3 but may meet the definition of the term
24 "lease or rental" as defined in G.S. 105-164.3.

25 (65a) An engine or a part to build or rebuild an engine for the purpose of providing
26 an engine under an agreement to a professional motorsports racing team or a
27 related member of a team for use in competition in a sanctioned race series.
28 This subdivision expires January 1, ~~2024-2028~~.

29"

30 **SECTION 42.11.(b)** G.S. 105-164.14A(a) reads as rewritten:

31 **"§ 105-164.14A. Economic incentive refunds.**

32 (a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes
33 paid under this Article:

34 ...

35 (4) Motorsports team or sanctioning body. – A professional motorsports racing
36 team, a motorsports sanctioning body, or a related member of such a team or
37 body is allowed a refund of the sales and use tax paid by it in this State on
38 aviation gasoline or jet fuel that is used to travel to or from a motorsports event
39 in this State, to travel to a motorsports event in another state from a location
40 in this State, or to travel to this State from a motorsports event in another state.
41 For purposes of this subdivision, a "motorsports event" includes a motorsports
42 race, a motorsports sponsor event, and motorsports testing. This subdivision
43 is repealed for purchases made on or after January 1, ~~2024-2029~~.

44 (5) Professional motorsports team. – A professional motorsports racing team or a
45 related member of a team is allowed a refund of fifty percent (50%) of the
46 sales and use tax paid by it in this State on tangible personal property, other
47 than tires or accessories, that comprises any part of a professional motorsports
48 vehicle. For purposes of this subdivision, "motorsports accessories" includes
49 instrumentation, telemetry, consumables, and paint. This subdivision is
50 repealed for purchases made on or after January 1, ~~2024-2028~~.

51"

1 SECTION 42.11.(c) This section is effective when it becomes law.

2
3 **EXPAND AVIATION SALES TAX EXEMPTION SO THAT PARTS AND**
4 **ACCESSORIES EXEMPTION ALIGNS WITH LABOR EXEMPTION FOR SAME**
5 **TYPES OF AIRCRAFT**

6 SECTION 42.12.(a) G.S. 105-164.3(197) reads as rewritten:

7 "(197) Qualified aircraft. – An aircraft with a maximum take-off weight of ~~more than~~
8 ~~9,000 pounds but not in excess of 15,000 pounds.~~ 2,000 pounds and above."

9 SECTION 42.12.(b) G.S. 105-164.13(61a)m. reads as rewritten:

10 "m. Any of the following:

- 11 1. A qualified aircraft.
- 12 2. A qualified jet engine.
- 13 3. ~~An aircraft with a gross take-off weight of more than 2,000~~
14 ~~pounds.~~"

15 SECTION 42.12.(c) This section becomes effective November 1, 2023, and applies
16 to sales occurring on or after that date.

17
18 **EXTEND SUNSET FOR AVIATION GASOLINE AND JET FUEL FOR USE IN**
19 **COMMERCIAL AIRCRAFT**

20 SECTION 42.13.(a) G.S. 105-164.13 reads as rewritten:

21 "**§ 105-164.13. Retail sales and use tax.**

22 The sale at retail and the use, storage, or consumption in this State of the following items are
23 specifically exempted from the tax imposed by this Article:

24 ...

25 (11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a
26 commercial aircraft. For purposes of this subdivision, the term "commercial
27 aircraft" has the same meaning as defined in subdivision (45a) of this section.
28 This exemption also applies to aviation gasoline and jet fuel purchased for use
29 in a commercial aircraft in interstate or foreign commerce by a person whose
30 primary business is scheduled passenger air transportation. This subdivision
31 expires January 1, ~~2024.~~ 2029.

32"

33 SECTION 42.13.(b) This section is effective when it becomes law.

34
35 **EXPAND SALES TAX EXEMPTION FOR FUEL & CONSUMABLES USED BY BOATS**
36 **TRANSPORTING FREIGHT ON INLAND AND INTRACOASTAL WATERWAYS**

37 SECTION 42.14.(a) G.S. 105-164.13 reads as rewritten:

38 "**§ 105-164.13. Retail sales and use tax.**

39 The sale at retail and the use, storage, or consumption in this State of the following items are
40 specifically exempted from the tax imposed by this Article:

41 ...

42 (24) Sales of fuel and other tangible personal property for use or consumption by
43 or on ~~ocean going vessels which ply the high seas interstate or foreign~~
44 ~~commerce in the~~ a watergoing vessel when delivered to an officer or agent of
45 the vessel for the use of the vessel engaged in either of the activities listed in
46 this subdivision. Sales of fuel and other tangible personal property made to
47 officers, agents, members of the crew, or passengers of these vessels for their
48 personal use are not exempt from payment of the sales tax. The activities are:
49 a. The transport of freight and/or freight in intrastate, interstate, or
50 foreign commerce, whether on the high seas, intracoastal waterways,
51 sounds, or rivers.

b. ~~The transport of passengers for hire exclusively, when delivered to an officer or agent of such vessel for the use of such vessel; provided, however, that sales of fuel and other tangible personal property made to officers, agents, members of the crew or passengers of such vessels for their personal use shall not be exempted from payment of the sales tax exclusively on the high seas.~~

...."

SECTION 42.14.(b) This section becomes effective November 1, 2023, and applies to sales occurring on or after that date.

EXEMPT BREAST PUMPS, BREAST PUMP COLLECTION AND STORAGE SUPPLIES, AND REPAIR AND REPLACEMENT PARTS

SECTION 42.16.(a) G.S. 105-164.3 reads as rewritten:

"§ 105-164.3. Definitions.

The following definitions apply in this Article:

...

(22) Breast pump. – An electrically or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation. The term includes the electrically or manually controlled pump device and any battery, AC adapter, or other power supply unit packaged and sold with the pump device at the time of sale to power the pump device.

(#) Breast pump collection and storage supplies. – Items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption. The term includes breast shields and breast shield connectors, breast pump tubes and tubing adapters, breast pump valves and membranes, backflow protectors and backflow protector adaptors, bottles and bottle caps specific to the operation of the breast pump, breast milk storage bags, and other items that may be useful to initiate, support, or sustain breast-feeding using a breast pump during lactation that may be sold separately, but are generally sold as part of a breast pump kit. The term does not include (i) bottles and bottle caps not specific to the operation of the breast pump, (ii) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products, (iii) breast pump cleaning supplies, (iv) nursing bras, bra pads, breast shells, and other similar products, and (v) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer or distributor.

(#) Breast pump kit. – A kit that contains a breast pump and one or more of the following items: breast pump collection and storage supplies and other taxable items of tangible personal property that may be useful to initiate, support, or sustain breast-feeding using a breast pump during lactation, so long as the other taxable items of tangible personal property sold with the breast pump kit at the time of sale are less than ten percent (10%) of the total sales price of the breast pump kit.

...."

SECTION 42.16.(b) G.S. 105-164.13 reads as rewritten:

"§ 105-164.13. Retail sales and use tax.

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

1
2 (74) Sales of breast pumps, including repair and replacement parts, breast pump
3 kits, and breast pump collection and storage supplies."

4 **SECTION 42.16.(c)** The Revisor of Statutes is authorized to renumber the
5 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and
6 in a manner that reduces the current use of alphanumeric designations, to make conforming
7 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

8 **SECTION 42.16.(d)** This section becomes effective November 1, 2023, and applies
9 to sales occurring on or after that date.

10
11 **CHANGE METHOD OF TAXING SNUFF FROM COST-BASED TO WEIGHT-BASED**
12 **AND EXPAND BASE TO INCLUDE ALTERNATIVE NICOTINE PRODUCTS**

13 **SECTION 42.18.(a)** G.S. 105-113.4 reads as rewritten:

14 **"§ 105-113.4. Definitions.**

15 The following definitions apply in this Article:

16 (1) **Affiliate.** – A person who directly or indirectly controls, is controlled by, or is
17 under common control with another person.

18 (1a) **Affiliated manufacturer.** – A manufacturer licensed under G.S. 105-113.12
19 who is an affiliate of a manufacturer licensed under G.S. 105-113.12.

20 (1b) Alternative nicotine product. – A noncombustible product that contains
21 nicotine, whether natural or synthetic, but does not contain tobacco and is
22 intended for human consumption, whether chewed, absorbed, dissolved,
23 ingested, or by other means. This term does not include a vapor product or any
24 product regulated by the United States Food and Drug Administration under
25 Chapter V of the federal Food, Drug, and Cosmetic Act.

26 (1c) **Cigar.** – A roll of tobacco wrapped in a substance that contains tobacco, other
27 than a cigarette.

28 ~~(1e)~~(1d) **Cigarette.** – Any of the following:

29 a. A roll of tobacco wrapped in paper or in a substance that does not
30 contain tobacco.

31 b. A roll of tobacco wrapped in a substance that contains tobacco and
32 that, because of its appearance, the type of tobacco used in the filler,
33 or its packaging and labeling, is likely to be offered to or purchased by
34 a consumer as a cigarette described in subpart a. of this subdivision.

35 ...

36 (10d) Snuff. – A tobacco product consisting of finely cut, ground, or powdered
37 tobacco that is not intended to be smoked.

38 ...

39 (11a) **Tobacco product.** – A cigarette, a cigar, a vapor product, an alternative
40 nicotine product, or any other product that contains tobacco and is intended
41 for inhalation or oral use. ~~The term includes a vapor product.~~

42 "

43 **SECTION 42.18.(b)** G.S. 105-113.36A reads as rewritten:

44 **"§ 105-113.36A. Tax rates; liability for tax.**

45 (a) **Tax Imposed.** – An excise tax is levied on the sale, use, consumption, handling, or
46 distribution of tobacco products at the following rates:

47 (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable
48 product. All invoices for vapor products issued by manufacturers must state
49 the amount of consumable product in milliliters.

50 (2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price,
51 subject to a cap of thirty cents (30¢) per cigar.

- 1 (3) On snuff, the rate of forty cents (40¢) per ounce and a proportionate rate on
 2 all fractional parts of an ounce. The tax shall be computed based on the net
 3 weight as listed by the manufacturer on the package in accordance with federal
 4 law.
- 5 (4) On alternative nicotine products, the rate of ten cents (10¢) per container
 6 containing up to 20 units, and at the rate of one-half cent (1/2¢) per unit for
 7 any amount in a container containing over 20 units.
- 8 (5) On all other tobacco products, the rate of twelve and eight-tenths percent
 9 (12.8%) of the cost price.

10 ...

11 (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce
 12 to the Secretary's satisfaction documentation of the cost ~~price~~-price, weight, count, or volume
 13 of the items subject to tax, based on the applicable tax imposed, the Secretary may determine a
 14 value based on the cost ~~price~~-price, weight, count, or volume of comparable items."

15 **SECTION 42.18.(c)** G.S. 105-113.38B reads as rewritten:

16 **"§ 105-113.38B. Records.**

17 In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must
 18 maintain the following:

- 19 (1) A list, updated annually, showing the cost price paid by the remote seller for
 20 each stock keeping unit of ~~tobacco products~~-cigars.
- 21 (2) Invoices documenting remote or delivery sales to consumers in this State.
- 22 (3) Records necessary to document the cost ~~price~~-price, weight, or count based on
 23 the applicable tax imposed, of purchases of all tobacco products sold to
 24 consumers in this State."

25 **SECTION 42.18.(d)** G.S. 105-113.4D reads as rewritten:

26 **"§ 105-113.4D. Tax with respect to inventory on effective date of tax increase.**

27 Every person subject to the taxes levied in this Article who, on the effective date of a tax
 28 increase under this Article, has on hand any tobacco products must file a complete inventory of
 29 the tobacco products within 20 days after the effective date of the increase, and must pay an
 30 additional tax to the Secretary when filing the inventory. The amount of tax due is the amount
 31 due based on the difference between the former tax rate and the increased tax rate. For purposes
 32 of this section, a "tax increase" includes a new tax or a change to the methodology for calculating
 33 a tax that results in additional tax being due."

34 **SECTION 42.18.(e)** This section becomes effective July 1, 2025, and applies to sales
 35 or purchases occurring on or after that date.

36
 37 **ENACT NEW TAX ON FOR-HIRE GROUND TRANSPORT SERVICES**

38 **SECTION 42.19.(a)** Subchapter I of Chapter 105 of the General Statutes is amended
 39 by adding a new Article to read:

40 "Article 5J.

41 "Transportation Commerce Tax.

42 **"§ 105-187.90. Definitions.**

43 The following definitions apply to this Article:

- 44 (1) Reserved for future codification purposes.
- 45 (2) Reserved for future codification purposes.
- 46 (3) Exclusive-ride service. – A for-hire ground transport service requested by a
 47 passenger who requests exclusive use of the vehicle.
- 48 (4) Reserved for future codification purposes.
- 49 (5) For-hire ground transport service. – Ground transportation in a passenger
 50 vehicle provided by a for-hire ground transport service provider for which a
 51 passenger is charged a fee.

1 (6) For-hire ground transport service provider. – A transportation network
2 company as defined in G.S. 20-280.1 or a taxi service regulated under
3 G.S. 160A-304.

4 (7) Reserved for future codification purposes.

5 (8) Reserved for future codification purposes.

6 (9) Shared for-hire ground transport service. – A for-hire ground transport service
7 for which an individual has been matched with another individual by a for-hire
8 ground transport service provider.

9 (10) Reserved for future codification purposes.

10 **"§ 105-187.91. Tax imposed.**

11 (a) Levy and Rates. – An excise tax at the rates listed in this subsection is imposed on the
12 gross receipts derived from each for-hire ground transport service if the passenger boards the
13 vehicle in this State and regardless of whether the service is completed. The rates are:

14 (1) For an exclusive-ride service, one and one-half percent (1.5%).

15 (2) For a shared-ride service, one percent (1%).

16 (b) Trust Tax. – The tax imposed by this Article is intended to be passed on to and borne
17 by the purchaser of the for-hire ground transport service. The for-hire ground transport service
18 provider, and not the vehicle driver, must collect the tax due. The tax is a debt from the purchaser
19 to the for-hire ground transport service provider until paid and is recoverable at law by the
20 for-hire ground transport service provider in the same manner as other debts. A for-hire ground
21 transport service provider is considered to act as a trustee on behalf of the State when it collects
22 tax from the purchaser on a taxable transaction. The tax must be stated and charged separately
23 on any documentation provided to the purchaser by the for-hire ground transport service provider
24 at the time of the transaction.

25 **"§ 105-187.92. Registration.**

26 (a) Requirement and Application. – A for-hire ground transport service provider that is
27 not otherwise registered with the Department pursuant to G.S. 105-164.29 must register with the
28 Department.

29 (b) Issuance. – A certificate of registration is not assignable and is valid only for the
30 person in whose name it is issued. A copy of the certificate of registration must be displayed at
31 each place of business.

32 (c) Term. – A certificate of registration is valid unless it is revoked for failure to comply
33 with the provisions of this Article or becomes void. A certificate issued to a person who makes
34 taxable sales or a person liable for tax under this Article becomes void if, for a period of 18
35 months, the person files no returns or files returns showing no sales.

36 (d) Revocation. – The failure of a retailer to comply with this Article is grounds for
37 revocation of the person's certificate of registration. Before the Secretary revokes a person's
38 certificate of registration, the Secretary must notify the person that the Secretary proposes to
39 revoke the certificate of registration and that the proposed revocation will become final unless
40 the person objects to the proposed revocation and files a request for a Departmental review within
41 the time set in G.S. 105-241.11 for requesting a Departmental review of a proposed assessment.
42 The notice must be sent in accordance with the methods authorized in G.S. 105-241.20. The
43 procedures in Article 9 of this Chapter for review of a proposed assessment apply to the review
44 of a proposed revocation.

45 **"§ 105-187.93. Administration.**

46 Except as otherwise provided in this Article, the tax imposed by this Article shall be collected
47 and administered in the same manner as the State sales and use taxes imposed by Article 5 of this
48 Chapter. The provisions of Article 9 of this Chapter that are not inconsistent with this Article,
49 including administration, auditing, making returns, promulgation of rules and regulations by the
50 Secretary, additional taxes, assessments and assessment procedure, imposition and collection of

1 taxes and the lien thereof, and penalties, are made a part of this Article and shall be applicable
2 thereto.

3 **"§ 105-187.94. Exemptions and refunds.**

4 The exemptions and refunds allowed in Article 5 of this Chapter do not apply to sales that
5 the State cannot constitutionally tax.

6 **"§ 105-187.95. Use of tax proceeds.**

7 Each quarter, the Secretary shall credit the net tax proceeds of the taxes collected under this
8 Article to the Highway Fund. The Secretary may retain the cost of administering this Article as
9 reimbursement to the Department."

10 **SECTION 42.19.(b)** This section becomes effective July 1, 2025, and applies to
11 for-hire ground transport services occurring on or after that date.

12
13 **PROHIBIT REGIONAL TRANSPORTATION AUTHORITIES FROM LEVYING**
14 **SHORT-TERM CAR RENTAL TAX IN A COUNTY THAT HAS WITHDRAWN**
15 **FROM AUTHORITY**

16 **SECTION 42.20.(a)** G.S. 105-551 reads as rewritten:

17 **"§ 105-551. Tax on gross receipts authorized.**

18 (a) Tax. – The board of trustees of an Authority may levy a privilege tax on a retailer
19 who is engaged in the business of leasing or renting U-drive-it vehicles or motorcycles based on
20 the gross receipts derived by the retailer from the short-term lease or rental of these vehicles. The
21 tax rate must be a percentage and may not exceed five percent (5%). A tax levied under this
22 section applies to short-term leases or rentals made by a retailer whose place of business or
23 inventory is located within the territorial jurisdiction of the Authority. This tax is in addition to
24 all other taxes.

25 ...

26 (d) Effect of Withdrawal. – The board of trustees of a regional transportation authority
27 created under Article 27 of Chapter 160A of the General Statutes may not levy a tax in a special
28 tax district created under subsection (c) of this section that consists solely of a county that has
29 withdrawn from the Authority."

30 **SECTION 42.20.(b)** This section applies to Surry County only.

31 **SECTION 42.20.(c)** This section becomes effective November 1, 2023, and applies
32 to the gross receipts derived from short-term leases or rentals billed on or after that date. This
33 section does not affect the rights or liabilities of an Authority, a taxpayer, or another person
34 arising in a county that has withdrawn from a regional transportation authority prior to the
35 effective date of this section.

36
37 **ALLOW CERTAIN TRUSTS AND CORPORATIONS TO BE PARTNERS OF A TAXED**
38 **PARTNERSHIP**

39 **SECTION 42.21.(a)** G.S. 105-154.1(a), as amended by Section 1.5(b) of S.L.
40 2023-12, reads as rewritten:

41 "(a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual
42 return required under G.S. 105-154(c), to have the tax under this Article imposed on the
43 partnership for any taxable period covered by the return. A partnership may not revoke the
44 election after the due date of the return, including extensions. This election cannot be made by a
45 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership
46 that has at any time during the taxable year a partner who is not one of the following:

47 (1) An individual.

48 (2) An estate.

49 (3) Any of the following:

50 a. A trust described in section 1361(c)(2) of the Code.

1 b. A trust if such trust does not have as a beneficiary any person other
2 than an individual, an estate, a trust, or an organization described in
3 section 1361(c)(6) of the Code.

4 (4) An organization described in section 1361(c)(6) of the Code.

5 (5) A ~~partnership~~ partnership, including an entity that is classified as a partnership
6 for federal income tax purposes, or ~~an S Corporation as defined in~~
7 G.S. 105-131(b) an entity that is classified as a corporation for federal income
8 tax purposes."

9 **SECTION 42.21.(b)** G.S. 105-154.1 is amended by adding a new subsection to read:

10 "(a1) Extension of Time to Make Election for 2022. – For the 2022 taxable year, a
11 partnership that could not make the election under subsection (a) of this section on its timely filed
12 tax return may make the election by filing an amended return on or before October 15, 2023. For
13 the purposes of this subsection, the 2022 taxable year means the taxable year beginning on or
14 after January 1, 2022."

15 **SECTION 42.21.(c)** This section is effective for taxable years beginning on or after
16 January 1, 2022.

17 18 **CLARIFICATION OF MOTOR FUEL TAX FORMULA**

19 **SECTION 42.22.(a)** G.S. 105-449.80 reads as rewritten:

20 "**§ 105-449.80. Tax rate.**

21 (a) Rate. – For the period that begins on January 1, 2016, and ends on June 30, 2016, the
22 motor fuel excise tax rate is a flat rate of thirty-five cents (35¢) per gallon. For the period that
23 begins on July 1, 2016, and ends on December 31, 2016, the motor fuel excise tax rate is a flat
24 rate of thirty-four cents (34¢) per gallon. For the calendar years beginning on January 1, 2017,
25 the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon, multiplied by a
26 percentage. For calendar years beginning on or after January 1, 2018, the motor fuel excise tax
27 rate is the amount for the preceding calendar year, multiplied by a percentage. The percentage is
28 one hundred percent (100%) plus or minus the sum of the following:

29 (1) The percentage change in population for the ~~applicable~~ prior calendar year, as
30 estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

31 (2) The annual percentage change in the Consumer Price Index for All Urban
32 Consumers, multiplied by twenty-five percent (25%). For purposes of this
33 subdivision, "Consumer Price Index for All Urban Consumers" means the
34 United States city average for energy index contained in the detailed report
35 released in the ~~October~~ November prior to the applicable calendar year by the
36 Bureau of Labor Statistics of the United States Department of Labor, or data
37 determined by the Secretary to be equivalent.

38 (b) Repealed by Session Laws 2015-2, s. 2.2(a), effective January 1, 2016.

39 (c) Notification. – The Secretary must notify affected taxpayers of the tax rate to be in
40 effect for each calendar year beginning January 1."

41 **SECTION 42.22.(b)** This section is effective retroactively to January 1, 2017.

42 43 **PROPERTY TAX EXCLUSION FOR PROPERTY LOCATED AT A LEGACY** 44 **AIRPORT**

45 **SECTION 42.23.(a)** G.S. 105-275 is amended by adding a new subdivision to read:

46 "(50) Fifty percent (50%) of the appraised value of real and personal property
47 located at a qualifying airport that is customarily used for aviation purposes at
48 the airport or for commercial activities typically located at and associated with
49 airport activities. Aircraft located at the qualifying airport must be situated at
50 the airport for purposes of G.S. 105-304. A qualifying airport is an airport that
51 meets the following criteria:

- a. Is designated as a legacy airport by the North Carolina Department of Transportation under G.S. 63-59.
- b. Is a general aviation airport, as defined in 49 U.S.C. § 47102.
- c. Is located within the corporate limits of a municipality.
- d. Had an economic output of eight hundred fifty million dollars (\$850,000,000) or more, as published in the Division of Aviation of the North Carolina Department of Transportation's biennial economic impact study dated January 2023."

SECTION 42.23.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2024.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2023, House Bill 259, dated September 19, 2023, which was distributed in the House of Representatives and the Senate and used to explain this act, shall indicate action by the General Assembly on this act and shall, therefore, be used to construe this act, as provided in the State Budget Act, Chapter 143C of the General Statutes, as appropriate, and for these purposes shall be considered a part of this act and, as such, shall be printed as a part of the Session Laws.

SECTION 43.2.(b) The budget enacted by the General Assembly is for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2023-2025 biennial budget as provided in G.S. 143C-3-5. This budget includes the appropriations of State funds as defined in G.S. 143C-1-1(d)(25).

The Director of the Budget submitted a recommended base budget to the General Assembly in the Governor's Recommended Budget for the 2023-2025 fiscal biennium, dated March 2023, and in the Budget Support Document for the various departments, institutions, and other spending agencies of the State. The adjustments to the recommended base budget made by the General Assembly are set out in the Committee Report.

SECTION 43.2.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with G.S. 143C-5-5, the special provisions in this act, and other appropriate legislation. In the event that there is a conflict between the line-item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

SECTION 43.2.(d) Notwithstanding subsection (a) of this section, the following portions of the Committee Report are for reference, and do not expand, limit, or define the text of the Committee Report:

- (1) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for a particular budget code and containing no other substantive information.
- (2) Summary pages setting forth the enacted budget, the legislative changes, the revised budget, and the related FTE information for multiple fund codes within a single budget code and containing no other substantive information.

REPORT BY FISCAL RESEARCH DIVISION

1 **SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions
2 taken by the 2023 Regular Session of the General Assembly. The report shall be in the form of a
3 revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5.
4 The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to
5 this section to the Director of the Budget. The report shall be published on the General
6 Assembly's internet website for public access.
7

8 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

9 **SECTION 43.4.** Except where expressly repealed or amended by this act, the
10 provisions of any legislation enacted during the 2023 Regular Session of the General Assembly
11 affecting the State budget shall remain in effect.
12

13 **MOST TEXT APPLIES ONLY TO THE 2023-2025 FISCAL BIENNIUM**

14 **SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate
15 an intention to have effects beyond the 2023-2025 fiscal biennium, the textual provisions of this
16 act apply only to funds appropriated for, and activities occurring during, the 2023-2025 fiscal
17 biennium.
18

19 **EFFECT OF HEADINGS**

20 **SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a
21 convenience to the reader and are for reference only. The headings do not expand, limit, or define
22 the text of this act, except for effective dates referring to a Part or Subpart.
23

24 **SEVERABILITY CLAUSE**

25 **SECTION 43.7.** If any section or provision of this act is declared unconstitutional
26 or invalid by the courts, it does not affect the validity of this act as a whole or any part other than
27 the part so declared to be unconstitutional or invalid.
28

29 **EFFECTIVE DATE**

30 **SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1,
31 2023.