

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  
Fifth Edition Engrossed 5/18/23  
Proposed Conference Committee Substitute H259-PCCS50044-MHxr-6

Short Title: 2023 Appropriations Act.

(Public)

Sponsors:

Referred to:

March 6, 2023

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

4 The General Assembly of North Carolina enacts:

5  
6 **PART I. TITLE AND INTRODUCTION**

7  
8 **TITLE OF ACT**

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

11  
12 **INTRODUCTION**

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

19  
20 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**

21  
22 **GENERAL FUND APPROPRIATIONS**

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

26  
27 **Current Operations - General Fund**

**FY 2023-2024**

**FY 2024-2025**

28  
29 **EDUCATION**



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

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

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

1	Requirements	598,235,409	598,865,804
2	Less: Receipts	538,497,331	538,307,550
3	<b>Net Appropriation</b>	<b>59,738,078</b>	<b>60,558,254</b>
4			
5	Child Development and Early Education		
6	Requirements	895,306,625	893,346,831
7	Less: Receipts	640,981,831	638,948,539
8	<b>Net Appropriation</b>	<b>254,324,794</b>	<b>254,398,292</b>
9			
10	Emp. & Indep. for People with Disabilities		
11	Requirements	186,405,070	184,426,242
12	Less: Receipts	142,882,705	140,253,360
13	<b>Net Appropriation</b>	<b>43,522,365</b>	<b>44,172,882</b>
14			
15	Health Benefits		
16	Requirements	28,737,477,319	31,608,353,002
17	Less: Receipts	23,269,219,375	25,823,717,053
18	<b>Net Appropriation</b>	<b>5,468,257,944</b>	<b>5,784,635,949</b>
19			
20	Health Services Regulation		
21	Requirements	81,765,736	82,341,123
22	Less: Receipts	56,854,010	56,649,546
23	<b>Net Appropriation</b>	<b>24,911,726</b>	<b>25,691,577</b>
24			
25	Mental Hlth./Dev. Disabl./Subs. Use Serv.		
26	Requirements	1,913,498,634	1,955,920,868
27	Less: Receipts	1,070,836,251	1,102,274,961
28	<b>Net Appropriation</b>	<b>842,662,383</b>	<b>853,645,907</b>
29			
30	Public Health		
31	Requirements	490,574,984	497,375,103
32	Less: Receipts	361,050,412	362,909,576
33	<b>Net Appropriation</b>	<b>129,524,572</b>	<b>134,465,527</b>
34			
35	Services for the Blind/Deaf/Hard of Hearing		
36	Requirements	45,351,158	45,470,847
37	Less: Receipts	36,012,108	35,981,255
38	<b>Net Appropriation</b>	<b>9,339,050</b>	<b>9,489,592</b>
39			
40	Social Services		
41	Requirements	2,205,426,974	2,214,193,327
42	Less: Receipts	1,983,851,401	1,993,537,351
43	<b>Net Appropriation</b>	<b>221,575,573</b>	<b>220,655,976</b>
44			
45	<b>AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES</b>		
46	Agriculture and Consumer Services		
47	Requirements	276,985,638	274,102,971
48	Less: Receipts	96,058,772	91,858,909
49	<b>Net Appropriation</b>	<b>180,926,866</b>	<b>182,244,062</b>
50			
51	Commerce		

1	Requirements	544,903,642	642,797,732
2	Less: Receipts	370,622,400	439,193,455
3	<b>Net Appropriation</b>	<b>174,281,242</b>	<b>203,604,277</b>
4			
5	Environmental Quality		
6	Requirements	312,486,149	299,399,902
7	Less: Receipts	203,784,374	189,844,998
8	<b>Net Appropriation</b>	<b>108,701,775</b>	<b>109,554,904</b>
9			
10	Labor		
11	Requirements	43,902,629	44,468,963
12	Less: Receipts	18,291,651	18,112,941
13	<b>Net Appropriation</b>	<b>25,610,978</b>	<b>26,356,022</b>
14			
15	Natural and Cultural Resources		
16	Requirements	351,947,543	336,533,868
17	Less: Receipts	63,129,682	54,842,950
18	<b>Net Appropriation</b>	<b>288,817,861</b>	<b>281,690,918</b>
19			
20	Wildlife Resources Commission		
21	Requirements	114,715,321	98,586,402
22	Less: Receipts	96,502,052	81,855,762
23	<b>Net Appropriation</b>	<b>18,213,269</b>	<b>16,730,640</b>
24			
25	<b>JUSTICE AND PUBLIC SAFETY</b>		
26	Indigent Defense Services		
27	Requirements	164,439,200	170,714,444
28	Less: Receipts	14,589,207	13,962,679
29	<b>Net Appropriation</b>	<b>149,849,993</b>	<b>156,751,765</b>
30			
31	Department of Public Safety		
32	Requirements	931,448,939	932,942,136
33	Less: Receipts	245,702,873	237,764,523
34	<b>Net Appropriation</b>	<b>685,746,066</b>	<b>695,177,613</b>
35			
36	Department of Adult Correction		
37	Requirements	2,032,822,259	2,070,615,156
38	Less: Receipts	36,165,743	24,612,230
39	<b>Net Appropriation</b>	<b>1,996,656,516</b>	<b>2,046,002,926</b>
40			
41	Administrative Office of the Courts		
42	Requirements	763,146,146	785,128,108
43	Less: Receipts	12,441,730	6,210,166
44	<b>Net Appropriation</b>	<b>750,704,416</b>	<b>778,917,942</b>
45			
46	Department of Justice		
47	Requirements	111,302,130	112,115,754
48	Less: Receipts	45,605,802	45,147,562
49	<b>Net Appropriation</b>	<b>65,696,328</b>	<b>66,968,192</b>
50			
51	<b>GENERAL GOVERNMENT</b>		

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

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



1	General Fund Reserve		
2	Requirements	450,000	117,743,582
3	Less: Receipts	0	0
4	<b>Net Appropriation</b>	<b>450,000</b>	<b>117,743,582</b>
5			
6	<b>Total Requirements</b>	<b>65,583,058,407</b>	<b>67,791,850,165</b>
7	<b>Less: Total Receipts</b>	<b>35,875,935,383</b>	<b>36,968,536,167</b>
8	<b>Total Net Appropriation</b>	<b>29,707,123,024</b>	<b>30,823,313,998</b>

9

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

13

14 **GENERAL FUND AVAILABILITY**

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

	<b>FY 2023-2024</b>	<b>FY 2024-2025</b>	
19			
20	<b>Unappropriated Balance Remaining FY 2022-23</b>	<b>818,331,123</b>	<b>1,564,437,931</b>
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 Liability		
25	Solvency Reserve	10,000,000	-
26	<b>Total, Prior Year-End Fund Balance</b>	<b>4,849,228,442</b>	<b>1,864,437,931</b>
27			
28	<b>Revised Consensus Revenue Forecast</b>		
29	Tax Revenue	32,115,800,000	32,395,200,000
30	Non-Tax Revenue	1,723,100,000	1,480,100,000
31	<b>Total, Tax and Non-Tax Revenue</b>	<b>33,838,900,000</b>	<b>33,875,300,000</b>
32			
33	<b>Revenue Adjustments</b>		
34	Adjustments to Tax Revenue	(193,077,000)	(606,540,000)
35	Adjustments to Non-Tax Revenue	(3,379,984)	(1,931,189)
36	S.L. 2023-7, Access to Healthcare Options	79,775,000	67,674,000
37	S.L. 2023-42, Sport Wagering/Horse Racing Wagering	8,500,000	36,100,000
38	S.L. 2023-93, Treasury Administrative Changes Act	(5,056,718)	(5,056,718)
39	<b>Total, Revenue Adjustments</b>	<b>(113,238,702)</b>	<b>(509,753,907)</b>
40			
41	<b>Reservations of Revenue, Statutory* and Discretionary</b>		
42	State Capital and Infrastructure Fund (SCIF)*	(1,412,592,500)	(1,461,333,238)
43	Additional Transfer to SCIF	(1,050,000,000)	(700,000,000)
44	Savings Reserve	-	(125,000,000)
45	Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
46	Regional Economic Development Reserve	(1,250,000,000)	-
47	Economic Development Project Reserve	(630,000,000)	(100,000,000)
48	Medicaid Contingency Reserve	(400,000,000)	(250,000,000)
49	Medicaid Transformation Reserve	(5,000,000)	-
50	State Emergency Response and Disaster Relief Fund	(75,000,000)	(75,000,000)
51	Information Technology Reserve	(450,000,000)	-

1	Federal Infrastructure Match Reserve	(50,000,000)	-
2	Housing Reserve	(45,000,000)	(45,000,000)
3	Retiree Supplement Reserve	(145,600,000)	-
4	Transportation Reserve	(450,000,000)	(100,000,000)
5	NCInnovation Reserve	(250,000,000)	(250,000,000)
6	Tech. Adj., Unfunded Liability Solvency Reserve	(10,000,000)	-
7	<b>Total, All Reservations of Revenue</b>	<b>(7,223,192,500)</b>	<b>(4,106,333,238)</b>
8			
9	<b>Revised Total General Fund Availability</b>	<b>31,351,697,240</b>	<b>31,123,650,786</b>
10			
11	<b>General Fund Net Appropriations</b>		
12	S.L. 2023-14, Care for Women, Children, and Families Act	(80,136,285)	(79,336,285)
13	H.B. 259, 2023 Appropriations Act	(29,707,123,024)	(30,823,313,998)
14	<b>Total, General Fund Net Appropriations</b>	<b>(29,787,259,309)</b>	<b>(30,902,650,283)</b>
15			
16	<b>Unappropriated Balance Remaining</b>	<b>1,564,437,931</b>	<b>221,000,503</b>

18 **SECTION 2.2.(b) SCIF.** – In addition to the amount required under  
 19 G.S. 143C-4-3.1, the State Controller shall transfer to the State Capital and Infrastructure Fund  
 20 established under G.S. 143C-4-3.1 the sum of one billion fifty million dollars (\$1,050,000,000)  
 21 in the 2023-2024 fiscal year and the sum of seven hundred million dollars (\$700,000,000) in the  
 22 2024-2025 fiscal year.

23 **SECTION 2.2.(c) Medicaid Contingency Reserve.** – The State Controller shall  
 24 reserve to the Medicaid Contingency Reserve described in G.S. 143C-4-11 from funds available  
 25 in the General Fund the sum of four hundred million dollars (\$400,000,000) in nonrecurring  
 26 funds for the 2023-2024 fiscal year and the sum of two hundred fifty million dollars  
 27 (\$250,000,000) in nonrecurring funds for the 2024-2025 fiscal year.

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

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

1	(8)	University of North Carolina – BOG Instit. Pgms.		
2		(Budget Code: 16011)	3,250,000	0
3	(9)	University of North Carolina – BOG Related Ed. Pgms.		
4		(Budget Code: 16012)	22,622,000	25,518,000
5	(10)	State Board of Elections		
6		(Budget Code: 18025)	5,600,000	0
7	(11)	Office of State Human Resources		
8		(Budget Code: 14111)	5,600,000	0
9	(12)	NC Community College System		
10		(Budget Code: 26802)	0	15,000,000
11	(13)	State Capital and Infrastructure Fund		
12		(Budget Code: 24001)	8,000,000	0
13	(14)	Revenue		
14		(Budget Code: 14700)	1,650,000	0
15	(15)	Administrative Office of the Courts		
16		(Budget Code: 12000)	5,000,000	5,000,000

**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.

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

1  
2           **SECTION 2.2.(f)** Retiree Supplement Reserve. – There is established in the General  
3 Fund a Retiree Supplement Reserve to provide funds for a four percent (4%) retiree supplement.  
4 The State Controller shall reserve to the Retiree Supplement Reserve from funds available in the  
5 General Fund the sum of one hundred forty-five million six hundred thousand dollars  
6 (\$145,600,000) in nonrecurring funds for the 2023-2024 fiscal year. The State Controller shall  
7 transfer to State agencies and departments the funds needed to provide the four percent (4%)  
8 supplement as provided in Section 39.27 of this act, and the funds transferred are appropriated  
9 for the fiscal year in which they are transferred.

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

18           **SECTION 2.2.(h)** Economic Development Project Reserve. – The State Controller  
19 shall reserve to the Economic Development Project Reserve established in Section 2.2 of S.L.  
20 2021-180 from funds available in the General Fund the sum of six hundred thirty million dollars  
21 (\$630,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred  
22 million dollars (\$100,000,000) for the 2024-2025 fiscal year. The State Controller shall transfer  
23 funds available in the Economic Development Project Reserve to State agencies and departments  
24 for economic development initiatives in accordance with the following schedule, and the funds  
25 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

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

45           **SECTION 2.2.(j)** Transportation Reserve. – There is established in the General Fund  
46 a Transportation Reserve. The State Controller shall reserve to the Transportation Reserve from  
47 funds available in the General Fund the sum of four hundred fifty million dollars (\$450,000,000)  
48 in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred million dollars  
49 (\$100,000,000) in nonrecurring funds for the 2024-2025 fiscal year. Funds transferred under this  
50 subsection are appropriated to the Department of Transportation (Budget Code: 84210) for the  
51 fiscal year in which they are transferred to be used in accordance with this act.

1           **SECTION 2.2.(k)** NCInnovation. – There is established in the General Fund an  
2 NCInnovation Reserve to make funds available for NCInnovation, Inc. (NCInnovation), a North  
3 Carolina nonprofit corporation, for the purposes set out in Section 11.9 of this act. The State  
4 Controller shall reserve to the NCInnovation Reserve from funds available in the General Fund  
5 the sum of two hundred fifty million dollars (\$250,000,000) in nonrecurring funds for the  
6 2023-2024 fiscal year and the sum of two hundred fifty million dollars (\$250,000,000) in  
7 nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer portions of  
8 the funds in the NCInnovation Reserve to the Department of Commerce (Department) as  
9 provided in this subsection, and these funds are hereby appropriated to the Department for  
10 allocation to NCInnovation for purposes consistent with Section 11.9 of this act. The required  
11 transfers are as follows:

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

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

38           **"SECTION 2.2.(j)** There is established in the General Fund a World University Games  
39 Reserve to make funds available to support the State of North Carolina as a host of the ~~2027-2029~~  
40 World University Games upon an act of appropriation by the General Assembly. The State  
41 Controller shall reserve to the World University Games Reserve from funds available in the  
42 General Fund the sum of twenty-five million dollars (\$25,000,000) in nonrecurring funds for the  
43 2022-2023 fiscal year. Funds in the reserve that have not been appropriated by ~~June 30, 2026,~~  
44 June 30, 2024, shall revert to the General Fund and the World University Games Reserve shall  
45 be eliminated."

46           **SECTION 2.2.(m)** World University Games Appropriation. – The State Controller  
47 shall transfer to the Department of Commerce (Budget Code: 14602) the sum of twenty-five  
48 million dollars (\$25,000,000) in the 2023-2024 fiscal year from the World University Games  
49 Reserve, and the funds transferred are appropriated for the fiscal year in which they are  
50 transferred. The Department shall annually report no later than October 1 following the  
51 conclusion of any fiscal year in which funds appropriated by this section are expended or

1 encumbered on activities and programs supported by the funds. Funds appropriated by this  
 2 subsection that have not been expended or encumbered by June 30, 2024, shall revert to the  
 3 General Fund.

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

11	State Agency or Department	2023-2024	2024-2025
12			
13	(1) Office of State Budget and Management – Spec. Approp.		
14	(Budget Code: 13085)	\$1,245,350,000	\$4,650,000

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

23	State Agency or Department	2023-2024	2024-2025
24			
25			
26	(1) Department of Commerce		
27	(Budget Code: 14600)	\$250,000	\$250,000
28	(2) Department of Environmental Quality		
29	(Budget Code: 14300)	850,000	850,000
30	(3) Department of Environmental Quality		
31	(Budget Code: 24300)	1,388,921	1,388,921
32	(4) Department of Environmental Quality		
33	Budget Code: 64305)	500,000	500,000
34	(5) Department of Environmental Quality		
35	(Budget Code: 64311)	3,975,123	8,675,950
36	(6) Department of Environmental Quality		
37	(Budget Code: 64320)	6,605,875	14,417,727
38	(7) Office of State Budget and Management		
39	(Budget Code: 13005)	10,000,000	0
40			

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

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

1           **SECTION 2.2.(s)** Golden LEAF. – G.S. 143C-9-3(a1) reads as rewritten:  
 2           "(a1) Each year, the sum of ~~seventeen million five hundred thousand dollars (\$17,500,000)~~  
 3 twenty-five million dollars (\$25,000,000) from the Settlement Reserve Fund is appropriated to  
 4 The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit  
 5 corporation, and these funds shall not be subject to G.S. 143C-6-23. The remainder of the funds  
 6 credited to the Settlement Reserve Fund each fiscal year shall be transferred to the General Fund  
 7 and included in General Fund availability as nontax revenue."

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

15           **SECTION 2.2.(u)** Reservations Not Appropriation. – Except as otherwise  
 16 specifically provided, nothing in this section shall be construed as appropriating funds reserved  
 17 pursuant to this section. Funds reserved pursuant to this section do not constitute an  
 18 "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North  
 19 Carolina Constitution.  
 20

21 **PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND**

22  
 23 **CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

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

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

46  
 47 **HIGHWAY FUND AVAILABILITY**

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

	<b>FY 2023-2024</b>	<b>FY 2024-2025</b>
50 <b>Beginning Balance</b>	<b>\$0</b>	<b>\$0</b>

1			
2	<b>Consensus Revenue Forecast</b>		
3	Motor Fuels Tax	1,805,200,000	1,827,700,000
4	Licenses and Fees	895,100,000	1,053,300,000
5	Short-Term Lease	116,700,000	121,500,000
6	Investment Income	40,700,000	35,700,000
7	Sales Tax Transfer	106,300,000	163,000,000
8			
9	<b>Adjustments to Availability</b>		
10	Aviation Fuels Tax Changes	0	(11,100,000)
11	Sales Tax Changes	(100,000)	(300,000)
12	Title Fees – Transfer from Highway Trust Fund	1,500,000	1,954,000
13	Electric Vehicle Registration Fee Increase	500,000	2,000,000
14	Plug-In Hybrid Registration Fee	700,000	1,800,000
15			
16	<b>Total Highway Fund Availability</b>	<b>\$2,966,600,000</b>	<b>\$3,195,554,000</b>

**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:

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

**HIGHWAY TRUST FUND AVAILABILITY**

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

36		<b>FY 2023-2024</b>	<b>FY 2024-2025</b>
37	<b>Beginning Balance</b>	<b>\$0</b>	<b>\$0</b>
38	Unspent Advance Acquisition Hardship Funds	109,834,972	0
39			
40	<b>Consensus Revenue Forecast</b>		
41	Highway Use Tax	1,112,400,000	1,160,800,000
42	Motor Fuels Tax	598,900,000	602,500,000
43	Fees	142,100,000	170,900,000
44	Investment Income	28,900,000	25,300,000
45	Sales Tax Transfer	318,800,000	489,200,000
46			
47	<b>Adjustments to Availability</b>		
48	Sales Tax Changes	(400,000)	(1,000,000)
49	Title Fees – Transfer to Highway Fund	(1,500,000)	(1,954,000)
50			
51	<b>Total Highway Trust Fund Availability</b>	<b>\$2,309,034,972</b>	<b>\$2,445,746,000</b>



1  
2 **PART IV. OTHER AVAILABILITY AND APPROPRIATIONS**

3  
4 **OTHER APPROPRIATIONS**

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

- 7 (1) All budget codes listed in the Governor's Recommended Base Budget for the  
8 2023-2025 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are  
9 appropriated up to the amounts specified, as adjusted by the General  
10 Assembly in this act and as delineated in the Committee Report described in  
11 Section 43.2 of this act, or in another act of the General Assembly.  
12 (2) Agency receipts up to the amounts needed to implement the legislatively  
13 mandated salary increases and employee benefit increases provided in this act  
14 for each year of the 2023-2025 fiscal biennium.

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

20 **SECTION 4.1.(c)** Funds may be expended only for the specified programs,  
21 purposes, objects, and line items or as otherwise authorized by the General Assembly.  
22

23 **OTHER RECEIPTS FROM PENDING AWARD GRANTS**

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

31 State agencies may spend up to the greater of one percent (1%) or ten million dollars  
32 (\$10,000,000) of the total amount of grants awarded after the enactment of this act to respond to  
33 an emergency, as defined in G.S. 166A-19.3, with the approval of the Director of the Budget.  
34 State agencies shall report to the Joint Legislative Commission on Governmental Operations, the  
35 chairs of the Senate Committee on Appropriations/Base Budget, the chairs of the House  
36 Appropriations Committee, and the Fiscal Research Division within 30 days of receipt of such  
37 funds, including specifying the total amount of grants awarded to respond to the emergency.

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

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

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

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

**SECTION 4.3.(a)** The allocations made from the Education Lottery Fund for the 2023-2025 fiscal biennium are as follows:

	<b>FY 2023-2024</b>	<b>FY 2024-2025</b>
Noninstructional Support Personnel	\$385,914,455	\$385,914,455
Prekindergarten Program	78,252,110	78,252,110
Public School Building Capital Fund	100,000,000	100,000,000
Needs-Based Public School Capital Fund	254,252,612	258,252,612
Public School Repair & Renovation	50,000,000	50,000,000
Scholarship Reserve Fund for Public Colleges and Universities	41,194,733	41,194,733
LEA Transportation	21,386,090	21,386,090
<b>TOTAL ALLOCATION</b>	<b>\$931,000,000</b>	<b>\$935,000,000</b>

**SECTION 4.3.(b)** Article 38B of Chapter 115C of the General Statutes reads as rewritten:

"Article 38B.

"Needs-Based Public School Capital Fund.

**"§ 115C-546.10. Fund created; purpose; prioritization.**

There is created the Needs-Based Public School Capital Fund as an interest-bearing, nonreverting special fund in the Department of Public Instruction. The State Treasurer shall be the custodian of the Needs-Based Public School Capital Fund and shall invest its assets in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3. The Department of Public Instruction shall award grants from the Fund to counties to assist with their critical public school building capital needs in accordance with the following priorities:

- (1) Counties designated as development tier one areas.
- (2) Counties with greater need and less ability to generate sales tax and property tax revenue.
- (3) Counties with a high debt-to-tax revenue ratio.
- (4) The extent to which a project will address critical deficiencies in adequately serving the current and future student population.
- (5) Projects with new construction or complete renovation of existing facilities.
- (6) Projects that will consolidate two or more schools into one new facility.
- (7) Counties that have not received a grant under this Article in the previous three years.

**"§ 115C-546.11. Matching requirement; use of funds; maximum awards; project review.**

(a) An eligible county awarded a grant under this Article shall provide local matching funds from county funds, other non-State funds, or a combination of these sources for the grant as provided in this section. An eligible county is a county with an adjusted market value of taxable real property of less than forty billion dollars (\$40,000,000,000). The adjusted market value of taxable property in a county is equal to the county's assessed taxable real property value, using the latest available data published by the Department of Revenue, divided by the county's sales assessment ratio determined under G.S. 105-289(h). The amount of matching funds for a county awarded a grant shall be published annually by the Department of Public Instruction prior to any application period. The local match requirement applied to the project shall be based on the match requirement effective at the time of the grant award. The local match requirement is calculated as follows:

**Adjusted Market Value of Taxable Real Property**

	Over	Up to	Percentage Match
1			
2	\$0	\$2 billion	0%
3	\$2 billion	\$10 billion	5%
4	\$10 billion	\$20 billion	15%
5	\$20 billion	\$30 billion	25%
6	\$30 billion	\$40 billion	35%

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

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

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

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

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

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

- (1) A requirement that the grantee seek planning assistance and plan review from the School Planning Section of the Department of Public Instruction.
- (2) A progress payment provision governing disbursements to the county for the duration of the school construction project based upon the construction progress and documentation satisfactory to the Department that the matching requirement in G.S. 115C-546.11 has been met.
- (3) A provision requiring periodic reports to the Department of Public Instruction on the use of disbursed grant funds and the progress of the school construction project.
- (4) A requirement that matching funds paid by the county pursuant to G.S. 115C-546.11 must be derived from non-State and nonfederal funds.

1           (5) A provision requiring repayment in full of awarded grant funds in the event  
2           the grant recipient declines the grant award or the grant is forfeited.  
3       (b) Project construction must be initiated within 24 months of the award of grant funds.  
4 The Superintendent of Public Instruction may grant a 12-month extension under extraordinary  
5 circumstances.

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

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

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

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

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

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

19 **"§ 115C-546.13. Lease exception; requirements.**

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

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

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

28           (3) The lease agreement shall be for a term of at least 15 years and no more than  
29           25 years.

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

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

42 **"§ 115C-546.14. Reporting.**

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

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

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

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

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

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

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

### 33 **LIMIT ONLINE LOTTERY GAMES**

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

35 "(4) "Game" or "lottery game" means any procedure or amusement authorized by  
36 the Commission where prizes are distributed among persons who have paid,  
37 or unconditionally agreed to pay, for tickets or shares that provide the  
38 opportunity to win those prizes and does not utilize a video gaming machine  
39 as defined in G.S. 14-306.1(c). The term does not include in-person  
40 casino-style table games or an online interactive version of any casino-style  
41 table game that is all of the following:

- 42 a. Provided via computerized, digital simulation, or virtual versions of  
43 the casino-style table game, or is conducted by one or more live  
44 persons.
- 45 b. Played in the same manner as the casino-style table game.
- 46 c. Subject to commonly utilized rules of play for that casino-style table  
47 game, including methods and factors for determining winners, prizes,  
48 or bonuses.
- 49 d. Made available to players through use of the internet via computers,  
50 mobile applications, or other interactive means.  
51

e. Played upon payment, including acceptance of money or other compensation, by a server-based gaming system located at the premises of a hosting facility or other similar technology."

**SECTION 4.3A.(b)** 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.

(b) In lottery games using tickets, each ticket in a particular game shall have printed on it a unique number distinguishing it from every other ticket in that lottery game and an abbreviated form of the game-play rules, including resources for responsible gaming information. In lottery games using tickets, each ticket may have printed on it a depiction of one or more cartoon characters, whose primary appeal is not to minors. In lottery games using tickets with preprinted winners, the overall estimated odds of winning prizes shall be printed on each ticket. No name or photograph of a current or former elected official shall appear on the tickets of any lottery 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.

(e) Lottery advertising shall be tastefully designed and presented in a manner to minimize the appeal of lottery games to minors. The use of cartoon characters or of false, misleading, or deceptive information in lottery advertising is prohibited. All advertising promoting the sale of lottery tickets or shares for a particular game shall include the actual or estimated overall odds of winning the game.

(f) The Commission shall make available a detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each lottery game or the estimated odds of winning these prizes at the time that lottery game is offered for sale to the public.

(g) The Commission shall, in consultation with the Department of Health and Human Services, develop and provide information to the public about gambling addiction and treatment."

**SECTION 4.3A.(c)** 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:

	<b>FY 2023-2024</b>	<b>FY 2024-2025</b>
Textbook and Digital Resources Allotment	\$10,000,000	\$10,000,000
Classroom Materials	11,000,000	1,000,000
<b>Total Appropriation</b>	<b>\$21,000,000</b>	<b>\$11,000,000</b>

**SECTION 4.4.(b)** G.S. 143C-9-7(b) reads as rewritten:

"(b) Upon appropriation by the General Assembly, funds received in the Indian Gaming Education Revenue Fund shall be allocated quarterly by the State Board of Education to local school administrative units, charter schools, and regional schools on the basis of allotted average daily membership. The funds allotted by the State Board of Education pursuant to this section

1 shall be nonreverting. Funds received pursuant to this section by local school administrative units  
 2 in this State shall be expended for ~~classroom teachers, teacher assistants, classroom materials or~~  
 3 ~~supplies, or textbooks~~ the sole purpose of educating children in the classroom."  
 4

5 **CIVIL PENALTY AND FORFEITURE FUND**

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

	<b>FY 2023-2024</b>	<b>FY 2024-2025</b>
8 School Technology Fund	\$18,000,000	\$18,000,000
9 Drivers Education	31,493,768	31,493,768
10 State Public School Fund	226,041,640	166,041,640
11 <b>Total Appropriation</b>	<b>\$275,535,408</b>	<b>\$215,535,408</b>

12  
 13  
 14 **CORONAVIRUS CAPITAL PROJECTS FUND RESERVE TRANSFER ADJUSTMENT**

15 **SECTION 4.6.** Section 4.12 of S.L. 2021-180 reads as rewritten:

16 **"SECTION 4.12.** The State Controller shall transfer the sum of ~~two hundred seventy-seven~~  
 17 ~~million sixty thousand eight hundred fifty-five dollars (\$277,060,855)~~ two hundred seventy-three  
 18 million five hundred eighty-three thousand one hundred seventy-nine dollars (\$273,583,179) to  
 19 align with the federal award letter received for the 2021-2022 fiscal year from the Coronavirus  
 20 Capital Projects Reserve, established in Section 2.3 of S.L. 2021-25, to the Coronavirus Capital  
 21 Projects Fund, established in Section 2.4 of S.L. 2021-25."  
 22

23 **GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING**

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

- 26 (1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of  
 27 2021, as defined in S.L. 2021-25.
- 28 (2) ARPA Temporary Savings Fund. – As established in Section 1.3 of S.L.  
 29 2023-7.
- 30 (3) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.
- 31 (4) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L.  
 32 2021-25.

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

39 **SECTION 4.7.(c)** Disbursement. – OSBM shall allocate State Fiscal Recovery Fund  
 40 funds to State agencies and departments upon justification from the agency or department and  
 41 only as needed to implement the provisions of this act. State Fiscal Recovery Fund funds shall  
 42 be allocated to nonprofit organizations on a quarterly basis unless OSBM determines that cash  
 43 flow or the nature of the program being funded requires otherwise.

44 **SECTION 4.7.(d)** Interest. – All interest earned on funds held in the State Fiscal  
 45 Recovery Fund through June 30, 2025, shall be transferred to the State Fiscal Recovery Reserve.  
 46 Effective July 1, 2025, all interest earned on funds held in the State Fiscal Recovery Fund shall  
 47 be transferred to the General Fund. In accordance with version 5.1 of the Compliance and  
 48 Reporting Guidance, issued on June 6, 2023, by the United States Department of Treasury  
 49 (Treasury), Coronavirus State and Local Fiscal Recovery Funds (SLFRF) payments made to  
 50 recipients are not subject to the requirements of the federal Cash Management Improvement Act  
 51 and the Treasury's implementing regulations at 31 C.F.R. Part 205 or 2 C.F.R. § 200.305(b)(8)

1 and (b)(9). As such, recipients (i) may place funds in interest-bearing accounts, (ii) do not need  
 2 to remit interests to the Treasury, and (iii) are not limited to using that interest for eligible uses  
 3 under the SLFRF award.

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

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

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

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

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

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

36  
 37 **TRANSFER OF STATE FISCAL RECOVERY FUNDS FROM STATE FISCAL**  
 38 **RECOVERY RESERVE**

39 **SECTION 4.8.** The State Controller shall transfer the sum of twenty million one  
 40 hundred two thousand two hundred fifty-three dollars (\$20,102,253) for the 2023-2024 fiscal  
 41 year and ten million three hundred ninety-seven thousand seven hundred forty-seven dollars  
 42 (\$10,397,747) for the 2024-2025 fiscal year from the State Fiscal Recovery Reserve to the State  
 43 Fiscal Recovery Fund and shall transfer funds from the State Fiscal Recovery Fund to State  
 44 agencies and departments in accordance with the following schedule:

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

51 **TRANSFER OF INTEREST EARNED FROM STATE FISCAL RECOVERY RESERVE**



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

State Agency or Department	2023-2024	2024-2025
(1) Department of Information Technology (Budget Code: 14660)	\$0	\$5,852,253
(2) Department of Commerce (Budget Code: 14602)	4,000,000	0
(3) Department of Commerce (Budget Code: 14601)	7,000,000	0
(4) Department of Commerce (Budget Code: 14600)	40,000	0
(5) Department of Agriculture & Consumer Services (Budget Code: 23704)	3,500,000	0
(6) Department of Agriculture & Consumer Services (Budget Code: 63701)	10,000,000	15,000,000
(7) Department of Agriculture & Consumer Services (Budget Code: 13700)	19,118,172	15,808,853
(8) Department of Environmental Quality (Budget Code: 24300)	850,000	0
(9) Department of Natural & Cultural Resources (Budget Code: 24820)	12,500,000	0
(10) Department of Natural & Cultural Resources (Budget Code: 24817)	24,500,000	17,500,000
(11) Department of Natural & Cultural Resources (Budget Code: 14800)	7,000,000	0
(12) Department of Public Safety (Budget Code: 14550)	1,295,918	0
(13) Wildlife Resources Commission (Budget Code: 14350)	3,580,369	0
(14) Appalachian State University (Budget Code: 16080)	2,416,888	1,477,752
(15) UNC BOG – Institutional Programs (Budget Code: 16011)	5,000,000	5,000,000
(16) UNC at Greensboro (Budget Code: 16040)	11,000,000	11,000,000
(17) Department of Public Instruction (Budget Code: 13510)	10,000,000	0
(18) Department of Transportation Budget Code: 84210)	14,000,000	0
(19) Office of State Budget & Management–Spec. Approp. (Budget Code: 13085)	38,500,000	8,000,000

45           **SECTION 4.8A.(b)** Funds allocated from interest earned from the State Fiscal  
 46 Recovery Reserve shall be disbursed as follows: (i) allocations of one hundred thousand dollars  
 47 (\$100,000) or less are to be made in a single payment, (ii) allocations of more than one hundred  
 48 thousand dollars (\$100,000) shall be made in quarterly payments. A State agency administering  
 49 an allocation shall begin disbursement of funds to a non-State entity that meets all applicable  
 50 requirements as soon as practicable, but no later than 100 days after the date this act becomes  
 51 law.

**STATE FISCAL RECOVERY FUNDS FOR BONUSES ADJUSTMENT**

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

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

**ARPA TEMPORARY SAVINGS FUND**

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

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

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

- (1) The Department of Public Instruction (Budget Code 13510) for Health Career Promotion.
- (2) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Rates for Durable Medical Equipment.
- (3) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Federally Qualified Health Centers and Rural Health Clinics.
- (4) East Carolina University – Health Affairs (Budget Code 16066) for ECU Primary Care Programs Expansion.
- (5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary Care Providers and Psychiatrists Forgivable Loan Program.
- (6) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Rates for Personal Care Services.
- (7) The Department of Public Instruction (Budget Code 13510) for School Health Personnel Allotment.
- (8) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
- (9) NC Community College System (Budget Code 16800) for Nursing and Health-Related Workforce Programs Start-up Funds.
- (10) UNC BOG – Institutional Programs (Budget Code 16011) for Rural Residency Medical Education and Training Fund.
- (11) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Medicaid Rebase.

- 1 (12) The Department of Health and Human Services, Division of Mental Health,  
2 Developmental Disabilities, and Substance Use Services, (Budget Code  
3 14460) for State Facility Workforce Investment.
- 4 (13) The Department of Health and Human Services, Central Management and  
5 Support, Office of Rural Health (Budget Code 14410) for Incentives for  
6 Health Providers in Rural and Underserved Areas.
- 7 (14) The Department of Health and Human Services, Division of Health Benefits,  
8 (Budget Code 14445) for Rates for Skilled Nursing Facilities.
- 9 (15) In order of least to most, all remaining allocations that are not allocations made  
10 through funds appropriated to the State Capital and Infrastructure Fund.
- 11 (16) In order of least to most, allocations made through funds appropriated to the  
12 State Capital and Infrastructure Fund.

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

18 **SECTION 4.9.(d)** Priority of Disbursement of Funds in the 2024-2025 Fiscal Year.

19 – For the 2024-2025 fiscal year, funds appropriated in this act from the ARPA Temporary  
20 Savings Fund and allocated as described in this act, or in the Committee Report described in  
21 Section 43.2 of this act, shall be disbursed in the following order:

- 22 (1) East Carolina University – Health Affairs (Budget Code 16066) for ECU  
23 Primary Care Programs Expansion.
- 24 (2) The Department of Public Instruction (Budget Code 13510) for Health Career  
25 Promotion.
- 26 (3) UNC BOG – Institutional Programs (Budget Code 16011) for Rural  
27 Residency Medical Education and Training Fund.
- 28 (4) The Department of Health and Human Services, Division of Health Benefits,  
29 (Budget Code 14445) for Federally Qualified Health Centers and Rural Health  
30 Clinics.
- 31 (5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary  
32 Care Providers and Psychiatrists Forgivable Loan Program.
- 33 (6) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
- 34 (7) NC Community College System (Budget Code 16800) for Nursing and  
35 Health-Related Workforce Programs Start-up Funds.
- 36 (8) The Department of Health and Human Services, Division of Mental Health,  
37 Developmental Disabilities, and Substance Use Services, (Budget Code  
38 14460) for State Facility Workforce Investment.
- 39 (9) The Department of Health and Human Services, Central Management and  
40 Support, Office of Rural Health (Budget Code 14410) for Incentives for  
41 Health Providers in Rural and Underserved Areas.
- 42 (10) In order of least to most, all remaining allocations that are not allocations made  
43 through funds appropriated to the State Capital and Infrastructure Fund.
- 44 (11) In order of least to most, allocations made through funds appropriated to the  
45 State Capital and Infrastructure Fund.

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



**"§ 116-350. Definitions.**

The following definitions shall apply in this Article:

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

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

(a) Establishment of System. – Effective November 1, 1998, the University of North Carolina Health Care System is established. The System is a State agency and political subdivision governed and administered as an affiliated enterprise of The University of North Carolina in accordance with the provisions of this Article. The System shall provide patient care; facilitate the education of physicians and other health care providers in partnership with the University of North Carolina at Chapel Hill School of Medicine and other health sciences schools affiliated with the constituent institutions of The University of North Carolina System; conduct research collaboratively with the health sciences schools of the University of North Carolina at Chapel Hill and other institutions; facilitate clinical collaboration with and financial sustainability of the University of North Carolina at Chapel Hill School of Medicine; render other services designed to promote the health and well-being of the citizens of North Carolina; and drive innovation and transformation in health care services delivery.

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

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

(d) With respect to G.S. 116-350.30, 116-350.35, 116-350.40, 116-350.45, and 116-350-65, the Board may adopt policies that make the authorities and responsibilities established by one or more of said sections applicable to the University of North Carolina Hospitals at Chapel Hill, to the clinical patient care programs of the School of Medicine of the

1 University of North Carolina at Chapel Hill, to both, or to other persons or entities affiliated with  
2 or under the control of the University of North Carolina Health Care System.

3 **"§ 116-350.10. Board of Directors.**

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

5 (1) Five ex officio members as follows:

6 a. The President of The University of North Carolina or the President's  
7 designee.

8 b. The Chief Executive Officer of the University of North Carolina  
9 Health Care System.

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

11 d. Two individuals designated by the Chief Executive Officer who meet  
12 the following criteria:

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

15 2. At least one of the two designees must be a permanent member  
16 of the faculty of the School of Medicine of the University of  
17 North Carolina at Chapel Hill.

18 3. One of the designees must have primary responsibility for  
19 hospital leadership.

20 4. One of the designees must have primary responsibility for  
21 physician leadership.

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

24 a. One member shall be appointed by the General Assembly upon  
25 recommendation of the Speaker of the House of Representatives  
26 annually.

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

29 (3) Twelve members at large shall be appointed by the President of The  
30 University of North Carolina and confirmed by the Board of Governors. The  
31 President shall appoint a slate of three members annually for confirmation by  
32 the Board of Governors.

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

40 a. Members of the Board of Governors.

41 b. Members of the board of trustees of a constituent institution of The  
42 University of North Carolina.

43 c. Officers or employees of the State.

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

46 1. The two years immediately preceding the effective date of  
47 appointment.

48 2. The effective date of the appointment.

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

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

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

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

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

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

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

24          "**§ 116-350.12. Operational principles of the Board of Directors.**

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

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

29               a.    Discharging their duties to the System with care, skill, prudence, and  
30               diligence.

31               b.    Acting in good faith and in the best interests of the System.

32               c.    Conducting themselves, at all times, in furtherance of the System's  
33               organizational goals and not the member's personal or business  
34               interests.

35               d.    Providing oversight to ensure that the System's resources are dedicated  
36               to the fulfillment of its mission.

37               e.    Becoming knowledgeable about issues that affect the System.

38          (2)    The authority of board members shall be collective, not individual, and shall  
39          only arise from each member's participation with other members of the Board  
40          of Directors when officially convened. Individual board members shall hold  
41          no authority to exercise administrative or executive functions on behalf of the  
42          System, which shall be vested in the Chief Executive Officer of the System.  
43          Individual board members may not bind the Board of Directors or the System,  
44          enter into contracts on behalf of the Board of Directors or the System, or  
45          otherwise act on behalf of or in the name of the Board of Directors or the  
46          System unless authorized to do so by official action of the Board of Directors  
47          or the Chief Executive Officer.

48          (3)    Board members shall adhere to the highest standards of ethical conduct by  
49          complying with laws, regulations, and System policies applicable to their  
50          service.

51          "**§ 116-350.15. Powers and duties of the Board of Directors.**

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

4        (b) Agreements with Constituent Institutions. – The Board may enter into formal  
5 agreements with constituent institutions of The University of North Carolina with respect to the  
6 provision of clinical experience for students and for the provision of maintenance and supporting  
7 services.

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

13            (1) Construct, plan, create, equip, operate, and maintain health care facilities and  
14 ancillary enterprises.

15            (2) Collect, manage, and control all receipts generated through its clinical  
16 operations and other activities.

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

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

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

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

30            (7) Insure property or operations of the System against risks as the Board may  
31 deem advisable.

32            (8) Except as provided in G.S. 116-350.40, to invest any funds held in reserves or  
33 sinking funds, or any funds generated from operations, in property or  
34 securities in which trustees, executors, or others acting in a fiduciary capacity  
35 may legally invest funds under their control.

36            (9) Exercise the following powers conferred upon municipal hospitals and  
37 hospital authorities under Article 2 of Chapter 131E of the General Statutes:

38            a. The power to enter into agreements with other hospital entities subject  
39 to Article 2 of Chapter 131E of the General Statutes to jointly exercise  
40 the powers, privileges, and authorities granted by Article 2 of Chapter  
41 131E of the General Statutes.

42            b. The power to lease any hospital facility, or any part of a hospital  
43 facility, to a nonprofit corporation, provided that the terms and  
44 conditions of such lease are consistent with the public purposes  
45 described in G.S. 131E-12.

46            c. The power to acquire an ownership interest, in whole or in part, in a  
47 nonprofit or for-profit managed care company, as provided in  
48 G.S. 131E-7.1.

49            d. All powers set forth in G.S. 131E-23 that are not otherwise addressed  
50 by this Part.



1           (10) Exercise any or all powers conferred upon the Board, either generally or with  
2 respect to any specific health care facility or other operations, through or by  
3 designated agents, including private corporations, nonprofit corporations, or  
4 limited liability companies formed under the laws of the State.

5           (11) Have the powers of a body corporate and politic, including the power to sue  
6 and be sued, to make contracts, and to adopt and use a common seal and to  
7 alter the same as may be deemed expedient.

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

11 **"§ 116-350.20. Reports due from the Board of Directors.**

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

17 **"§ 116-350.25. System Officers and their staff.**

18           (a) Chief Executive Officer. – The executive and administrative head of the University  
19 of North Carolina Health Care System shall have the title of "Chief Executive Officer." The  
20 Board of Directors, the board of trustees, and the Chancellor of the University of North Carolina  
21 at Chapel Hill, following such search process as the boards and the Chancellor deem appropriate,  
22 shall identify two or more persons as candidates for the office, who, pursuant to criteria agreed  
23 upon by the boards and the Chancellor, have the qualifications for both the positions of Chief  
24 Executive Officer of the University of North Carolina Health Care System and Vice-Chancellor  
25 for Medical Affairs of the University of North Carolina at Chapel Hill. The names of the  
26 candidates so identified, once approved by the Board of Directors and the board of trustees, shall  
27 be forwarded by the Chancellor to the President of The University of North Carolina, who if  
28 satisfied with the quality of one or more of the candidates, will nominate one as Chief Executive  
29 Officer, subject to selection by the Board of Governors. The individual serving as Chief  
30 Executive Officer shall have complete executive and administrative authority to formulate  
31 proposals for, recommend the adoption of, and implement policies governing the programs and  
32 activities of the University of North Carolina Health Care System, subject to all requirements of  
33 the Board of Directors. That same individual, when serving as Vice-Chancellor for Medical  
34 Affairs, shall have all authorities, rights, and responsibilities of a vice-chancellor of the  
35 University of North Carolina at Chapel Hill.

36           (b) President of UNC Hospitals. – The executive and administrative head of the  
37 University of North Carolina Hospitals at Chapel Hill shall have the title of "President of the  
38 University of North Carolina Hospitals at Chapel Hill." The Board of Directors shall elect, on  
39 nomination of the Chief Executive Officer, the President of the University of North Carolina  
40 Hospitals at Chapel Hill.

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

46 **"§ 116-350.30. Personnel.**

47           (a) Employment Authority. – The System may employ a workforce to conduct its  
48 operations. Employees who are employed directly by the System, and not by a System affiliate,  
49 are State employees whose terms and conditions of employment, including benefit plans and  
50 programs, are determined by the Board. Only Articles 5, 6, 7, and 14 of Chapter 126 of the  
51 General Statutes, the State Human Resources Act, apply to these State employees. The Board of

1 the System may authorize the System to employ the faculty and staff of the University of North  
2 Carolina School of Medicine as well as other health affairs schools and components of the  
3 University of North Carolina at Chapel Hill subject to the provisions of this subsection, provided  
4 that any employees who are faculty members shall remain subject to the faculty policies of the  
5 University of North Carolina at Chapel Hill, as established or adopted pursuant to delegation  
6 from the Board of Governors of The University of North Carolina. A State employee employed  
7 by the System immediately prior to January 1, 2024, has the right to (i) continued State  
8 employment if the employee remains in the employee's current role or position, unless terminated  
9 in accordance with the terms of employment that existed immediately prior to January 1, 2024,  
10 subject to all relevant provisions of State and federal law and (ii) continued participation in the  
11 State Teachers' and State Employees' Retirement System if the employee was enrolled in the  
12 Retirement System immediately prior to January 1, 2024, and maintains State employee status.

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

17 **§ 116-350.35. Finances.**

18 (a) System Budgeting. – The System, the UNC Hospitals, and designated component  
19 parts of The University of North Carolina shall not be subject to the provisions of the State  
20 Budget Act, except for General Fund appropriations, or otherwise subject to the authority,  
21 oversight, or control of the Office of the State Controller. The System, the UNC Hospitals, and  
22 designated component parts of The University of North Carolina shall be subject to the authority  
23 and oversight of the Office of the State Auditor. The Chief Executive Officer, subject to the  
24 Board, shall be responsible for all aspects of budget preparation, budget execution, and  
25 expenditure reporting for the System. Separate auditable accounts under the control of the Board  
26 shall be maintained for the UNC Hospitals and the clinical patient care programs of the School  
27 of Medicine of the University of North Carolina at Chapel Hill. Except for General Fund  
28 appropriations, all receipts of the UNC Hospitals may be invested pursuant to G.S. 116-350.40.  
29 General Fund appropriations for support of the UNC Hospitals shall be budgeted in a General  
30 Fund code under a single purpose, "Contribution to University of North Carolina Hospitals at  
31 Chapel Hill Operations" and be transferable to a special fund operating code as receipts. All  
32 revenues generated from operations, appropriations, or funds otherwise under the control of the  
33 Board shall exclusively be used in furtherance of the missions and goals of the System as  
34 determined or approved by the Board.

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

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

50 To the extent that the System advances anticipated government entitlement benefits for a  
51 patient's benefit, for which the patient later receives a lump sum "back pay" award from an agency

1 of the State, whether for the current admission or subsequent admission, the State agency shall  
2 withhold from this back pay an amount equal to the sum advanced on the patient's behalf by the  
3 System, if, prior to the disbursement of the back pay, the applicable State program has received  
4 notice from the System of the advancement.

5 **"§ 116-350.40. Regulation of UNC Hospitals funds.**

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

7 (1) Moneys, or the proceeds of other forms of property, received by the UNC  
8 Hospitals as gifts or devises.

9 (2) Moneys received by the UNC Hospitals pursuant to grants from, or contracts  
10 with, the United States government or any agency or instrumentality thereof.

11 (3) Moneys received by the UNC Hospitals pursuant to grants from, or contracts  
12 with, any State agencies, any political subdivisions of the State, any other  
13 states or nations or political subdivisions thereof, or any private entities  
14 whereby the UNC Hospitals undertakes, subject to terms and conditions  
15 specified by the entity providing the moneys, to conduct research, training, or  
16 public service programs.

17 (4) Moneys received from or for the operation by the UNC Hospitals of any of its  
18 self-supporting auxiliary enterprises, including the Liability Insurance Trust  
19 Fund.

20 (5) Moneys received for services UNC Hospitals and the patient care programs  
21 established or maintained by the School of Medicine of the University of  
22 North Carolina at Chapel Hill render in its hospital, clinics, and other  
23 operations.

24 (6) Moneys received by the UNC Hospitals in respect to borrowings for capital  
25 equipment or construction projects to further services it renders in either or  
26 both of its hospital or clinical operations.

27 (7) The net proceeds from the disposition effected pursuant to Article 7 of Chapter  
28 146 of the General Statutes of any interest in real property owned by or under  
29 the supervision and control of the UNC Hospitals if the interest in real  
30 property had first been acquired by gift or devise or through expenditure of  
31 moneys defined in this section, except the net proceeds from the disposition  
32 of an interest in real property first acquired by the UNC Hospitals through  
33 expenditure of moneys received as a grant from a State agency or General  
34 Fund appropriations.

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

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

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

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

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

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

9 **"§ 116-350.45. Purchases.**

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

17 The Board of Directors shall submit all initial policies and regulations adopted pursuant to  
18 this section to the Division of Purchase and Contract for review upon adoption by the Board. Any  
19 subsequent changes to these policies and regulations adopted by the Board shall be submitted to  
20 the Division of Purchase and Contract for review. Any comments by the Division of Purchase  
21 and Contract shall be submitted to the Chief Executive Officer and to the President of The  
22 University of North Carolina.

23 **"§ 116-350.50. Real property.**

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

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

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

48 **"§ 116-350.55. Bonds and notes.**

49       (a) Bonds and Notes. – In addition to the provisions of Article 3 of Chapter 116D of the  
50 General Statutes, the System shall be authorized to issue bonds and notes on behalf of itself or  
51 any component units or System affiliate in accordance with the provisions of Article 3 of Chapter

1 116D of the General Statutes, in the same manner and for the same purposes as the Board of  
2 Governors of The University of North Carolina may issue bonds and notes as provided for  
3 therein. In doing so, the System shall have the same powers conferred upon the Board of  
4 Governors by such Article and, for purposes of this section, references in such Article to the  
5 Board of Governors shall mean and be deemed to include the System.

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

9 (1) Institutions within the meaning of G.S. 116D-22 include the System and any  
10 component unit or System affiliate.

11 (2) The approval of the Director of the Budget, as provided in G.S. 116D-26,  
12 116D-27, 116D-29, and 116D-30, does not apply to bonds or notes issued by  
13 the System pursuant to this section and Article 3 of Chapter 116D of the  
14 General Statutes.

15 (3) The first paragraph of G.S. 116D-26(b) does not apply to bonds or notes  
16 issued by the System pursuant to this section and Article 3 of Chapter 116D  
17 of the General Statutes.

18 (4) Nothing herein shall limit or restrict the right of the System to obtain a loan  
19 from a financial institution, provided that the System may not pledge real  
20 property owned by the State of North Carolina as collateral.

21 **"§ 116-350.60. Nonprofit merger authority.**

22 The University of North Carolina Health Care System and any domestic nonprofit  
23 corporation may merge in the manner provided in G.S. 55A-11-09, except that the merger need  
24 not comply with G.S. 55A-11-02 as required by G.S. 55A-11-09(b)(3). For the purposes of this  
25 section, the University of North Carolina Health Care System is deemed an unincorporated  
26 "business entity" as defined in G.S. 55A-11-09(a) and the University of North Carolina Health  
27 Care System or the University of North Carolina Hospitals is the surviving business entity of any  
28 merger effected pursuant to this section. For any plan of merger pursuant to this section, along  
29 with the applicable items set forth in the articles of merger under G.S. 55A-11-09(d), the  
30 University of North Carolina Health Care System shall set forth reference to this section.  
31 G.S. 55A-11-09(e1) does not apply to a merger under this section.

32 **"§ 116-350.65. Public records.**

33 The following records of the System are not public records under Chapter 132 of the General  
34 Statutes:

35 (1) Records related to patient care and patient services, including, but not limited  
36 to, patient records, vendor contracts, quality initiatives, quality measures, and  
37 reports related to quality requirements; provided, however, that any contracts  
38 with other State agencies or documents publicly reported to government  
39 regulatory or oversight bodies shall be considered public records.

40 (2) Records related to strategic planning or initiatives, including potential  
41 affiliations and new services or businesses.

42 (3) Consultations with the Joint Legislative Commission on Governmental  
43 Operations as provided by law.

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

45 **"§ 116-350.100. Authorization to secure insurance or provide self-insurance.**

46 The Board is authorized through the purchase of contracts of insurance or the creation of  
47 self-insurance trusts, or through combination of such insurance and self-insurance, to provide the  
48 System, UNC Hospitals, System affiliates, and individual health care practitioners with coverage  
49 against claims of personal or entity liability based on conduct within the course and scope of  
50 health care functions undertaken by such entities or individuals as employees, agents, or officers  
51 of (i) the System, (ii) the University of North Carolina Hospitals at Chapel Hill, or (iii) any health

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

9 **"§ 116-350.105. Establishment and administration of self-insurance trust funds; rules and**  
10 **regulations; defense of actions against covered persons; application of**  
11 **G.S. 143-300.6.**

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

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

26 (c) The Board is authorized to create a UNC Health Liability Insurance Trust Fund  
27 Council composed of not more than 13 members; one member each shall be appointed by the  
28 State Attorney General, the State Insurance Commissioner, the Director of the Office of State  
29 Budget and Management, and the State Treasurer; the remaining members shall be appointed by  
30 the Board. Subject to all requirements and limitations of this Article and to any rules and  
31 regulations adopted by the Board under the terms of subsection (b) of this section, the Board may  
32 delegate to the UNC Health Liability Insurance Trust Fund Council responsibility and authority  
33 for the administration of the self-insured liability insurance program and of the insurance trust  
34 accounts established pursuant to such program.

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

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

49 (f) By rules adopted by the Board in accordance with subsection (b) of this section, the  
50 Board may provide that funds maintained in insurance trust accounts under such a self-insured  
51 program of liability insurance may be used to pay any expenses, including damages ordered to

1 be paid, which may be incurred by the System or the University of North Carolina Hospitals at  
2 Chapel Hill with respect to any claim, based on alleged negligent acts in the provision of health  
3 care services, which may be prosecuted under the provisions of Article 31 of Chapter 143 of the  
4 General Statutes.

5 **"§ 116-350.110. Funding of self-insurance program.**

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

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

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

29 (d) Obligations issued under the provisions of this Part shall not be deemed to constitute  
30 a debt, liability, or obligation of the State or of any political subdivision thereof or a pledge of  
31 the faith and credit of the State or of any such political subdivision but shall be payable solely  
32 from the revenues or assets of the members. Each obligation issued under this Part shall contain  
33 on the face thereof a statement to the effect that the System shall not be obligated to pay the same  
34 nor the interest thereon except from the revenues or assets pledged therefor and that neither the  
35 faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged  
36 to the payment of the principal of or the interest on such obligation.

37 **"§ 116-350.115. Termination of fund.**

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

45 **"§ 116-350.120. Sovereign immunity.**

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

47 **"§ 116-350.125. Confidentiality of records.**

48 Records pertaining to the liability insurance program, including all information,  
49 correspondence, investigations, or interviews concerning or pertaining to claims or potential  
50 claims against participants in the self-insurance program or to the program or applications for  
51 participation in the program shall not be considered public records under Chapter 132 of the

1 General Statutes and shall not be subject to discovery under the Rules of Civil Procedure, Chapter  
2 1A of the General Statutes.

3 **"§ 116-350.130. Further action.**

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

6 **"§ 116-350.135. Appropriation.**

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

9 **"§§ 116-350.136 to 116-359.** Reserved for future codification purposes.

10 "Article 39.

11 "East Carolina University Health Care Operations.

12 **"§ 116-360.5. Definitions.**

13 The following definitions apply in this Article:

- 14 (1) Board of Trustees. – The Board of Trustees of East Carolina University.  
15 (2) Career State employee status. – As defined in G.S. 126-1.1.  
16 (3) Chancellor. – The Chancellor of East Carolina University.  
17 (4) ECU Dental School Clinical Operations. – A division of the School of Dental  
18 Medicine at East Carolina University that operates clinical programs and  
19 facilities in Greenville, North Carolina, and across the State for the purpose of  
20 providing medical care to the general public and training dentists and other  
21 health care professionals.  
22 (5) Medical Faculty Practice Plan. – A division of the School of Medicine of East  
23 Carolina University that operates clinical programs and facilities for the  
24 purpose of providing medical care to the general public and training  
25 physicians and other health care professionals.  
26 (6) President. – The President of The University of North Carolina.  
27 (7) School of Medicine. – The Brody School of Medicine of East Carolina  
28 University.

29 **"§ 116-360.10. East Carolina University School of Medicine; establishment; mission.**

30 (a) Establishment. – The Board of Trustees of East Carolina University is hereby  
31 authorized to establish a school of medicine at East Carolina University, Greenville, North  
32 Carolina. The school of medicine shall meet all requirements and regulations of the Council on  
33 Medical Education and Hospitals of the American Medical Association, the Association of  
34 American Medical Colleges, and other such accrediting agencies whose approval is normally  
35 required for the establishment and operation of a two-year medical school.

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

47 **"§ 116-360.15. Personnel and operations.**

48 (a) Employment Authority. – East Carolina University School of Medicine may employ  
49 a workforce to conduct its operations of the Medical Faculty Practice Plan and the ECU Dental  
50 School Clinical Operations. Employees who are employed directly by Medical Faculty Practice  
51 Plan and the ECU Dental School Clinical Operations, and not by an affiliated hospital or health



1 system, are State employees whose terms and conditions of employment, including benefit plans  
2 and programs, are determined by the Chancellor, subject to the direction of the President. Only  
3 Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the State Human Resources Act,  
4 apply to these State employees. Subject to the approval of the President, the Chancellor may  
5 authorize East Carolina University to employ the faculty and staff of the School of Medicine and  
6 other health affairs schools and components of East Carolina University, subject to the provisions  
7 of this section. All employees who are faculty members shall remain subject to the faculty  
8 policies of East Carolina University, as established or adopted pursuant to delegation from the  
9 Board of Governors of The University of North Carolina. A State employee employed by East  
10 Carolina University as part of the Medical Faculty Practice Plan or ECU Dental School Clinical  
11 Operations prior to January 1, 2024, has the right to (i) continued State employment if the  
12 employee remains in the employee's current role or position, unless terminated in accordance  
13 with the terms of employment that existed immediately prior to January 1, 2024, subject to all  
14 relevant provisions of State and federal law and (ii) continued participation in the State Teachers'  
15 and State Employees' Retirement System if the employee was enrolled in the Retirement System  
16 immediately prior to January 1, 2024, and maintains State employee status.

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

19 (1) For employees of the Medical Faculty Practice Plan. – The compensation of a  
20 State employee who achieved career State employee status by October 31,  
21 1998, shall not be reduced as a result of this section and that employee shall  
22 (i) remain subject to the rules regarding discipline or discharge that were  
23 effective on October 31, 1998, and (ii) not be subject to the rules regarding  
24 discipline or discharge adopted after that date.

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

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

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

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

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

#### 43 **"§ 116-360.20. Finances.**

44 (a) Budgeting. – The School of Medicine, the Medical Faculty Practice Plan, and ECU  
45 Dental School Clinical Operations, shall not be subject to the provisions of the State Budget Act,  
46 except for General Fund appropriations, or otherwise subject to the authority, oversight, or  
47 control of the Office of the State Controller. The School of Medicine, the Medical Faculty  
48 Practice Plan, and ECU Dental School Clinical Operations shall be subject to the authority and  
49 oversight of the Office of the State Auditor. The Chancellor, subject to the direction of the  
50 President, shall be responsible for all aspects of budget preparation, budget execution, and  
51 expenditure reporting for the School of Medicine, the Medical Faculty Practice Plan, and ECU

1 Dental School Clinical Operations. Except for General Fund appropriations, all receipts for the  
2 Medical Faculty Practice Plan and ECU Dental School Clinical Operations may be invested  
3 pursuant to G.S. 116-36.1. General Fund appropriations for support of the Medical Faculty  
4 Practice Plan shall be budgeted in a General Fund code under a single purpose, "Contributions  
5 to Medical Faculty Practice Plan at East Carolina University," and be transferable to a special  
6 fund operating code as receipts. All revenues generated from operations, appropriations, or funds  
7 of the Medical Faculty Practice Plan shall exclusively be used in furtherance of the missions and  
8 goals of the Medical Faculty Practice Plan and School of Medicine as determined or approved  
9 by the Chancellor.

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

14 (1) The portion of the Medicare reimbursement generated through the effort and  
15 expense of the School of Medicine's Medical Faculty Practice Plan shall be  
16 transferred to the appropriate Medical Faculty Practice Plan account within  
17 the School of Medicine. The Medical Faculty Practice Plan shall assume  
18 responsibility for any of these funds that subsequently must be refunded due  
19 to final audit settlements.

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

25 **§ 116-360.25. Purchases.**

26 Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General  
27 Statutes to the contrary, the Chancellor shall establish policies and regulations governing the  
28 purchasing requirements of the School of Medicine, the Medical Faculty Practice Plan, and ECU  
29 Dental School Clinical Operations. These policies and regulations shall provide for requests for  
30 proposals, competitive bidding, or purchasing by means other than competitive bidding, contract  
31 negotiations, and contract awards for purchasing supplies, materials, equipment, and services  
32 which are necessary and appropriate to fulfill the clinical and educational missions of the School  
33 of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations.  
34 Pursuant to such policies and regulations, purchases for the School of Medicine, the Medical  
35 Faculty Practice Plan, and ECU Dental School Clinical Operations shall be effected by East  
36 Carolina University.

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

43 **§ 116-360.30. Public records.**

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

46 (1) Records related to research, patient care, and patient services, including, but  
47 not limited to, patient records, vendor contracts, quality initiatives, quality  
48 measures, and reports related to quality requirements; provided, however, that  
49 any contracts with other State agencies or documents publicly reported to  
50 government regulatory or oversight bodies shall be considered public records.

- 1           (2) Records related to strategic planning or initiatives, including potential  
 2           affiliations and new services or businesses.  
 3           (3) Consultations with the Joint Legislative Commission on Governmental  
 4           Operations as provided by law.

5 **"§ 116-360.35. Real property.**

6           (a) Acquisition and Disposition. – The Chancellor of East Carolina University shall  
 7 establish rules and regulations for acquiring or disposing of any interest in real property for the  
 8 use of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School  
 9 Clinical Operations. These rules and regulations shall include provisions for development of  
 10 specifications, advertisement, and negotiations with owners for acquisition of an interest in real  
 11 property by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent  
 12 domain, on behalf of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental  
 13 School Clinical Operations. Acquisitions and dispositions of interests in real property pursuant  
 14 to this section shall not be subject to State laws applicable to the acquisition or disposition of  
 15 interest in real property by or on behalf of State agencies, including, without limitation, the  
 16 provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146  
 17 of the General Statutes.

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

26           (c) Plan Review and Code Enforcement of Certain Construction Projects. –  
 27 Notwithstanding any other provision of law to the contrary, a local building code inspection  
 28 department has general authority over plan review, administration, and enforcement of all  
 29 sections of the North Carolina State Building Code with respect to construction or renovation  
 30 projects undertaken by the School of Medicine, the Medical Faculty Practice Plan, or ECU Dental  
 31 Clinical Operations that are on or within privately owned real property leased by the School of  
 32 Medicine, the Medical Faculty Practice Plan, or ECU Dental Clinical Operations within the  
 33 jurisdiction of the local building code inspection department. Nothing in this subsection shall be  
 34 construed to abrogate the authority of the Department of Labor under subsections (c) and (d) of  
 35 G.S. 143-139."

36  
 37 **CONFORMING AND OTHER CHANGES**

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

39 **"§ 66-58. Sale of merchandise or services by governmental units.**

40           (a) Except as ~~may be~~ provided in this section, it ~~shall be~~ is unlawful for any unit,  
 41 ~~department~~ department, or agency of the State government, or any division or subdivision of the  
 42 unit, ~~department~~ department, or agency, or any individual employee or employees of the unit,  
 43 ~~department~~ department, or agency in his, ~~or~~ her, or their capacity as employee or employees  
 44 ~~thereof~~, thereof to engage directly or indirectly in the sale of goods, ~~wares~~ wares, or merchandise  
 45 in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias  
 46 or other eating places in any building owned by or leased in the name of the State, or to maintain  
 47 service establishments for the rendering of services to the public ordinarily and customarily  
 48 rendered by private enterprises, or to provide transportation services, or to contract with any  
 49 person, ~~firm~~ firm, or corporation for the operation or rendering of the businesses or services on  
 50 behalf of the unit, ~~department~~ department, or agency, or to purchase for or sell to any person,  
 51 ~~firm~~ firm, or corporation any article of merchandise in competition with private enterprise. The

1 leasing or subleasing of space in any building owned, ~~leased~~leased, or operated by any unit,  
 2 ~~department or agency or division or subdivision thereof~~department, agency, division, or  
 3 subdivision of the State for the purpose of operating or rendering of any of the businesses or  
 4 services ~~herein~~referred to in this section is ~~hereby~~ prohibited.

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

- 7 ...
- 8 (8) The University of North Carolina with regard ~~to~~to all of the following:
- 9 ...
- 10 e. The hospital and Medical School of the University of North Carolina.
- 11 e1. The University of North Carolina Health Care System.
- 12 ...."

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

14 **"§ 116-30.3A. Availability of excess receipts.**

15 Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts within The  
 16 University of North Carolina realized in excess of budgeted levels shall be available, up to a  
 17 maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to  
 18 appropriations to support the operations generating the receipts as approved by the Director of  
 19 the Budget. ~~Notwithstanding the provisions of Chapter 143C of the General Statutes, receipts~~  
 20 ~~within The University of North Carolina Health Care System realized in excess of budgeted~~  
 21 ~~levels shall be available above budgeted levels, for each Budget Code, in addition to~~  
 22 ~~appropriations to support the operations generating the receipts as approved by the Director of~~  
 23 ~~the Budget."~~

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

25 **"§ 116-219. Authorization to secure insurance or provide self-insurance.**

26 The Board of Governors of the University of North Carolina (hereinafter referred to as "the  
 27 Board") is authorized through the purchase of contracts of insurance or the creation of  
 28 self-insurance trusts, or through combination of such insurance and self-insurance, to provide  
 29 individual health-care practitioners with coverage against claims of personal tort liability based  
 30 on conduct within the course and scope of health-care functions undertaken by such individuals  
 31 as employees, agents, or officers of (i) the University of North Carolina, (ii) any constituent  
 32 institution of the University of North Carolina, ~~(iii) the University of North Carolina Hospitals~~  
 33 ~~at Chapel Hill, or (iv) (iii) any health-care institution, agency or entity which has an affiliation~~  
 34 ~~agreement with the University of North Carolina, Carolina or with a constituent institution of the~~  
 35 ~~University of North Carolina, or with the University of North Carolina Hospitals at Chapel Hill.~~  
 36 Carolina. The types of health-care practitioners to which the provisions of this Article may apply  
 37 include, but are not limited to, medical doctors, dentists, nurses, residents, interns, medical  
 38 technologists, nurses' aides, and orderlies. Subject to all requirements and limitations of this  
 39 Article, the coverage to be provided, through insurance or self-insurance or combination thereof,  
 40 may include provision for the payment of expenses of litigation, the payment of civil judgments  
 41 in courts of competent jurisdiction, and the payment of settlement amounts, in actions, suits or  
 42 claims to which this Article applies."

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

44 "(f) By rules or regulations adopted by the Board in accordance with G.S. 116-220(b) of  
 45 this Article, the Board may provide that funds maintained in insurance trust accounts under such  
 46 a self-insured program of liability insurance may be used to pay any expenses, including damages  
 47 ordered to be paid, which may be incurred by the University of North ~~Carolina, Carolina or a~~  
 48 ~~constituent institution of the University of North Carolina, or the University of North Carolina~~  
 49 ~~Hospitals at Chapel Hill Carolina with respect to any tort claim, based on alleged negligent acts~~  
 50 ~~in the provision of health-care services, which may be prosecuted under the provisions of Article~~  
 51 ~~31 of Chapter 143 of the General Statutes."~~

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

2           "(11) University. – The University of North Carolina and its constituent and  
3           affiliated institutions, including, without limitation, the University of North  
4           Carolina Center for Public Television, ~~the University of North Carolina Health~~  
5           ~~Care System~~, the North Carolina School of Science and Mathematics, and the  
6           North Carolina Arboretum."

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

8           "(2) Institution. – Each of the institutions enumerated in G.S. 116-2, and any  
9           affiliated institutions of the University, including, without limitation, the  
10          University of North Carolina Center for Public Television, ~~the University of~~  
11          ~~North Carolina Health Care System~~, the North Carolina School of Science and  
12          Mathematics, and the North Carolina Arboretum."

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

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

16           (1) Employees of the University of North Carolina Health Care System.

17           (2) Employees of the University of North Carolina Hospitals at Chapel Hill, ~~as~~  
18           ~~may be provided pursuant to G.S. 116-37(a)(4).Hill.~~

19           (3) Employees of the clinical patient care programs of the School of Medicine of  
20           the University of North Carolina at Chapel Hill ~~as may be provided pursuant~~  
21           ~~to G.S. 116-37(a)(4).Hill.~~

22          "...."

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

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

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

29          "(10) "Employee" shall mean all full-time employees, agents or officers of the State  
30          of North Carolina or any of its departments, bureaus and institutions other than  
31          educational, whether such employees are elected, appointed or employed:  
32          Provided that the term "employee" shall not include employees of the  
33          University of North Carolina Health Care System who are not eligible for  
34          participation under G.S. 135-5.6, employees of the East Carolina University  
35          School of Medicine or Dental School of Medicine who are not eligible for  
36          participation under G.S. 135-5.7, any person who is a member of the  
37          Consolidated Judicial Retirement System, any member of the General  
38          Assembly or any part-time or temporary employee. Notwithstanding any other  
39          provision of law, "employee" shall include all employees of the General  
40          Assembly except participants in the Legislative Intern Program, pages, and  
41          beneficiaries in receipt of a monthly retirement allowance under this Chapter  
42          who are reemployed on a temporary basis. "Employee" also includes any  
43          participant whose employment is interrupted by reason of service in the  
44          Uniformed Services, as that term is defined in section 4303(16) of the  
45          Uniformed Services Employment and Reemployment Rights Act, Public Law  
46          103-353, if that participant was an employee at the time of the interruption; if  
47          the participant does not return immediately after that service to employment  
48          with a covered employer in this System, then the participant shall be deemed  
49          "in service" until the date on which the participant was first eligible to be  
50          separated or released from his or her involuntary military service. In all cases  
51          of doubt, the Board of Trustees shall determine whether any person is an

employee as defined in this Chapter. "Employee" shall also mean every full-time civilian employee of the North Carolina National Guard who is employed pursuant to section 709 of Title 32 of the United States Code and paid from federal appropriated funds, but held by the federal authorities not to be a federal employee: Provided, however, that the authority or agency paying the salaries of such employees shall deduct or cause to be deducted from each employee's salary the employee's contribution in accordance with applicable provisions of G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement System; coverage of employees described in this sentence shall commence upon the first day of the calendar year or fiscal year, whichever is earlier, next following the date of execution of an agreement between the Secretary of Defense of the United States and the Adjutant General of the State acting for the Governor in behalf of the State, but no credit shall be allowed pursuant to this sentence for any service previously rendered in the above-described capacity as a civilian employee of the North Carolina National Guard: Provided, further, that the Adjutant General, in the Adjutant General's discretion, may terminate the Retirement System coverage of the above-described North Carolina National Guard employees if a federal retirement system is established for such employees and the Adjutant General elects to secure coverage of such employees under such federal retirement system. Any full-time civilian employee of the North Carolina National Guard described above who is now or hereafter may become a member of the Retirement System may secure Retirement System credit for such service as a North Carolina National Guard civilian employee for the period preceding the time when such employees became eligible for Retirement System coverage by paying to the Retirement System an amount equal to that which would have constituted employee contributions if the employee had been a member during the years of ineligibility, plus interest. Employees of State agencies, departments, institutions, boards, and commissions who are employed in permanent job positions on a recurring basis must work at least 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:

...

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

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

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

25 ~~1.~~(1) The member's retirement ~~shall be is~~ deemed effective the month after the last  
 26 month the member performed services for a participating employer, and the  
 27 member shall repay all retirement benefits paid up to the deemed effective  
 28 date, provided the member thereafter has satisfied the six-month separation  
 29 required by G.S. 135-1(20).

30 ~~2.~~(2) The member shall make a lump-sum payment to the Retirement System equal  
 31 to three times the amount of compensation earned during the six months  
 32 immediately following the effective date of retirement.

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

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

42 "**§ 135-5.1. Optional retirement program for The University of North Carolina.**

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

- 1 (1) Administrators and faculty of The University of North Carolina with the rank  
2 of instructor or ~~above;~~above.
- 3 (2) The President and employees of The University of North Carolina who are  
4 appointed by the Board of Governors on recommendation of the President  
5 pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who are appointed by  
6 the Board of Trustees of a constituent institution of The University of North  
7 Carolina upon the recommendation of the Chancellor pursuant to ~~G.S.~~  
8 ~~116-40.22(b);~~G.S. 116-40.22(b).
- 9 (3) Nonfaculty instructional and research staff who are exempt from the North  
10 Carolina Human Resources Act, as defined by the provisions of  
11 G.S. 126-5(c1)(8), and the faculty of the North Carolina School of Science  
12 and ~~Mathematics;~~ and Mathematics.
- 13 (4) Field faculty of the Cooperative Agriculture Extension Service, and tenure  
14 track faculty in North Carolina State University agriculture research programs  
15 who are exempt from the North Carolina Human Resources Act and who are  
16 eligible for membership in the Teachers' and State Employees' Retirement  
17 System pursuant to G.S. 135-3(1), who in any of the cases described in this  
18 subsection (i) had been members of the Optional Retirement Program under  
19 the provisions of Chapter 338, Session Laws of 1971, immediately prior to  
20 July 1, 1985, or (ii) have sought membership as required in subsection (b),  
21 below. Under the Optional Retirement Program, the State and the participant  
22 shall contribute, to the extent authorized or required, toward the purchase of  
23 such contracts or deposited in such trust on the participant's behalf.
- 24 (5) ~~Employees~~ To the extent allowed under G.S. 135-5.6, employees of The  
25 University of North Carolina Health Care System, subject to rules for  
26 eligibility and participation as may be adopted by the Board of Governors in  
27 the Optional Retirement Program plan document.
- 28 (6) Employees hired on or after January 1, 2013.
- 29 (b) Participation in the Optional Retirement Program shall be governed as follows:
- 30 (1) Those participating in the Optional Retirement Program immediately prior to  
31 July 1, 1985, under the provisions of Chapter 338, Session Laws of 1971, are  
32 deemed automatically enrolled in the Program as established by this section.
- 33 (2) Eligible ~~employees~~ University personnel initially appointed on or after July 1,  
34 1985, shall at the same time of entering upon eligible employment elect (i) to  
35 join the Retirement System in accordance with the provisions of law  
36 applicable thereto or (ii) to participate in the Optional Retirement Program.  
37 This election shall be in writing and filed with the Retirement System and with  
38 the employing institution and shall be effective ~~as of~~ on the date of entry into  
39 eligible service. For purposes of this provision, the Optional Retirement  
40 Program shall be permitted to file individual election forms with the  
41 Retirement System using electronic transmission.
- 42 (3) ~~An~~ Except as provided under G.S. 135-5.6 and G.S. 135-5.7, an election to  
43 participate in the Optional Retirement Program shall be irrevocable. An  
44 eligible employee failing to elect to participate in the Optional Retirement  
45 Program at the time of entry into eligible service shall automatically be  
46 enrolled as a member of the Retirement System.
- 47 ...
- 48 (c) Each employing institution shall contribute on behalf of each participant in the  
49 Optional Retirement Program an amount equal to a percentage of the participant's compensation  
50 as established from time to time by the General Assembly. Each participant shall contribute the  
51 amount which he or she would be required to contribute if a member of the Retirement System.



1 Contributions authorized or required by the provisions of this subsection on behalf of each  
2 participant shall be made, consistent with Section 414(h) of the Internal Revenue Code, by salary  
3 reduction according to rules and regulations established by The University of North Carolina.  
4 Additional personal contributions may also be made by a participant by payroll deduction or  
5 salary reduction to an annuity or retirement income plan established pursuant to G.S. 116-17.  
6 Payment of contributions shall be made by the employing institution to the designated company  
7 or companies underwriting the annuities or the trustees for the benefit of each participant, and  
8 this employer contribution shall not be subject to any State tax if made under the Optional  
9 Retirement Program or, otherwise, by salary reduction.

10 ...

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

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

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

26 "**§ 135-5.6. Employees of the University of North Carolina Health Care System.**

27 (a) All employees of the University of North Carolina Health Care System who are (i)  
28 employed before January 1, 2024, and (ii) are members of either the Retirement System or the  
29 Optional Retirement Program before January 1, 2024, shall retain membership in that Retirement  
30 System or that Optional Retirement Program unless the member makes a one-time, irrevocable  
31 election to cease membership in the Retirement System or the Optional Retirement Program in  
32 favor of a similar benefit offered by the University of North Carolina Health Care System  
33 pursuant to G.S. 116-350.30.

34 (b) Employees of the University of North Carolina Health Care System who are hired on  
35 or after January 1, 2024, shall not be eligible for membership in the Retirement System. The  
36 University of North Carolina Health Care System shall offer employees of the System who are  
37 hired on or 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. 116-350.30.

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

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

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

51 "**§ 135-5.7. Certain employees of East Carolina University.**

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

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

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

16           (1) Membership in the Optional Retirement System.

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

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

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

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

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

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

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

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

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

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

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

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

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

10 ...."

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

12 **"§ 143-56. Certain purchases excepted from provisions of Article.**

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

- 16 (1) Published books, manuscripts, maps, pamphlets and periodicals.
- 17 (2) Perishable articles such as fresh vegetables, fresh fish, fresh meat, eggs, and  
 18 others as may be classified by the Secretary of Administration.

19 Purchase through the Secretary of Administration shall not be mandatory for information  
 20 technology purchased in accordance with Article 15 of Chapter 143B of the General Statutes, for  
 21 a purchase of supplies, materials or equipment for the General Assembly if the total expenditures  
 22 is less than the expenditure benchmark established under the provisions of G.S. 143-53.1, for  
 23 group purchases made by hospitals, developmental centers, neuromedical treatment centers, and  
 24 alcohol and drug abuse treatment centers through a competitive bidding purchasing program, as  
 25 defined in G.S. 143-129, by the University of North Carolina Health Care System pursuant to  
 26 ~~G.S. 116-37(h)~~, ~~G.S. 116-350.45~~, by the University of North Carolina Hospitals at Chapel Hill  
 27 pursuant to ~~G.S. 116-37(a)(4)~~, ~~G.S. 116-350.15(d)~~, by the University of North Carolina at Chapel  
 28 Hill on behalf of the clinical patient care programs of the School of Medicine of the University  
 29 of North Carolina at Chapel Hill pursuant to ~~G.S. 116-37(a)(4)~~, ~~G.S. 116-350.15(d)~~, or by East  
 30 Carolina University on behalf of the Medical Faculty Practice Plan pursuant to  
 31 ~~G.S. 116-40.6(e)~~, ~~G.S. 116-360.25~~.

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

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

39 **"§ 143-596. Definitions.**

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

- 41 ...
- 42 (1c) Medical Faculty Practice Plan. – As defined in ~~G.S. 116-40.6~~, Article 39 of  
 43 Chapter 116 of the General Statutes.
- 44 ...
- 45 (8) The University of North Carolina Health Care System. – As defined in ~~G.S.~~  
 46 ~~116-37~~, Article 38 of Chapter 116 of the General Statutes."

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

48 **"§ 143C-1-3. Fund types.**

- 49 ...
- 50 (c) Notwithstanding subsections (a) and (b) of this section, funds established for The  
 51 University of North Carolina and its constituent institutions pursuant to the following statutes are

1 exempt from Chapter 143C of the General Statutes and shall be accounted for as provided by  
2 those statutes, except that the provisions of Article 8 of Chapter 143C of the General Statutes  
3 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,~~  
4 116-44.4, 116-68, 116-220, 116-235.

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

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

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

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

18 **"§ 143C-8-8. When a State agency may increase the cost of a capital improvement project.**

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

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

28 "(c) Acquisitions on behalf of the University of North Carolina Health Care System shall  
29 be made in accordance with ~~G.S. 116-37(i),~~ G.S. 116-350.50, acquisitions on behalf of the  
30 University of North Carolina Hospitals at Chapel Hill shall be made in accordance with ~~G.S.~~  
31 ~~116-37(a)(4),~~ G.S. 116-350.15(d), acquisitions on behalf of the clinical patient care programs of  
32 the School of Medicine of The University of North Carolina at Chapel Hill shall be made in  
33 accordance with ~~G.S. 116-37(a)(4),~~ G.S. 116-350.15(d), and acquisitions on behalf of the  
34 Medical Faculty Practice Plan of the East Carolina University School of Medicine shall be made  
35 in accordance with ~~G.S. 116-40.6(d),~~ G.S. 116-360.35(a)."

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

37 "(16a) The University of North Carolina Hospitals at Chapel Hill funds, except  
38 appropriated funds, deposited with the State Treasurer pursuant to  
39 ~~G.S. 116-37.2,~~ G.S. 116-350.40."

## 41 APPROPRIATIONS AND REPORTING REQUIREMENTS FOR THE NC CARE 42 INITIATIVE

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

- 44 (1) North Carolina's rural population is among the largest in the United States and  
45 is in need of dedicated effort and investment to help improve health outcomes  
46 in many of the State's rural communities.
- 47 (2) The East Carolina University Brody School of Medicine, the University of  
48 North Carolina School of Medicine, University Health Systems of Eastern  
49 Carolina, Inc., a nonprofit corporation doing business as ECU Health (ECU  
50 Health), and the University of North Carolina Health Care System are  
51 dedicated to extending and improving health care services and health provider

1 education for the benefit of North Carolina citizens and communities;  
2 delivering care close to where citizens live and work; and transforming rural  
3 health care for the benefit of North Carolina.

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

- 14 (1) The sum of ten million dollars (\$10,000,000) for Clinically Integrated  
15 Network.
- 16 (2) The sum of two hundred ten million dollars (\$210,000,000) for three health  
17 clinics, of which the sum of one hundred five million dollars (\$105,000,000)  
18 has been appropriated.
- 19 (3) The sum of one hundred fifty million dollars (\$150,000,000) for hospital  
20 investment.
- 21 (4) The sum of fifty million dollars (\$50,000,000) for a regional behavioral health  
22 hospital.

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

- 26 (1) Invest in strengthening and providing operational support for community  
27 hospitals affiliated with the University of North Carolina Health Care System  
28 and ECU Health that will be integrated into the new regional systems of care  
29 developed through the NC Care initiative.
- 30 (2) Clinically integrate these community hospitals into the new regional systems  
31 of care developed through the NC Care initiative.

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

- 37 (1) Progress on the development and implementation of the NC Care initiative.
- 38 (2) Plans developed through the NC Care initiative for the establishment of new  
39 regional systems of care, new rural care centers, or both. The report shall  
40 include the location and projected cost of any new regional systems of care,  
41 new rural care centers, or both; and the location and projected cost for each.
- 42 (3) Plans developed through the NC Care initiative for investments in  
43 strengthening and providing operational support for community hospitals  
44 affiliated with the University of North Carolina Health Care System and ECU  
45 Health. The report shall include the amount of funds appropriated by this act  
46 that are used for these purposes, broken down by hospital name, hospital  
47 location, and the purpose of the investment; and information about how these  
48 community hospitals will be integrated into the new regional systems of care  
49 developed through the NC Care initiative.
- 50 (4) The implementation status of the UNC Health and ECU Health Clinically  
51 Integrated Network funded by this act.

- 1 (5) Progress on capital projects and grant projects funded by the State Capital  
2 Infrastructure Fund pursuant to Section 40.1 of this act.  
3 (6) Any other information the University of North Carolina Health Care System  
4 and ECU Health deem necessary for the General Assembly to evaluate the  
5 effectiveness of the NC Care initiative.  
6

#### 7 **EFFECTIVE DATE OF SECTION**

8 **SECTION 4.10.(dd)** Subsections (z) through (cc) of this section are effective July  
9 1, 2023. The remainder of this section is effective when it becomes law.  
10

#### 11 **PART V. GENERAL PROVISIONS**

#### 12 **UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2022-2023 FISCAL YEAR** 13 **DO NOT REVERT**

14 **SECTION 5.1.(a)** This section applies to any directed grants appropriated as  
15 nonrecurring funds in S.L. 2021-180 for the 2022-23 fiscal year that (i) remain unexpended as of  
16 the effective date of this section and (ii) are subject to reversion at the end of the 2022-23 fiscal  
17 year. Notwithstanding any provision of law to the contrary, the grants described by this section  
18 shall not revert at the end of the 2022-23 fiscal year and shall remain available for expenditure  
19 for the purpose for which the funds were appropriated until the earlier of the date the funds are  
20 expended or the date the funds revert pursuant to subsection (b) of this section.  
21

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

25 **SECTION 5.1.(c)** This section becomes effective June 30, 2023.  
26

#### 27 **UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2021-2022**

28 **SECTION 5.1B.(a)** This section applies to any directed grants appropriated as  
29 nonrecurring funds in S.L. 2021-180 for the 2021-2022 fiscal year that (i) remain unexpended as  
30 of the effective date of this section and (ii) are subject to reversion at the end of the 2022-2023  
31 fiscal year. Notwithstanding any provision of law to the contrary, the grants described by this  
32 section shall not revert at the end of the 2022-2023 fiscal year and shall remain available for  
33 expenditure for the purpose for which the funds were appropriated until the earlier of the date the  
34 funds are expended or March 31, 2024.

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

38 **SECTION 5.1B.(c)** This section is effective June 30, 2023.  
39

#### 40 **ESTABLISHING OR INCREASING FEES**

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

44 **SECTION 5.2.(b)** Notwithstanding G.S. 150B-21.1A(a), an agency may adopt an  
45 emergency rule in accordance with G.S. 150B-21.1A to establish or increase a fee as authorized  
46 by this act if the adoption of a rule would otherwise be required under Article 2A of Chapter  
47 150B of the General Statutes.  
48

#### 49 **DIRECTED GRANTS TO NON-STATE ENTITIES**

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

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

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

- 6 (1) Directed grants are subject to the provisions of subsections (b) through (k),  
7 except for subdivision (1) of (f1), of G.S. 143C-6-23.
- 8 (2) Directed grants of one hundred thousand dollars (\$100,000) or less may be  
9 made in a single annual payment in the discretion of the Director of the  
10 Budget. Directed grants of more than one hundred thousand dollars  
11 (\$100,000) shall be made in quarterly or monthly payments in the discretion  
12 of the Director of the Budget. A State agency administering a directed grant  
13 shall begin disbursement of funds to a non-State entity that meets all  
14 applicable requirements as soon as practicable, but no later than 100 days after  
15 the date this act becomes law. Full disbursement of funds to a non-State entity  
16 that meets all applicable requirements shall be completed no later than nine  
17 months after the date this act becomes law.
- 18 (3) Beginning on the first day of a quarter following the deadline provided in  
19 subdivision (2) of this subsection and quarterly thereafter, State agencies  
20 administering directed grants shall report to the Fiscal Research Division on  
21 the status of funds disbursed for each directed grant until all funds are fully  
22 disbursed. At a minimum, the report required under this subdivision shall  
23 include updates on (i) the date of the initial contact, (ii) the date the contract  
24 was sent to the entity receiving the funds, (iii) the date the disbursing agency  
25 received the fully executed contract back from the entity, (iv) the contract  
26 execution date, and (v) the payment date.
- 27 (4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
28 nonrecurring funds appropriated in this act for the 2023-2024 fiscal year as  
29 directed grants shall not revert until two years after this act becomes law, and  
30 nonrecurring funds appropriated in this act for the 2024-2025 fiscal year as  
31 directed grants shall not revert until June 30, 2026.
- 32 (5) Directed grants to nonprofit organizations are for nonsectarian, nonreligious  
33 purposes only.

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

### 35 36 **CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES**

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

### 40 41 **RECOMMENDATION ON PEN-AND-INK SIGNATURES**

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

### 46 47 **DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY**

48 **SECTION 5.6.(a)** Recapture of Unused Funds. – The State Controller shall transfer  
49 fifty-two million seven hundred eighty-four thousand four hundred forty-seven dollars  
50 (\$52,784,447) in remaining funds appropriated or allocated for the listed agencies, as referenced  
51 below, to the State Emergency Response and Disaster Relief Fund, in the following amounts:

- 1 (1) Forty-four million three hundred forty-six thousand two hundred forty-nine  
 2 dollars (\$44,346,249) for the Department of Agriculture and Consumer  
 3 Services:  
 4 a. Section 4.1(10) of S.L. 2016-124.  
 5 b. Funds remaining in Item 23 of the Committee Report referenced in  
 6 Section 6.1 of S.L. 2018-136.  
 7 c. Section 1.3(3) of S.L. 2018-138.  
 8 d. Section 5.9A(c)(2) of S.L. 2021-180.
- 9 (2) Three million three hundred ninety-nine thousand four dollars (\$3,399,004)  
 10 for the North Carolina Community College System:  
 11 a. Section 5.3(f) of S.L. 2018-136.  
 12 b. Funds remaining in Items 8, 9, and 10 of the Committee Report as  
 13 referenced in Section 6.1 of S.L. 2018-136.  
 14 c. Section 2.1(1) of S.L. 2019-224.
- 15 (3) Two million two hundred forty-nine thousand two hundred forty-five dollars  
 16 (\$2,249,245) for the Department of Health and Human Services from funds  
 17 remaining in Items 16 and 17 of the Committee Report as referenced in  
 18 Section 6.1 of S.L. 2018-136.
- 19 (4) One million nine hundred eighty-four thousand four hundred ninety-nine  
 20 dollars (\$1,984,499) for The University of North Carolina System from funds  
 21 remaining in Item 7 of the Committee Report as referenced in Section 6.1 of  
 22 S.L. 2018-136.
- 23 (5) Six hundred seventy-three thousand six hundred thirteen dollars (\$673,613)  
 24 for the Department of Insurance from funds remaining in Item 26 of the  
 25 Committee Report as referenced in Section 6.1 of S.L. 2018-136.
- 26 (6) One hundred twenty-seven thousand six hundred thirty-four dollars  
 27 (\$127,634) for the Department of Environmental Quality:  
 28 a. Section 7 of S.L. 2005-1.  
 29 b. Funds remaining in Item 19 of the Committee Report as referenced in  
 30 Section 6.1 of S.L. 2018-136.  
 31 c. Section 1.3(5) of S.L. 2018-138.
- 32 (7) Four thousand two hundred three dollars (\$4,203) for the North Carolina  
 33 Office of Recovery and Resiliency from Section 2.1(4)c. of S.L. 2019-224.

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

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

38 ...

- 39 (5) \$25,000,000 to the Office of State Budget and Management for Golden  
 40 L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a nonprofit  
 41 corporation, to establish and administer the Small Project Mitigation and  
 42 Recovery Program (Program) in accordance with this subdivision. The  
 43 Program shall disburse grants up to ~~two hundred fifty thousand dollars~~  
 44 ~~(\$250,000)~~ two million dollars (\$2,000,000) to units of local government for  
 45 flood mitigation and recovery projects. These funds may be used for planning  
 46 or as matching funds when applicable.

47 ...."

48 **SECTION 5.6.(c)** Previous Allocations Reversion Modification. – Notwithstanding  
 49 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.  
 50 2021-180, as amended by Section 1.4 of S.L. 2021-189, Section 1.2 of S.L. 2022-6, Section 5.4  
 51 of S.L. 2022-74, and Sections 1.2 and 1.3 of S.L. 2023-11, shall not revert to the Disaster Relief



1 and Mitigation Fund but instead shall revert to the State Emergency Response and Disaster Relief  
2 Reserve if the funds are not expended or encumbered by June 30, 2026. Funds allocated in  
3 Section 5.4 of S.L. 2022-74 shall revert to the State Emergency Response and Disaster Relief  
4 Reserve if the funds are not expended or encumbered by June 30, 2027.

5 **SECTION 5.6.(d)** Stoney Creek Allocation Transfer. – The State Controller shall  
6 transfer the allocation of five million dollars (\$5,000,000) under Section 5.9(a)(23) of S.L.  
7 2021-180 for Stoney Creek acquisitions from the North Carolina Office of Recovery and  
8 Resiliency to the Department of Environmental Quality to expand the Stoney Creek pilot project  
9 effort authorized in Section 5.9(a)(9) of S.L. 2021-180.

10 **SECTION 5.6.(e)** Mitigation Buyouts Modification. – The funds allocated to the  
11 Department of Public Safety, Office of Recovery and Resiliency (NCORR), under Section  
12 2.1(4)a. of S.L. 2019-224, as amended, for mitigation buyouts and other various purposes shall  
13 be instead used by NCORR for mitigation buyouts, relocations, rehabilitations, reconstructions,  
14 and for the purchase of manufactured housing units in order to serve homeowners and  
15 communities affected by Hurricanes Matthew and Florence.

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

- 18 (1) Thirty million seventy thousand two hundred fifty dollars (\$30,070,250) to  
19 the Department of Public Safety, Division of Emergency Management, for  
20 long-term recovery and mitigation grants. The Division of Emergency  
21 Management shall combine the Disaster Relief and Mitigation Fund  
22 established in subsection 5.9(f) of S.L. 2021-180 and the Transportation  
23 Infrastructure Resiliency Fund established in subsection 5.9(g) of S.L.  
24 2021-180 and use the remaining unencumbered balances of both funds as well  
25 as the funds allocated by this subdivision to provide disaster mitigation grants  
26 and local matching grants to State agencies, units of local government,  
27 nonprofit organizations, and public authorities, as defined in G.S. 159-7.  
28 These funds shall be used for (i) the purposes set forth in subsections 5.9(f)  
29 and 5.9(h) of S.L. 2021-180 and (ii) local matching grants to draw down  
30 federal funds for mitigation projects. At least five million dollars (\$5,000,000)  
31 of the funds allocated in this subdivision shall be used for transportation  
32 resiliency projects.
- 33 (2) Twenty million dollars (\$20,000,000) to the Department of Insurance for the  
34 State Property Fire Insurance Fund to help cover the budget gap from  
35 increases in expenditures related to recent natural disasters.
- 36 (3) Twenty million dollars (\$20,000,000) to the Department of Agriculture and  
37 Consumer Services to be used for the Streamflow Rehabilitation Assistance  
38 Program for purposes consistent with Article 6 of Chapter 139 of the General  
39 Statutes.
- 40 (4) Twenty million dollars (\$20,000,000) to the Department of Environmental  
41 Quality for the Coastal Storm Damage Mitigation Fund. These funds shall be  
42 allocated in equal amounts each year of the 2023-2025 fiscal biennium and  
43 used for the purposes set forth in G.S. 143-215.73M.
- 44 (5) Ten million dollars (\$10,000,000) to the Department of Environmental  
45 Quality, Division of Coastal Management, for the Resilient Coastal  
46 Communities Program to provide funding for the implementation or  
47 construction of planned, prioritized, and engineered resilience projects in the  
48 20 coastal counties of the State. These counties are listed in G.S. 113A-103(2).
- 49 (6) Ten million dollars (\$10,000,000) to the Wildlife Resources Commission for  
50 the Lake Mattamuskeet outfall canal.

- 1 (7) Five million dollars (\$5,000,000) to the Department of Public Safety, Division  
2 of Emergency Management, for the Local Disaster Shelter Capacity Grant  
3 Program in accordance with subsection (g) of this section.
- 4 (8) Five million dollars (\$5,000,000) to the Department of Public Safety, Division  
5 of Emergency Management, to conduct flood studies, risk assessment, and  
6 building mitigation strategies through the State Floodplain Mapping Program.  
7 Funds will be prioritized to map non-encroachment areas of the State and to  
8 provide for information sharing through the State's Flood Risk Information  
9 System.
- 10 (9) Three million three hundred twenty-seven thousand five hundred dollars  
11 (\$3,327,500) to the Department of Public Safety, Division of Emergency  
12 Management, for detailed mapping and risk impact studies for 250 existing  
13 flood gauges to provide baseline information on those gauges for use in the  
14 Division's Flood Inundation Mapping and Alert Network.
- 15 (10) One million four hundred eighty-one thousand eight hundred fifty-nine dollars  
16 (\$1,481,859) to the Department of Environmental Quality to provide funding  
17 for six time-limited positions beginning on January 1, 2024, to continue  
18 implementation of the Flood Resiliency Blueprint described in Section 5.9(c)  
19 of S.L. 2021-180, as amended. Four hundred ninety-three thousand nine  
20 hundred fifty-three dollars (\$493,953) of these funds are allocated for the  
21 2023-2024 fiscal year, and the remaining funds for the 2024-2025 fiscal year.  
22 Notwithstanding any provision of law to the contrary, the Office of State  
23 Human Resources shall allow the Department to post these positions up to 180  
24 days prior to their starting date.
- 25 (11) One million dollars (\$1,000,000) to the Wildlife Resources Commission to  
26 provide a grant to the Nature Conservancy, a nonprofit corporation, for a pilot  
27 project to protect and restore critically important peatlands in eastern North  
28 Carolina for the purpose of increasing community flood resilience, improving  
29 water quality and wildlife habitat, and reducing wildfire risk.
- 30 (12) Three hundred forty thousand dollars (\$340,000) to the North Carolina  
31 Collaboratory at the University of North Carolina at Chapel Hill  
32 (Collaboratory) for the FerryMon program. These funds will be allocated in  
33 equal amounts to each year of the 2023-2025 fiscal biennium.
- 34 (13) Three hundred twenty thousand dollars (\$320,000) to the Collaboratory for  
35 the ModMon program. These funds will be allocated in equal amounts to each  
36 year of the 2023-2025 fiscal biennium.
- 37 (14) Two hundred sixty-four thousand dollars (\$264,000) to The University of  
38 North Carolina Board of Governors for North Carolina School of Science and  
39 Math storm damage.
- 40 (15) Fifty thousand dollars (\$50,000) to The University of North Carolina Board  
41 of Governors for North Carolina Central University storm damage funding.
- 42 (16) Twenty-two million two hundred fifty-five thousand dollars (\$22,255,000) to  
43 the Office of State Budget and Management to provide directed grants to the  
44 following entities for the following purposes:
- 45 a. Seven million dollars (\$7,000,000) to Pilot View Resource  
46 Conservation and Development, Inc., a nonprofit corporation, for  
47 stormwater and stream rehabilitation.
- 48 b. Five million dollars (\$5,000,000) to Baptists on Mission, a nonprofit  
49 corporation, to respond to natural disasters. These funds shall be  
50 expended only for natural disaster response in this State. The recipient  
51 of these funds shall report to the chairs of the Joint Legislative

- 1 Emergency Management Oversight Committee and the Fiscal  
2 Research Division on the expenditure of these funds annually  
3 beginning on October 1, 2024, until October 1, 2028, or until the  
4 entirety of the funds are expended, whichever is earlier.
- 5 c. Three million dollars (\$3,000,000) to Blue Ridge Resource  
6 Conservation and Development Council, a nonprofit corporation, for  
7 stormwater and stream rehabilitation.
- 8 d. Two million dollars (\$2,000,000) to the North Carolina Insurance  
9 Underwriting Association for the Coastal Resilient Roof Grant Pilot  
10 Program, consistent with the purposes set forth in Section 5.9(i) of S.L.  
11 2021-180.
- 12 e. One million five hundred thousand dollars (\$1,500,000) to  
13 Southwestern North Carolina Resource Conservation and  
14 Development Council, Inc., a nonprofit corporation, for dam removal  
15 and stream restoration.
- 16 f. One million dollars (\$1,000,000) to North Carolina Resource  
17 Conservation and Development Association for flood mitigation  
18 projects.
- 19 g. One million dollars (\$1,000,000) to Montreat Conference Center  
20 Development Foundation, Inc., a nonprofit corporation, for Lake  
21 Susan dredging and flood control.
- 22 h. One million dollars (\$1,000,000) to The Methodist University, Inc.,  
23 for resilience.
- 24 i. Seven hundred fifty-five thousand dollars (\$755,000) to United Way  
25 of Coastal Carolina, Inc., a nonprofit corporation, to support the  
26 Pamlico County Disaster Recovery Coalition.
- 27 (17) Seven million five hundred thousand dollars (\$7,500,000) to the Department  
28 of Environmental Quality to provide directed grants to North Carolina Coastal  
29 Federation, Inc. (Federation), a nonprofit corporation, for the following  
30 purposes:
- 31 a. Five million dollars (\$5,000,000) for the Stormwater Retrofit Pilot  
32 Cost-Share Program, in accordance with subsection (h) of this section.
- 33 b. Two million dollars (\$2,000,000) to provide up to a fifty percent (50%)  
34 match for federal, State, or private funds for living shoreline projects  
35 in coastal counties. Private residents applying for funds for these  
36 purposes shall demonstrate a public purpose and benefit for the  
37 requested project prior to the Federation committing the funds.
- 38 c. Five hundred thousand dollars (\$500,000) for (i) the Federation's Lost  
39 Fishery Gear Recovery Program, which employs coastal fishermen  
40 and other private partners to remove debris from coastal waters, and  
41 (ii) the investigation, removal, and disposal of abandoned and derelict  
42 vessels in public trust waters of the State located in coastal counties.  
43 For purposes of this sub-subdivision, the phrase "abandoned and  
44 derelict vessel" has the meaning set forth in subdivision 2.1(10) of S.L.  
45 2019-224, as rewritten by Section 4 of S.L. 2020-74. The Federation  
46 may use these funds to contract with any federal or State agency or  
47 unit of local government or to match federal grant funds.
- 48 (18) Eight hundred forty-two thousand five hundred ninety-two thousand dollars  
49 (\$842,592) to the Department of Public Safety, Division of Emergency  
50 Management, for Hyde County as a directed grant to continue the deployment  
51 of the emergency communications assets system for Ocracoke Island

1 described in sub-subdivision 5.4.(a)(3)k. of S.L. 2022-74 by adding to the  
2 deployed system the ability for Ocracoke citizens, residents, businesses, and  
3 homeowners to make emergency 9-1-1 calls. The Division of Emergency  
4 Management and Hyde County shall include in the report required by  
5 sub-subdivision 5.4.(a)(3)k. of S.L. 2022-74 an update on deployment of the  
6 additional system capabilities funded by this subdivision, and shall also  
7 submit no later than July 1, 2025, a final report on deployment and  
8 performance of the deployed system and lessons learned for broader  
9 deployment of the system in other parts of the State to the Joint Legislative  
10 Emergency Management Oversight Committee and the Fiscal Research  
11 Division.

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

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

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

42 **SECTION 5.6.(i)** HFA Funding Reallocation. – Funds allocated to the Housing  
43 Finance Agency for a multifamily affordable housing project by Section 5.9(a)(18) of S.L.  
44 2021-180, as amended by Section 5.4(j) of S.L. 2022-74, shall instead be used by the Agency to  
45 provide a grant to Robeson County for the development of an elderly housing project to support  
46 low- and moderate-income senior citizens displaced by natural disaster from the Dunn Road area  
47 of Lumberton, North Carolina. To be eligible for funding, a project must have received required  
48 zoning approvals by the City of Lumberton prior to April 1, 2022. Funds reallocated by this  
49 subsection shall not revert and shall remain available for expenditure until June 30, 2025. This  
50 subsection becomes effective June 30, 2023.

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

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

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

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

## 27 STATE BUDGET ACT/FUNDS CARRYFORWARD

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

### 29 "§ 143C-1-1. Purpose and definitions.

30           ...

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

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

36           ...

37           (6a) Carryforward. – The balance of a General Fund operating budget  
38 appropriation which would otherwise revert at the close of the fiscal year but  
39 instead is made available in the succeeding fiscal year as is specified in law or  
40 to liquidate an encumbrance of the prior fiscal year. Funds may not be carried  
41 forward for any other purpose.

42           ...

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

46           ...."

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

### 49 "§ 143C-6-4.1. Carryforward of funds.

50           (a) Unless otherwise specified by law, funds carried forward at the end of the fiscal year  
51 may only be spent in the succeeding fiscal year for the purpose for which they were carried

1 forward. Carryforward funds that have not been liquidated in the year in which they were carried  
2 forward shall revert at the end of the fiscal year.

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

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

## 10 **MEDICAL FREEDOM/COVID-19 VACCINATIONS**

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

### 13 **"§ 143-162.10. Discrimination against persons based on refusal of COVID-19 vaccination** 14 **and exemption.**

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

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

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

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

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

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

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

### 39 **"§ 130A-158.3. COVID-19 vaccination requirement prohibited; exemption.**

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

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

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

- 1           (3) Employee. – Any individual employed by a State or local public health  
2           agency.
- 3           (4) State or local public health agency. – Includes the following:  
4           a. The Department or any of its divisions.  
5           b. The Commission for Public Health or any district created by the  
6           Commission pursuant to subsection (d) of G.S. 130A-29.  
7           c. A local health department as defined in subdivision (5) of  
8           G.S. 130A-2.
- 9           (5) State or local public health official. – Includes the following:  
10          a. The Secretary or a designee.  
11          b. The State Health Director or a designee.  
12          c. The head of any State or local public health agency or a designee.
- 13       (b) An exemption to subsection (a) of this section applies to the following:  
14       (1) Any employee, vendor, volunteer, trainee, or student that is required by a  
15       facility certified by the Centers for Medicare and Medicaid Services to show  
16       proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination  
17       or COVID-19 series of vaccinations.  
18       (2) An employee employed by any entity that receives federal funding if  
19       complying with subsection (a) of this section would result in the loss of that  
20       federal funding.  
21       (3) An employee employed by the Department of Health and Human Services in  
22       the Division of State Operated Healthcare Facilities if the Department requires  
23       the COVID-19 vaccination or series of vaccinations for that employee."

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

26 **"§ 153A-465. COVID-19 vaccination requirement prohibited; exemption.**

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

- 31           (1) Applicant for employment. – Any person who seeks to be permitted, required,  
32 or directed by a county or any person employed by a county to engage in  
33 employment in consideration of direct or indirect gain or profit.
- 34           (2) COVID-19. – The coronavirus disease of 2019.
- 35           (3) Employee. – As defined in G.S. 153A-99(b)(1).
- 36       (b) An exemption to subsection (a) of this section applies to the following:  
37       (1) Any employee, vendor, volunteer, trainee, or student that is required by a  
38 facility certified by the Centers for Medicare and Medicaid Services to show  
39 proof of a COVID-19 vaccination, or to submit to a COVID-19 vaccination  
40 or COVID-19 series of vaccinations.
- 41       (2) An employee employed by any entity that receives federal funding if  
42 complying with subsection (a) of this section would result in the loss of that  
43 federal funding.
- 44       (3) An employee employed by the Department of Health and Human Services in  
45 the Division of State Operated Healthcare Facilities if the Department requires  
46 the COVID-19 vaccination or series of vaccinations for that employee."

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

49 **"§ 160A-499.10. COVID-19 vaccination; requirement prohibited and exemption.**

50       (a) No city may require any person, including an applicant for employment or an  
51 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 city or any person employed by a city 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. 160A-169(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.(e)** G.S. 130A-152 reads as rewritten:

20 **"§ 130A-152. Immunization required.**

21 (a) Every child present in this State shall be immunized against diphtheria, tetanus,  
 22 whooping cough, poliomyelitis, red measles (rubeola) and rubella. In addition, except as  
 23 provided in subsection (f) of this section, every child present in this State shall be immunized  
 24 against any other disease upon a determination by the Commission that the immunization is in  
 25 the interest of the public health. Every parent, guardian, person in loco parentis and person or  
 26 agency, whether governmental or private, with legal custody of a child shall have the  
 27 responsibility to ensure that the child has received the required immunization at the age required  
 28 by the Commission. If a child has not received the required immunizations by the specified age,  
 29 the responsible person shall obtain the required immunization for the child as soon as possible  
 30 after the lack of the required immunization is determined.

31 ...

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

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

41  
 42 **PREEMPTION OF CERTAIN LOCAL GOVERNMENT ACTIONS**

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

44 **"§ 95-25.1. Short title and legislative ~~purpose;~~ purpose; local governments preempted.**

- 45 (a) This Article shall be known and may be cited as the "Wage and Hour Act."
- 46 (b) The public policy of this State is declared as follows: The wage levels of employees,  
 47 hours of labor, payment of earned wages, and the well-being of minors are subjects of concern  
 48 requiring legislation to promote the general welfare of the people of the State without  
 49 jeopardizing the competitive position of North Carolina business and industry. The General  
 50 Assembly declares that the general welfare of the State requires the enactment of this law under  
 51 the police power of the State.



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

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

8 (1) A local government regulating, compensating, or controlling its own  
9 employees.

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

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

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

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

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

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

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

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

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

32 **"§ 153A-145.11. Limitations on regulations of auxiliary containers; shopping carts.**

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

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

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

40 (b) A county is authorized to:

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

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

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

46 (1) Auxiliary container. – A bag, cup, package, container, bottle, device, or other  
47 packaging made of cloth, paper, plastic, foamed plastic, fiber, expanded  
48 plastic, cardboard, corrugated material, aluminum, glass, post-consumer  
49 recycled material, or similar coated or laminated material that is designed for  
50 the consumption, transportation, or protection of merchandise, food, or

1 beverage at a food service facility, manufacturing facility, distribution facility,  
2 processing facility, or retail facility.

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

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

6 "**§ 160A-205.6. Limitations on regulations of auxiliary containers; shopping carts.**

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

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

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

14 (b) A city is authorized to:

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

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

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

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

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

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

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

## 32 **PART VI. COMMUNITY COLLEGE SYSTEM**

### 33 **SURRY COMMUNITY COLLEGE NORTHERN REGIONAL HOSPITAL MOU**

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

42 **SECTION 6.1.(b)** No later than March 15, 2024, the Community Colleges System  
43 Office shall report to the Joint Legislative Education Oversight Committee on the MOU and the  
44 resulting impact of the clinical instruction services provided by nurse educators for nursing  
45 students.  
46  
47  
48

### 49 **HIGH-COST HEALTHCARE WORKFORCE PROGRAMS START-UP FUNDS**

50 **SECTION 6.2.(a)** Establishment of the Fund. – Of the funds appropriated in this act  
51 from the ARPA Temporary Savings Fund to the Community Colleges System Office for the

1 2023-2025 fiscal biennium, the System Office shall establish the Fund for High-Cost Healthcare  
2 Workforce Programs (Fund). The Fund shall be used to assist community colleges in starting  
3 new programs in high-demand healthcare career fields that require significant start-up funds.  
4 Monies shall be allocated from the Fund in each fiscal year of the 2023-2025 fiscal biennium  
5 only for programs related to healthcare, including nursing.

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

- 11 (1) A description of the proposed new program requiring start-up funds.
- 12 (2) Documentation of industry demand for the program or documentation of  
13 future local, regional, or statewide employment needs that will be met by the  
14 program.
- 15 (3) Total cash cost to start the program and maintain the program over two fiscal  
16 years.
- 17 (4) A plan for the fiscal sustainability of the new program.

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

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

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

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

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

- 37 (1) The community colleges that received funds, the amount of funds, and the  
38 types of healthcare programs started.
- 39 (2) The use of funds by community colleges receiving awards, including costs  
40 associated with student instruction, faculty salaries, instructional supplies,  
41 related instructional equipment, and accreditation costs.
- 42 (3) Evaluation of the success of the new community college healthcare programs  
43 receiving funds.

## 44 **REPORT ON CERTAIN RECURRING PROGRAMS**

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

### 47 **"§ 115D-58.17. Report on certain recurring programs.**

48 (a) No later than February 15, 2024, and annually thereafter, the State Board of  
49 Community Colleges shall report to the Joint Legislative Education Oversight Committee on  
50 outcomes related to the following recurring programs:  
51

- 1           (1) Minority male mentoring programs, including the Minority Male Success  
 2           Initiative.  
 3           (2) The Rowan-Cabarrus Community College Biotechnology Training Center  
 4           and Greenhouse at the North Carolina Research Campus in Kannapolis.  
 5       (b) Each report required pursuant to this section shall include at least the following  
 6       information from the prior fiscal year:  
 7           (1) Program activities, objectives, and accomplishments.  
 8           (2) Itemized expenditures and fund sources.  
 9           (3) The impact of the program on its intended purpose."

10  
 11 **NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT**  
 12 **GRANTS**

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

15 **"§ 115D-5.1A. Short-Term Workforce Development Grant Program.**

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

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

26       (c) Award Amounts. – To the extent funds are made available for the Program, the State  
 27 Board of Community Colleges shall award grants in an amount of up to seven hundred fifty  
 28 dollars (\$750.00) to students pursuing short-term, noncredit State and industry workforce  
 29 credentials. The State Board of Community Colleges shall establish criteria for initial and  
 30 continuing eligibility for students. At a minimum, students shall be required to qualify as a  
 31 resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with  
 32 the coordinated and centralized residency determination process administered by the State  
 33 Education Assistance Authority.

34       (d) Report. – The State Board shall submit a report by April 1, 2024, and annually  
 35 thereafter, on the Program to the Joint Legislative Education Oversight Committee and the Fiscal  
 36 Research Division. The report shall contain, for each academic year and by programs of study,  
 37 the amount of grant funds disbursed and the number of eligible students receiving funds."  
 38

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

40           **SECTION 6.8.** Section 6.8 of S.L. 2021-180, as amended by Section 6.1 of S.L.  
 41 2022-74, reads as rewritten:

42       **"SECTION 6.8.(a)** The Community Colleges System Office shall partner with the North  
 43 Carolina Retail Merchants Association and the Retail Consumer Alliance Foundation to  
 44 implement the RISE Up credentialing program for the 2021-2023 fiscal biennium to teach  
 45 foundational skills to students attending community colleges and cooperative innovative high  
 46 schools for career success in the retail industry, customer service, and sales, which may include  
 47 inventory management and profitability, as well as supply chain warehouse, inventory, and  
 48 logistics. The RISE Up credentialing program offers all of the following: (i) opportunities for the  
 49 industry to share the skills valued in job candidates and employees, (ii) valuable skills needed in  
 50 any industry, particularly customer service, sales, and skills to run a business, (iii) job readiness  
 51 skills, such as resume preparation, interviewing strategies, professionalism in the workplace, and

1 soft skills, including listening and problem solving, (iv) an understanding of the retail industry  
2 and its wide variety of jobs, and (v) preparation for students for the nearly 130,000 retail  
3 establishments and more than 1,000,000 retail jobs in North Carolina.

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

- 8 (1) Retail Industry Fundamentals.
- 9 (2) Customer Service & Sales.
- 10 (3) Operations and Profit.
- 11 (4) Supply Chain: Warehouse, Inventory, & Logistics.

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

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

- 24 (1) The number of students who received or are in the process of receiving  
25 credentials, by type of credential.
- 26 (2) Student outcomes related to the credentialing.
- 27 (3) A list of the community colleges and cooperative innovative high schools  
28 participating in the program.

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

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

## 40 COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS

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

43 **"§ 115D-44. Training programs for students with intellectual and developmental**  
44 **disabilities.**

45 (a) The State Board of Community Colleges shall establish a community college training  
46 program for up to 15 community colleges. The program shall provide opportunities for  
47 micro-credentials or other credentials that lead to increased employment outcomes for  
48 individuals with intellectual and developmental disabilities (IDD). To the extent funds are  
49 appropriated for this purpose, the program shall improve the ability of participating community  
50 colleges to offer training and educational components that include improving employability skills  
51 and providing on-the-job training and apprenticeships with business and industry for individuals

1 with IDD. The goal of the program shall be to inform community colleges and address  
2 cross-departmental supports within the individual community colleges on programs for  
3 individuals with IDD related to at least the following:

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

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

23 **SECTION 6.9.(b)** Of the recurring funds appropriated in this act to the Community  
24 Colleges System Office for the 2023-2025 fiscal biennium to support increasing program  
25 offerings for individuals with IDD pursuant to G.S. 115D-44, as enacted by this section, the  
26 System Office shall establish at least two statewide positions for program support, provide  
27 professional development training for college advising staff to assist students with IDD for career  
28 pathway exploration and the identification of credentials leading to competitive employment, and  
29 explore funding sources to sustain programs for students with IDD.  
30

### 31 **CAREER ACADEMIES FOR AT-RISK STUDENTS**

32 **SECTION 6.9A.(a)** Program Established. – There is established a program for the  
33 2023-2025 fiscal biennium between Cape Fear Community College (CFCC), New Hanover  
34 County Schools, and Pender County Schools to meet the needs of underserved students in seventh  
35 through ninth grade through an opportunity for extended time on CFCC's campus in various  
36 career and technical education programs. The goals of the program shall include (i) exposing  
37 students from underperforming schools and underserved populations to career training  
38 opportunities available at CFCC, (ii) guiding students toward successful career outcomes, (iii)  
39 providing support services to students, including academic tutoring, academic counseling,  
40 personal mentoring, and financial support through financial aid and scholarships, and (iv)  
41 increasing graduation and postsecondary outcomes for these students.

42 **SECTION 6.9A.(b)** Components of the Program. – CFCC, New Hanover County  
43 Schools, and Pender County Schools shall offer a summer career academy program to at-risk  
44 students from each local school administrative unit for a total of up to 300 students in seventh  
45 through ninth grade. The career academy program shall introduce students to life on a college  
46 campus with the goal of creating a familiarity with and positive experience in the postsecondary  
47 environment. Students shall visit two career and technical education programs per day for five  
48 consecutive days for two consecutive weeks in different subject areas, such as welding, marine  
49 technology and boat building, electrical, culinary, medical assisting, public safety, arts,  
50 veterinary assisting, and chemical technology. The career academy program shall include

1 speakers and support for financial aid and scholarship opportunities and an introduction to the  
2 Career and College Promise Program.

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

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

16 **SECTION 6.9A.(d) Carryforward.** – The nonrecurring funds appropriated to the  
17 Community Colleges System Office in this act for the 2023-2025 fiscal biennium for the program  
18 shall not revert at the end of each fiscal year but shall remain available until expended.  
19

## 20 **COMMUNITY COLLEGE SYSTEM GOVERNANCE AND AUTHORITY CHANGES**

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

22 **"§ 115D-3. Community Colleges System Office; staff; reorganization authority.**

23 (a) The Community Colleges System Office shall be a principal administrative  
24 department of State government under the direction of the State Board of Community Colleges,  
25 and shall be separate from the free public school system of the State, the State Board of  
26 Education, and the Department of Public Instruction. The State Board has authority to adopt and  
27 administer all policies, regulations, and standards which it deems necessary for the operation of  
28 the System Office.

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

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

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

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

40 (a3) The President shall be assisted by such professional staff members as may be deemed  
41 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on  
42 nomination of the President. The compensation of the staff members elected by the Board shall  
43 be fixed by the State Board of Community Colleges, upon recommendation of the President of  
44 the Community College-Colleges System, from funds provided in the Current Operations  
45 Appropriations Act. These staff members shall include such officers as may be deemed desirable  
46 by the President and State Board. Provision shall be made for persons of high competence and  
47 strong professional experience in such areas as academic affairs, public service programs,  
48 business and financial affairs, institutional studies and long-range planning, student affairs,  
49 research, legal affairs, health affairs and institutional development, and for State and federal  
50 programs administered by the State Board. In addition, the President shall be assisted by such  
51 other employees as may be needed to carry out the provisions of this Chapter, who shall be

1 subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be  
2 established by the State Board on recommendation of the President to insure that there are  
3 persons on the staff who have the professional competence and experience to carry out the duties  
4 assigned and to insure that there are persons on the staff who are familiar with the problems and  
5 capabilities of all of the principal types of institutions represented in the system. ~~The State Board  
6 of Community Colleges shall have all other powers, duties, and responsibilities delegated to the  
7 State Board of Education affecting the Community Colleges System Office not otherwise stated  
8 in this Chapter.~~

9 ...."

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

12 **"§ 115D-3.1. General Assembly confirmation of the President.**

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

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

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

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

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

28 **"§ 115D-10. Limitation on judicial review of State Board actions.**

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

32 (1) G.S. 115D-6.

33 (2) G.S. 115D-6.5.

34 (3) G.S. 115D-19."

35 **SECTION 6.10.(d)** G.S. 115D-20 reads as rewritten:

36 **"§ 115D-20. Powers and duties of trustees.**

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

41 (1) To elect a president or chief administrative officer of the institution for such  
42 term and under such conditions as the trustees may fix. If the board of trustees  
43 chooses to use a search consultant to assist with the election process, the board  
44 of trustees shall select the search consultant through a competitive request for  
45 proposals process. A search consultant selected pursuant to this subdivision  
46 who is collecting a fee for the consultant's services shall not be (i) an employee  
47 of a State agency, department, or institution, an appointed member of a State  
48 commission or board, or an elected official whose responsibilities include  
49 oversight or budgetary aspects of the Community ~~College-Colleges~~ System,  
50 (ii) a lobbyist or lobbyist principal as defined in G.S. 120C-100, or (iii) a  
51 State-level community college board of trustees association or organization.



1 A contract with a search consultant pursuant to this subdivision shall not be  
2 subject to Article 3C of Chapter 143 of the General Statutes. The election and  
3 reelection of a president or chief administrative officer shall be subject to the  
4 approval of the State Board of Community Colleges.

5 ...."

6 **SECTION 6.10.(e)** G.S. 115D-2.2 reads as rewritten:

7 **"§ 115D-2.2. State Board of Community Colleges.**

8 (a) The State Board of Community Colleges is established.

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

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

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

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

16 ~~(4) The Governor shall appoint to the State Board four members from the State at  
17 large and one member from each of the six Trustee Association Regions  
18 defined in G.S. 115D-62. Each appointment by the Governor shall be for a  
19 term of four years and until a successor is appointed and qualifies. Any  
20 vacancy occurring among the Governor's appointees before the expiration of  
21 term shall be filled by appointment of the Governor. The member appointed  
22 to fill a vacancy shall meet the same residential qualification, if any, as the  
23 vacating member and shall serve for the remainder of the unexpired term of  
24 that member.~~

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

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

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

47 ...

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

50 (i) The State Board of Community Colleges shall meet at stated times established by the  
51 State Board, but not less frequently than ~~10~~ eight times a year. The State Board of Community

1 Colleges shall also meet with the State Board of Education and the Board of Governors of The  
 2 University of North Carolina at least once a year to discuss educational matters of mutual interest  
 3 and to recommend to the General Assembly such policies as are appropriate to encourage the  
 4 improvement of public education at every level in this State; these joint meetings shall be hosted  
 5 by the three Boards according to the schedule set out in G.S. 115C-11(b1). Special meetings of  
 6 the State Board may be set at any regular meeting or may be called by the chair. A majority of  
 7 the qualified members of the State Board shall constitute a quorum for the transaction of business.

8 ...."

9 **SECTION 6.10.(f)** G.S. 115D-2.2, as amended by this section, reads as rewritten:

10 **"§ 115D-2.2. State Board of Community Colleges.**

11 ...

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

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

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

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

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

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

34 ...

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

40 ...

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

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

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

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

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

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

6 (1) The House of Representatives shall elect one member to a term ending June  
7 30, 2025.

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

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

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

12 (2) The Senate shall elect five members.

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

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

16 (2) The Senate shall elect four members.

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

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

19 "**§ 115D-79. Open meetings.**

20 All official meetings of the State Board of Community Colleges and of local boards of  
21 trustees shall be open to the public in accordance with the provisions of ~~G.S. 143-318.1 through~~  
22 ~~143-318.7.~~G.S. 143-318.9."

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

24 "**§ 115D-12. Each institution to have board of trustees; selection of trustees.**

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

30 (1) Eight trustees appointed by the General Assembly under G.S. 120-121. The  
31 General Assembly shall appoint two members annually. One member shall be  
32 appointed upon the recommendation of the Speaker of the House of  
33 Representatives and one member shall be appointed upon the recommendation  
34 of the President Pro Tempore of the Senate.

35 (2) Four trustees elected by the board of commissioners of the county in which  
36 the main campus of the institution is located, one of whom may be a county  
37 commissioner. In addition, each board of commissioners of any other county  
38 in the administrative area that provides plant funds to the institution shall elect  
39 two additional trustees to the board, one of whom may be a county  
40 commissioner. A board of commissioners may delegate the election of one or  
41 more of its trustees to a board of education of a local school administrative  
42 unit located in the administrative area of the institution. If the board delegates  
43 its authority to elect, the following conditions apply:

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

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

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

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

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

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

14           ~~Group Two — four trustees, elected by the board of commissioners of the county in which the~~  
15           ~~institution is located. Provided, however, if the administrative area of the institution is composed~~  
16           ~~of two or more counties, the trustees shall be elected jointly by the boards of commissioners of~~  
17           ~~all those counties, each board having one vote in the election of each trustee. Provided, also, the~~  
18           ~~county commissioners of the county in which the community college has established a satellite~~  
19           ~~campus may elect an additional two members if the board of trustees of the community college~~  
20           ~~agrees. No more than one trustee from Group Two may be a member of a board of county~~  
21           ~~commissioners. Should the boards of education or the boards of commissioners involved be~~  
22           ~~unable to agree on one or more trustees the senior resident superior court judge in the superior~~  
23           ~~court district or set of districts as defined in G.S. 7A-41.1 where the institution is located shall~~  
24           ~~fill the position or positions by appointment.~~

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

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

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

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

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

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

44           "**§ 115D-13. Terms of office of trustees.**

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

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

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

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

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

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

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

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

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

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

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

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

20 (2) If the vacancy occurs in a term expiring in an even-numbered year, and the  
21 General Assembly is not in a regular or extra session at the time of the  
22 vacancy, the Governor shall consult with the President Pro Tempore of the  
23 Senate before making the appointment as required by G.S. 120-122.

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

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

30 (1) S.L. 1997-12.

31 (2) Section 2 of S.L. 1999-60.

32 (3) Section 2 of S.L. 2011-175.

33 (4) S.L. 2014-73.

34 (5) S.L. 2015-12.

35 (6) Section 1 of S.L. 2015-167.

36 (7) S.L. 2015-243.

37 (8) Section 2 of S.L. 2015-252.

38 (9) S.L. 2018-15.

39 (10) S.L. 2020-20.

40 (11) Section 1 of S.L. 2021-52.

41 (12) Section 5 of S.L. 2021-102.

42 (13) S.L. 2022-10.

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

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

1 the Anson County Board of Commissioners shall elect two trustees, one of whom may be a  
2 county commissioner.

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

- 7 (1) Four trustees elected by the Vance County Board of Commissioners, one of  
8 whom may be a county commissioner.
- 9 (2) Three trustees elected by the Granville County Board of Commissioners, one  
10 of whom may be a county commissioner.
- 11 (3) Two trustees elected by the Franklin County Board of Commissioners, one of  
12 whom may be a county commissioner.
- 13 (4) One trustee elected by the Warren County Board of Commissioners, who may  
14 be a county commissioner.

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

### 17 18 **VOCATIONAL REHABILITATION PILOT PROGRAM**

19 **SECTION 6.11.(a)** Program; Purpose. – The State Board of Community Colleges  
20 shall establish the Vocational Rehabilitation Pilot Program (Program) for the 2023-2024 to  
21 2025-2026 academic years. The purpose of the Program is to provide support services to  
22 community college students with intellectual and developmental disabilities to help the students  
23 reach their goals for employment and independence without duplicating the existing vocational  
24 support network.

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

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

- 37 (1) The mental health and well-being of participants.
- 38 (2) Job placements of participants.

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

### 43 44 **REVISE MULTICAMPUS CENTER REQUIREMENTS**

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

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

- 1 (1) Is at least 4 miles away from the main campus of the community college and
- 2 other multicampus center locations.
- 3 (2) Any other criteria established by the State Board."
- 4

5 **AUTHORIZE THE STATE BOARD OF COMMUNITY COLLEGES TO IMPLEMENT**  
6 **AN IN-STATE TUITION PILOT PROGRAM FOR RESIDENTS OF CERTAIN**  
7 **GEORGIA COUNTIES**

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

- 13 (1) Fannin County.
- 14 (2) Rabun County.
- 15 (3) Towns County.
- 16 (4) Union County.

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

20 **SECTION 6.13.(b)** Report. – By September 30, 2024, and annually thereafter for  
21 the duration of the pilot program, the State Board of Community Colleges shall report the results  
22 of the pilot program to the Joint Legislative Education Oversight Committee and the Fiscal  
23 Research Division of the General Assembly. This report shall include information about the  
24 number of out-of-state students who enrolled at the in-State tuition rate, the programs that these  
25 students chose, any programs unavailable to these students due to potential displacement of North  
26 Carolina residents, any indicators of increased economic development as a result of this program,  
27 and the number of out-of-state students enrolled who do not qualify for the in-State tuition rate.

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

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

32  
33 **PART VII. PUBLIC INSTRUCTION**

34  
35 **CODIFY FUNDING FOR CHILDREN WITH DISABILITIES**

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

38 **"§ 115C-111.05. Funding for children with disabilities.**

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

44  
45 **CODIFY FUNDING FOR ACADEMICALLY OR INTELLECTUALLY GIFTED**  
46 **STUDENTS**

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

49 **"§ 115C-150.9. Funding for academically or intellectually gifted students.**

50 To the extent funds are made available for this purpose, the State Board shall allocate funds  
51 for academically or intellectually gifted students on a per child basis. A local school

1 administrative unit shall receive funds for a maximum of four percent (4%) of its allocated  
2 average daily membership for the current school year, regardless of the number of students  
3 identified as academically or intellectually gifted in the unit."

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

7  
8 **CODIFY BOILERPLATE**

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

11 "Article 32F.

12 "Supplemental School Funding.

13 **"§ 115C-472.17. Supplemental funding in low-wealth counties.**

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

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

- 24 (1) Anticipated county property tax revenue availability. – The county-adjusted  
25 property tax base multiplied by the effective State average tax rate.
- 26 (2) Anticipated State average revenue availability per student. – The sum of all  
27 anticipated total county revenue availability divided by the average daily  
28 membership for the State.
- 29 (3) Anticipated total county revenue availability. – The sum of the following:  
30 a. Anticipated county property tax revenue availability.  
31 b. Local sales and use taxes received by the county that are levied under  
32 Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of  
33 Chapter 105 of the General Statutes.  
34 c. Fines and forfeitures deposited in the county school fund for the most  
35 recent year for which data are available.
- 36 (4) Anticipated total county revenue availability per student. – The anticipated  
37 total county revenue availability for the county divided by the average daily  
38 membership of the county.
- 39 (5) Average daily membership. – Average daily membership as defined in the  
40 North Carolina Public Schools Allotment Policy Manual adopted by the State  
41 Board of Education. If a county contains only part of a local school  
42 administrative unit, the average daily membership of that county includes all  
43 students who reside within the county and attend that local school  
44 administrative unit.
- 45 (6) County-adjusted property tax base. – Computed as follows:  
46 a. Subtract the present-use value of agricultural land, horticultural land,  
47 and forestland in the county, as defined in G.S. 105-277.2, from the  
48 total assessed real property valuation of the county.  
49 b. Adjust the resulting amount by multiplying by a weighted average of  
50 the three most recent annual sales assessment ratio studies.  
51 c. Add to the resulting amount the following:



- 1                    1.     Present-use value of agricultural land, horticultural land, and
- 2                    forestland, as defined in G.S. 105-277.2.
- 3                    2.     Value of property of public service companies, determined in
- 4                    accordance with Article 23 of Chapter 105 of the General
- 5                    Statutes.
- 6                    3.     Personal property value for the county.
- 7                    (7)    County-adjusted property tax base per square mile. – The county-adjusted
- 8                    property tax base divided by the number of square miles of land area in the
- 9                    county.
- 10                  (8)    County wealth as a percentage of State average wealth. – Computed as
- 11                  follows:
- 12                  a.     Compute the percentage that the county per capita income is of the
- 13                  State per capita income and weight the resulting percentage by a factor
- 14                  of five-tenths.
- 15                  b.     Compute the percentage that the anticipated total county revenue
- 16                  availability per student is of the anticipated State average revenue
- 17                  availability per student and weight the resulting percentage by a factor
- 18                  of four-tenths.
- 19                  c.     Compute the percentage that the county-adjusted property tax base per
- 20                  square mile is of the State-adjusted property tax base per square mile
- 21                  and weight the resulting percentage by a factor of one-tenth.
- 22                  d.     Add the three weighted percentages to derive the county wealth as a
- 23                  percentage of the State average wealth.
- 24                  (9)    Effective county tax rate. – The actual county tax rate multiplied by a weighted
- 25                  average of the three most recent annual sales assessment ratio studies.
- 26                  (10)   Effective State average tax rate. – The average of effective county tax rates
- 27                  for all counties.
- 28                  (11)   Local current expense funds. – The most recent county current expense
- 29                  appropriations to public schools, as reported by local boards of education in
- 30                  the audit report filed with the Secretary of the Local Government Commission
- 31                  pursuant to G.S. 115C-447.
- 32                  (12)   Per capita income. – The average for the most recent three years for which
- 33                  data are available of the per capita income according to the most recent report
- 34                  of the United States Department of Commerce, Bureau of Economic Analysis,
- 35                  including any reported modifications for prior years as outlined in the most
- 36                  recent report.
- 37                  (13)   Sales assessment ratio studies. – Sales assessment ratio studies performed by
- 38                  the Department of Revenue under G.S. 105-289(h).
- 39                  (14)   State average adjusted property tax base per square mile. – The sum of the
- 40                  county-adjusted property tax bases for all counties divided by the number of
- 41                  square miles of land area in the State.
- 42                  (15)   State average current expense appropriations per student. – The most recent
- 43                  State total of county current expense appropriations to public schools, as
- 44                  reported by local boards of education in the audit report filed with the
- 45                  Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- 46                  (16)   Supplant. – To decrease local per student current expense appropriations from
- 47                  one fiscal year to the next fiscal year.
- 48                  (17)   Weighted average of the three most recent annual sales assessment ratio
- 49                  studies. – The weighted average of the three most recent annual sales
- 50                  assessment ratio studies in the most recent years for which county current
- 51                  expense appropriations and adjusted property tax valuations are available. If

1 real property in a county has been revalued one year prior to the most recent  
2 sales assessment ratio study, a weighted average of the two most recent sales  
3 assessment ratios shall be used. If property has been revalued the year of the  
4 most recent sales assessment ratio study, the sales assessment ratio for the year  
5 of revaluation shall be used.

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

10 (d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount  
11 received per average daily membership for a county shall be the difference between the State  
12 average current expense appropriations per student and the current expense appropriations per  
13 student that the county could provide given the county's wealth and an average effort to fund  
14 public schools. To derive the current expense appropriations per student that the county could be  
15 able to provide given the county's wealth and an average effort to fund public schools, multiply  
16 the county's wealth as a percentage of State average wealth by the State average current expense  
17 appropriations per student. The funds for the local school administrative units located in whole  
18 or in part in the county shall be allocated to each local school administrative unit located in whole  
19 or in part in the county based on the average daily membership of the county's students in the  
20 school units. If the funds appropriated for supplemental funding are not adequate to fund the  
21 formula fully, each local school administrative unit shall receive a pro rata share of the funds  
22 appropriated for supplemental funding.

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

29 (f) Minimum Effort Required. – A county shall receive full funding under this section if  
30 the county (i) maintains an effective county tax rate that is at least one hundred percent (100%)  
31 of the effective State average tax rate in the most recent year for which data are available or (ii)  
32 maintains a county appropriation per student to the school local current expense fund of at least  
33 one hundred percent (100%) of the current expense appropriations per student to the school local  
34 current expense fund that the county could provide given the county's wealth and an average  
35 effort to fund public schools. A county that maintains a county appropriation per student to the  
36 school local current expense fund of less than one hundred percent (100%) of the current expense  
37 appropriations per student to the school local current expense fund that the county could provide  
38 given the county's wealth and an average effort to fund public schools shall receive funding under  
39 this section at the same percentage that the county's appropriation per student to the school local  
40 current expense fund is of the current expense appropriations per student to the school local  
41 current expense fund that the county could provide given the county's wealth and an average  
42 effort to fund public schools.

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

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

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

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

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

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

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

(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

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

(a) Allotment Schedule. – Except as otherwise provided in subsection (c) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule, on the basis of allotted ADM for the county school administrative unit, to 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

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

Allotments for eligible local school administrative units under this subsection shall not be reduced in any fiscal year by more than twenty percent (20%) of the amount received during the fiscal year when the local school administrative unit became ineligible to receive funds under this section. A local school administrative unit shall not become ineligible for funding if either

1 the highest of the first two months' total projected average daily membership for the current year  
2 or the higher of the first two months' total prior year average daily membership would otherwise  
3 have made the unit eligible for funds under the schedule in subsection (a) of this section.

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

11 (1) The current expense appropriation per student of the county for the current  
12 year is less than ninety-five percent (95%) of the average of local current  
13 expense appropriation per student for the three prior fiscal years.

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

17 The State Board of Education shall adopt rules to implement the requirements of this  
18 subsection.

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

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

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

28 **"§ 115C-472.19. Disadvantaged student supplemental funding.**

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

32 (1) Provide instructional positions or instructional support positions.

33 (2) Provide professional development.

34 (3) Provide intensive in-school or after-school remediation, or both.

35 (4) Purchase diagnostic software and progress-monitoring tools.

36 (5) Provide funds for teacher bonuses and supplements. The State Board of  
37 Education shall set a maximum percentage of the funds that may be used for  
38 this purpose.

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

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

48 (1) For counties with wealth greater than ninety percent (90%) of the statewide  
49 average, a ratio of 1:19.9.

50 (2) For counties with wealth not less than eighty percent (80%) and not greater  
51 than ninety percent (90%) of the statewide average, a ratio of 1:19.4.

- 1           (3)    For counties with wealth less than eighty percent (80%) of the statewide
- 2                    average, a ratio of 1:19.1.
- 3           (4)    For local school administrative units that received DSSF funds in fiscal year
- 4                    2005-2006, a ratio of 1:16. These local school administrative units shall
- 5                    receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

11  
 12 **RECLASSIFY DPI POSITIONS**

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

- 16           (1)    One position to be a teaching compensation and advanced teaching roles
- 17                    consultant.
- 18           (2)    One position to be a Read to Achieve Charter School Coordinator.
- 19           (3)    One position to be a Director of American Indian Education Services.

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

- 22           (1)    Reduce funding for any of the following:
  - 23                    a.    The State Public School Fund, including for the following residential
  - 24                            schools:
    - 25                                    1.    The Eastern North Carolina School for the Deaf.
    - 26                                    2.    The North Carolina School for the Deaf.
    - 27                                    3.    The Governor Morehead School.
  - 28                            b.    Any budget expansion item funded by an appropriation to the
  - 29                                    Department of Public Instruction by this act for the 2023-2025 fiscal
  - 30                                    biennium.
- 31           (2)    Transfer from or reduce funding or positions for any of the following:
  - 32                            a.    Communities in Schools of North Carolina, Inc.
  - 33                            b.    Teach for America, Inc.
  - 34                            c.    Beginnings for Parents of Children Who are Deaf or Hard of Hearing,
  - 35                                    Inc.
  - 36                            d.    The Excellent Public Schools Act, Read to Achieve Program, initially
  - 37                                    established under Section 7A.1 of S.L. 2012-142.
  - 38                            e.    The North Carolina School Connectivity Program.
  - 39                            f.    The North Carolina Center for the Advancement of Teaching.
  - 40                            g.    The Schools That Lead Program.
  - 41                            h.    The Center for Safer Schools.

42  
 43 **REQUIRED TRAINING TO COUNT TOWARD CONTINUING EDUCATION UNITS**

44           **SECTION 7.5.(a)** G.S. 115C-270.30 reads as rewritten:

45 **"§ 115C-270.30. Licensure renewal.**

46           ...

47           (b)    Teacher Licensure Renewal. – Rules for continuing licensure for teachers shall  
 48 include the following:

- 49           (1)    For all teachers, at least eight continuing education credits with at least three
- 50                    credits required in a teacher's academic subject area.

1 (2) For elementary school teachers, at least three continuing education credits  
 2 related to literacy. Literacy renewal credits shall include evidence-based  
 3 assessment, diagnosis, and intervention strategies for students not  
 4 demonstrating reading proficiency. Oral language, phonemic and  
 5 phonological awareness, phonics, vocabulary, fluency, and comprehension  
 6 shall be addressed in literacy-related activities leading to license renewal for  
 7 elementary school teachers.

8 (2a) For all teachers, hours spent attending mandatory training programs shall  
 9 contribute toward the calculation for continuing education credits if all of the  
 10 following apply:

11 a. The mandatory training program is required by State law or by a local  
 12 board of education as a condition of employment.

13 b. The teacher has otherwise met any applicable requirements for literacy  
 14 renewal credits, credits required in a teacher's academic subject area,  
 15 digital teaching or learning, or other licensure renewal requirements  
 16 adopted by the State Board pursuant to this section.

17 ...

18 (c) License Renewal Rules Review. – The rules for licensure renewal shall be reviewed  
 19 at least once every five years by the State Board to do the following:

20 ...

21 (3) Integrate digital teaching and learning into the requirements for licensure  
 22 renewal. The State Board of Education shall not require the completion of  
 23 continuing education credits solely related to digital teaching and learning but  
 24 may require completion of up to two continuing education credits that include  
 25 pedagogy on digital teaching and learning as a component of a general or  
 26 content-specific continuing education credit."

27 **SECTION 7.5.(b)** This section is effective when it becomes law and applies to  
 28 licenses renewed on or after that date.

29

### 30 **WEIGHTED FUNDING FOR EC STUDENTS**

31 **SECTION 7.7.** The Department of Public Instruction shall develop a model, based  
 32 on the study conducted pursuant to Section 7.44 of S.L. 2021-180, for funding children with  
 33 disabilities services on the basis of the reported cost of the services provided. The Department  
 34 shall report to the Joint Legislative Education Oversight Committee by January 15, 2024, on the  
 35 model of funding developed pursuant to this section and a comparison by public school unit of  
 36 funds provided under the existing model and the model developed pursuant to this section.

37

### 38 **ABOLISH CERTAIN UNFILLED POSITIONS**

39 **SECTION 7.12.** The following positions vacant for longer than two years are  
 40 abolished as of July 1, 2023:

41 (1) 60009659.

42 (2) 60009654.

43 (3) 60009651.

44 (4) 60009667.

45 The Department may reestablish these or create substantially similar positions as  
 46 needed within funds available pursuant to G.S. 115C-546.2(e).

47

### 48 **CAREER EXPLORATION AND DEVELOPMENT PLANS**

49 **SECTION 7.13.(a)** Part 1 of Article 8 of Chapter 115C of the General Statutes is  
 50 amended by adding a new section to read:

51 **"§ 115C-81.12. Career pathways course.**

1       The State Board shall develop standards for an elective middle school course in which  
2 students investigate and learn about career pathways. The standards shall align with the  
3 requirements for career development plans under G.S. 115C-158.10(c) and include a focus on  
4 experiential and hands-on learning."

5               **SECTION 7.13.(b)** Article 10 of Chapter 115C of the General Statutes is amended  
6 by adding a new Part to read:

7                               "Part 1A. Career Development Plans.

8 **"§ 115C-158.10. Career development plans.**

9       (a) All middle and high school students enrolled in a local school administrative unit shall  
10 complete a career development plan that meets the requirements of this section. The local board  
11 of education shall ensure that students are provided assistance in completion of the plan as well  
12 as instruction on how to access that plan throughout the student's enrollment. A student shall not  
13 be promoted from seventh grade until a career development plan is created and shall not be  
14 promoted from tenth grade until the career development plan is revised. Local boards of  
15 education are encouraged to require more frequent revisions as appropriate. Charter schools are  
16 encouraged to require participation in career development plans for students in accordance with  
17 this section.

18       (b) Local boards of education shall ensure that career development plans are easily  
19 accessible to students and parents and shall provide parents written notice of the initial creation  
20 of a career development plan and information on how to access the plan.

21       (c) The State Board of Education shall adopt rules establishing minimum requirements  
22 for career development plans and shall require local boards of education to provide access to all  
23 career development plans through a designated electronic application. Career development plans  
24 shall include at least the following:

25               (1) Self-assessment of the student's aptitudes, skills, values, personality, and  
26 career interests.

27               (2) Exploration and identification of pathways for careers aligned with the  
28 student's self-assessment that include the following for each career:

29                       a. Identification of needed education, training, and certifications.

30                       b. Information on the most cost-efficient path to entry.

31                       c. Opportunities within the school setting to explore and prepare for the  
32 career.

33               (3) Alignment of academic courses and extracurricular activities with the  
34 student's identified career interests, including the following:

35                       a. Inventory of aligned courses in middle and high school in grades six  
36 through 10, and development of best strategies for course selection in  
37 grades 11 and 12 to achieve identified career interests, including  
38 courses that may lead to college credit.

39                       b. Available record of the following:

40                               1. Completed Advanced Placement, International Baccalaureate,  
41 Cambridge Advanced International Certificate of Education  
42 (AICE), and dual-enrollment courses that may lead to college  
43 credit in high school.

44                               2. Extracurricular activities.

45                               3. Awards and recognitions.

46               (4) Creation of a career portfolio, which may include items such as the following:

47                       a. Documentation of postsecondary plans.

48                       b. Completion of the Free Application for Federal Student Aid with  
49 parental consent.

50                       c. Résumé.

51                       d. Occupational outlook for identified career interests."

1           **SECTION 7.13.(c)** G.S. 115C-218.75 is amended by adding a new subsection to  
2 read:

3           "(k) Career Development Plans. – A charter school is encouraged to adopt a policy to  
4 require all middle and high school students to complete a career development plan in accordance  
5 with G.S. 115C-158.10."

6           **SECTION 7.13.(d)** The State Board of Education shall establish a pilot of at least  
7 20 local school administrative units during the 2023-2024 school year to develop the plan  
8 requirements and professional development necessary for successful statewide implementation  
9 of career development plans in the 2024-2025 school year. The State Board of Education shall  
10 direct the Department of Public Instruction to develop and provide a career development plan  
11 electronic application to local boards of education and participating charter schools no later than  
12 the 2024-2025 school year that will provide access for all students and parents to the student's  
13 career development plan and will integrate with career information available through other State  
14 agencies.

15           **SECTION 7.13.(e)** The Department of Public Instruction and the local boards of  
16 education, as appropriate, shall provide or cause to be provided, prior to the start of the 2024-2025  
17 school year, curriculum content for the course required in subsection (a) of this section and  
18 professional development to ensure that the intent and provisions of this section are carried out.

19           **SECTION 7.13.(f)** Subsections (a), (b), (c), and (e) of this section become effective  
20 beginning with the 2024-2025 school year. The remainder of this section becomes effective July  
21 1, 2023.

## 22 23 **REMAINING ESSER FUNDS FOR VARIOUS PROGRAMS**

24           **SECTION 7.15.(a)** Section 2.1 of S.L. 2023-11 is repealed.

25           **SECTION 7.15.(b)** Notwithstanding any provision of law to the contrary, the  
26 Department of Public Instruction shall use funds provided pursuant to Section 3.5(a)(10) of S.L.  
27 2021-25, as amended by S.L. 2021-180, for the following purposes in response to the COVID-19  
28 pandemic:

- 29           (1) Up to four hundred thousand dollars (\$400,000) and any remaining available  
30 funds appropriated for the purpose provided in Section 3.5(a)(23) of S.L.  
31 2021-25, as amended by S.L. 2021-180, to continue to provide options for  
32 students outside traditional classroom instruction through the 2024-2025  
33 fiscal year. The Department shall transfer these funds to the North Carolina  
34 Hospitality Education Foundation (Foundation) to develop or continue  
35 programs in CTE with a focus on developing critical skills necessary for  
36 students to succeed in the hospitality sector that received funds pursuant to  
37 Section 3.5(a)(23) of S.L. 2021-25, as amended by S.L. 2021-180. The  
38 Foundation shall use the funds to support instructor and student training and  
39 testing in public school units and increase the State's skilled workforce in the  
40 hospitality sectors.
- 41           (2) Up to three hundred thousand dollars (\$300,000) to contract with JFL  
42 ENTERPRISES, INC., to continue the Failure Free Reading program created  
43 by Section 3.5(a)(26) of S.L. 2021-25, as enacted by S.L. 2021-180, to address  
44 learning loss due to the COVID-19 pandemic. Of the funds appropriated from  
45 the General Fund to the Department of Public Instruction, the sum of one  
46 million seven hundred thousand dollars (\$1,700,000) shall be used to assist in  
47 continuing this program. Any school that was eligible to receive funds to  
48 participate in the Failure Free Reading program under Section 3.5(a)(26) of  
49 S.L. 2021-25, as enacted by S.L. 2021-180, shall be eligible to receive funds  
50 pursuant to this subdivision.



- 1 (3) Up to two million one hundred thousand dollars (\$2,100,000) for the  
2 Department to contract with Liminex, Inc., d/b/a GoGuardian, to provide  
3 technology and services to mitigate cyberbullying, monitor student internet  
4 activity, and assist with suicide prevention services.
- 5 (4) Up to two million two hundred thousand dollars (\$2,200,000) for the  
6 Department to contract with Gaggle.Net, Inc., to provide technology and  
7 services to mitigate cyberbullying, monitor student internet activity, and assist  
8 with suicide prevention services.
- 9 (5) Up to one million dollars (\$1,000,000) to provide funds for the Educational  
10 and Competitive After-School Robotics Grant Program established in Section  
11 7.23 of this act.
- 12 (6) Up to one million dollars (\$1,000,000) to continue to contract with Betabox,  
13 Inc., to mitigate learning loss in the areas of science, technology, engineering,  
14 and mathematics by providing students in public school units with  
15 experiences, curriculum, instructional coaching, hands-on equipment, and  
16 other needed resources.
- 17 (7) Up to one million dollars (\$1,000,000) to Communities in Schools of North  
18 Carolina, Inc., to continue to provide services, expand services, or provide for  
19 the extension of nine-month contracts for its employees for the purpose of  
20 providing assistance and enrichment activities over the summers for students  
21 in kindergarten through grade 12 experiencing learning loss and negative  
22 impacts from the COVID-19 pandemic.
- 23 (8) Up to one million dollars (\$1,000,000) to provide funds for the 2023-2024  
24 fiscal year for the National Board for Professional Teaching Standards  
25 certification participation fee grant program established pursuant to  
26 G.S. 115C-296.2A.

## 27 ONLINE DIGITAL INSTRUCTION

28 **SECTION 7.17.** Subsection (c) of Section 7.23K of S.L. 2017-57 reads as rewritten:

29 **"SECTION 7.23K.(c)** Of the ~~six million four hundred twenty thousand dollars (\$6,420,000)~~  
30 ~~in recurring funds~~ appropriated to the Department of Public Instruction to accelerate  
31 implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94, beginning with  
32 the ~~2017-2018-2023-2024~~ fiscal year, the Department shall use up to ~~one million eight hundred~~  
33 ~~thousand dollars (\$1,800,000)~~ four million dollars (\$4,000,000) to continue to contract with  
34 Learning.com to implement the requirements of this section."  
35

## 36 CTE GRANTS FOR HOMEBUILDING PROGRAMS

37 **SECTION 7.19.(a)** Of the funds appropriated to the Department of Public  
38 Instruction in this act from the General Fund, the Department shall use up to two hundred  
39 thousand dollars (\$200,000) in recurring funds to provide grants to assist public school units with  
40 program costs associated with CTE programs related to homebuilding. The Department of Public  
41 Instruction shall permit high schools within public school units to use the U.S. Department of  
42 Labor approved Pre-Apprenticeship Certificate Training (PACT) program, developed by the  
43 Home Builders Institute as an approved curriculum for CTE programs. A public school unit or a  
44 regional partnership of more than one public school unit may apply to receive funds. When  
45 awarding grants under this subsection, the Department shall prioritize public school units (i)  
46 located, in whole or in part, in a county with at least one local school administrative unit that  
47 received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high  
48 population of at-risk students or students with disabilities.

49 **SECTION 7.19.(b)** The Department shall create and make available an application  
50 for grants under this section no later than 30 days after this bill becomes law. The Department  
51

1 shall make the application available for both years of the 2023-2025 fiscal biennium. Applicants  
2 shall submit their application to receive grant funds to the Department no later than 60 days after  
3 the application is made available for submission for each school year of the 2023-2025 fiscal  
4 biennium. The Department shall approve or deny each application within 30 days of receipt.

5 **SECTION 7.19.(c)** All recipients of grants under this section for each school year of  
6 the biennium shall submit a report to the Department no later than October 15 of each year of the  
7 biennium on the outcomes of any programs funded by grants received under this section,  
8 including data collection methods for reporting on student outcomes, impacts of the program,  
9 and use of State funds. The Department shall then submit a report to the Joint Legislative  
10 Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the  
11 grant programs no later than December 15 of each year of the 2023-2025 fiscal biennium.  
12

### 13 **DPI FUNDING IN ARREARS**

14 **SECTION 7.20.(a)** The Department of Public Instruction shall develop a model to  
15 fund public school units whose funding is based on average daily membership (ADM) to be  
16 based on the actual ADM from the prior school year instead of projections for the upcoming  
17 school year. The Department shall include in the model a method to account for newly formed  
18 charter schools to ensure the charter schools receive adequate funding to operate before prior  
19 year ADM data is available or representative of the student population. The Department shall  
20 propose technical adjustments for public school funding to the State Board of Education for  
21 approval before submitting the model to the Director of the Budget, pursuant to G.S. 143C-3-3.  
22 The Department shall also submit the model to the Fiscal Research Division no later than  
23 February 15, 2024. The technical adjustments shall include a list of any laws that would need to  
24 be adjusted or repealed to allow for the new funding model to be implemented as well as a  
25 comparison of funding received under the old model and the recommended new model, sorted  
26 by public school unit.

27 **SECTION 7.20.(b)** Beginning with the 2024-2025 school year, the Department of  
28 Public Instruction shall distribute funds to public school units whose funding is based on ADM  
29 based on the actual ADM from the prior school year in accordance with the model developed  
30 pursuant to subsection (a) of this section. The Department shall provide funds from the ADM  
31 Contingency Reserve to fund public school units whose actual ADM for the current school year  
32 is higher than the actual ADM from the prior school year.

33 **SECTION 7.20.(c)** Section 7.15(b) of S.L. 2007-323 is repealed.

34 **SECTION 7.20.(d)** Subsections (b) and (c) of this section become effective July 1,  
35 2024. The remainder of this section is effective when it becomes law.  
36

### 37 **INCREASING ENGAGEMENT IN STEM**

38 **SECTION 7.22.(a)** Program; Purpose. – The Superintendent of Public Instruction  
39 shall establish the Increasing Engagement in STEM Program (Program) for the 2023-2024 fiscal  
40 year. The purpose of the Program is to provide grant funds to public school units to engage in  
41 experiential science, technology, engineering, and math (STEM) education programs.

42 **SECTION 7.22.(b)** Grant Application Time Line. – The Superintendent shall  
43 develop and publish an application for the Program on or before November 15, 2023. Public  
44 school units may submit applications for this grant until January 15, 2024. The Superintendent  
45 shall select recipients of the grants by February 15, 2024.

46 **SECTION 7.22.(c)** Grant Applications. – The application created by the  
47 Superintendent shall require a plan of how the public school unit would use grant funds to  
48 increase STEM engagement of sixth, seventh, and eighth grade students. Applicant plans shall  
49 include the following:

- 1 (1) Evidence that the plan uses high-quality instruction methods and includes  
2 research-based best practices in the area of STEM education to further the  
3 purpose of the Program.
- 4 (2) How grant funds will be used to further the purpose of the Program. Allowable  
5 uses of funds include, but are not limited to, the following:
  - 6 a. Stipends for teachers who participate with the Program.
  - 7 b. Partnering with third-party vendors to provide services or host  
8 competitions that further the purpose of the Program.
- 9 (3) How the public school unit would sustain their plan beyond the end of the  
10 grant period.
- 11 (4) Any other factors or criteria the Superintendent deems appropriate to advance  
12 the purpose of the Program.

13 **SECTION 7.22.(d)** Grant Recipients. – After reviewing the submitted applications,  
14 the Superintendent shall select applicants to receive grants for the Program. The Superintendent  
15 shall determine the size of grants awarded to each public school unit while ensuring a distribution  
16 of grant funds to each of the various sizes of public school units referenced in subdivision (3) of  
17 this subsection. When selecting applicants to receive grants, the Superintendent shall adhere to  
18 the following criteria:

- 19 (1) The total number of recipients shall not exceed 20 public school units.
- 20 (2) Recipients shall reflect the geographic diversity of the State.
- 21 (3) Recipients shall reflect the population diversity of public school units in the  
22 State by selecting recipients from the following:
  - 23 a. Up to five public school units consisting of no more than one school.
  - 24 b. Up to five units with an average daily membership from the previous  
25 school year of 4,000 students or fewer.
  - 26 c. Up to five units with an average daily membership from the previous  
27 school year of between 4,001 and 20,000 students.
  - 28 d. Up to five units with an average daily membership from the previous  
29 school year of 20,001 students or greater.

30 If there are fewer than five applicants in any of the categories listed in subdivision (3)  
31 of this subsection, the Superintendent may, in the Superintendent's discretion, award additional  
32 grants to applicants from other categories.

33 **SECTION 7.22.(e)** Initial Report. – The Superintendent of Public Instruction shall  
34 submit a report on the Program to the Joint Legislative Education Oversight Committee by  
35 December 15, 2024. The report shall include the following:

- 36 (1) A list of public school units that applied for grants.
- 37 (2) A list of public school units that received grants.
- 38 (3) A summary of how the grant funds were spent on Program activities.
- 39 (4) The number and percentage of students enrolled in the school who participated  
40 in the Program, including demographic data for participating students.
- 41 (5) Student performance data in STEM-related courses.
- 42 (6) How public school units would continue to use grant funds in the future if the  
43 Program were to continue beyond the 2023-2024 school year.
- 44 (7) Any recommendations by the Superintendent to modify the Program to be  
45 more effective at furthering the purpose of the Program.

46 **SECTION 7.22.(f)** Evaluation. – As a condition of receipt of grant funds, a public  
47 school unit shall designate both students who complete the grant-funded activities in the  
48 Common Education Data Analysis and Reporting System and a matched set of students with  
49 similar demographic characteristics who did not complete the grant-funded activities, when  
50 possible, in a manner directed by the Department of Public Instruction that will allow future  
51 analysis of outcomes for these students related to all of the following:

- 1 (1) Enrollment in STEM-related elective clusters in high school.
- 2 (2) Graduation from high school within four years of entry.
- 3 (3) Enrollment in a postsecondary STEM-related major, degree program, or
- 4 certificate program within three years of high school graduation.
- 5 (4) Completion of a postsecondary STEM-related major, degree program, or
- 6 certificate program within six years of high school graduation.
- 7 (5) Employment in a STEM-related field within eight years of high school
- 8 graduation.

9 The North Carolina Longitudinal Data System shall, in cooperation with all agencies  
10 with relevant data, report annually to the Joint Legislative Education Oversight Committee on  
11 the outcomes for both groups of students on each available data point beginning December 15,  
12 2028, and ending December 15, 2039.

### 13 AFTER-SCHOOL ROBOTICS GRANT PROGRAM

14 **SECTION 7.23.(a)** Program; Purpose. – There is established the Educational and  
15 Competitive After-School Robotics Grant Program (Program). The purpose of the Program shall  
16 be to (i) promote evidence-based, after-school programs for robotics education and competition  
17 and (ii) motivate students to pursue education and career opportunities in science, technology,  
18 engineering, and mathematics while building critical life and work-related skills.

19 **SECTION 7.23.(b)** Eligibility. – Any public school unit is eligible to apply to the  
20 Department of Public Instruction for a grant to develop an educational and competitive  
21 after-school robotics program with a robotics partner. As used in this subsection, the term  
22 "robotics partner" shall refer to a third-party entity, such as a nonprofit organization or institution  
23 of higher education, approved by the Department of Public Instruction that is able to provide  
24 adequate support for an after-school robotics program. In order to provide adequate support, a  
25 robotics partner must meet at least all of the following criteria:

- 26 (1) Have a national presence in robotics education and competition.
- 27 (2) Provide adequate instruction and programming for students and adult
- 28 volunteers in (i) robotics education, (ii) project-based learning, and (iii)
- 29 competitive robotics.
- 30 (3) Promote a safe and equitable social environment.

31 **SECTION 7.23.(c)** Applications; Criteria and Guidelines. – No later than November  
32 1, 2023, for the 2023-2024 fiscal year, and August 1, 2024, for the 2024-2025 fiscal year, the  
33 Department shall develop and publish criteria and guidelines for the application process for the  
34 Program in the upcoming school year, including any documentation required to be submitted by  
35 the applicants. The Department shall accept applications until December 31, 2023, for the  
36 2023-2024 fiscal year and September 30, 2024, for the 2024-2025 fiscal year. Applications shall  
37 include, at a minimum, the following information:

- 38 (1) Evidence that the applicant has or will be able to establish a relationship with
- 39 a robotics partner.
- 40 (2) A proposed budget for the educational and competitive after-school robotics
- 41 program.

42 **SECTION 7.23.(d)** Award and Use of Funds. – The Department shall award grants  
43 to the selected applicants by January 31, 2024, for the 2023-2024 fiscal year, and October 31,  
44 2024, for the 2024-2025 fiscal year. Funds may be used for any of the following purposes:

- 45 (1) Establish a relationship with a robotics partner.
- 46 (2) Purchase robotics kits.
- 47 (3) Provide stipends for coaches.
- 48 (4) Make payments associated with participation in a robotics league or robotics
- 49 competition.
- 50 (5) Pay fees incurred as part of the administration of a robotics team.
- 51

1           **SECTION 7.23.(e)** Reporting. – No later than February 15, 2024, for the 2023-2024  
2 fiscal year, and October 15, 2024, for the 2024-2025 fiscal year, the Department shall report the  
3 following information from the prior school year to the Joint Legislative Education Oversight  
4 Committee and the Fiscal Research Division:

- 5           (1)    Number and amounts of grants awarded.
- 6           (2)    Identities of the public school units receiving grants.
- 7           (3)    Identities of public school units that applied for grants but did not receive one.
- 8           (4)    The extent to which students participating in after-school robotics programs  
9 funded by the Program experienced measurable improvement in academic  
10 performance, if any.

11  
12 **REMOTE CHARTER ACADEMIES**

13           **SECTION 7.26.(a)** Article 14A of Chapter 115C of the General Statutes is amended  
14 by adding a new Part to read:

15                                   "Part 7. Remote Charter Academies.

16 **"§ 115C-218.120. Remote charter academies.**

17           (a)    As part of an application or modification of a charter, a nonprofit may apply to the  
18 Review Board for approval to include a remote charter academy that meets the requirements of  
19 this Part as part of the nonprofit's charter. A charter that includes a remote charter academy may  
20 do any of the following:

- 21           (1)    Provide only remote instruction to enrolled students served by the charter in  
22 accordance with this Part.
- 23           (2)    Provide remote instruction to students enrolled in the remote charter academy  
24 and provide in-person instruction to other students served by the charter.
- 25           (3)    Provide enrolled students both remote instruction and in-person instruction. A  
26 student who receives more than half of the student's instruction through  
27 remote instruction shall be classified as enrolled in the charter's remote charter  
28 academy.

29           (b)    As part of the application or modification of a charter, the nonprofit shall designate  
30 which of the following enrollment areas the remote charter academy will use to enroll students:

- 31           (1)    A statewide remote charter academy that admits students in accordance with  
32 G.S. 115C-218.45.
- 33           (2)    A regional remote charter academy that, notwithstanding  
34 G.S. 115C-218.45(a), admits students only from the county in which the  
35 charter school facility is located and the counties of the State geographically  
36 contiguous to that county.

37           (c)    A remote charter academy provides instruction primarily online through a  
38 combination of synchronous and asynchronous instruction delivered to students in a remote  
39 location outside of the charter school facility. A remote charter academy may include any  
40 combination of grade levels.

41           (d)    Notwithstanding G.S. 115C-84.3, an approved remote charter academy may satisfy  
42 the minimum required number of instructional days or hours for the school calendar through  
43 remote instruction.

44 **"§ 115C-218.121. Remote charter academy enrollment.**

45           (a)    A student shall not be assigned to attend a remote charter academy without parental  
46 consent. A board of directors shall require an application to secure parental consent prior to  
47 enrollment of a student in a remote charter academy.

48           (b)    A remote charter academy shall identify characteristics for successful remote learning  
49 and establish criteria for admittance to a remote charter academy and shall make that information  
50 available to parents.

1       (c) A student may not be denied admission to the remote charter academy solely on the  
2 basis that the student is a child with a disability. If a student is admitted to a remote charter  
3 academy, that student's IEP team, as defined in G.S. 115C-106.3, or section 504 team, 29 U.S.C.  
4 § 794, must plan for a successful student entry and accommodations necessary to provide for a  
5 free appropriate public education in the remote charter academy.

6       (d) A charter that provides in-person instruction may reassign a student to in-person  
7 instruction during the school year if the board of directors determines that in-person instruction  
8 would better ensure academic success for that student. The board of directors may delegate this  
9 authority to the chief administrator.

10 **"§ 115C-218.122. Remote charter academy requirements.**

11       (a) Except as provided in this Part, a remote charter academy shall meet the same  
12 requirements as for other charter schools established by this Article.

13       (b) A remote charter academy shall provide all of the following to enrolled students:

14           (1) Any hardware and software needed to participate in the remote charter  
15 academy. Students may not be charged rental fees but may be charged damage  
16 fees for abuse or loss of hardware or software under rules adopted by the State  
17 Board of Education.

18           (2) Access to a learning management platform that enables monitoring of student  
19 performance and school-owned devices, as well as allows video conferencing  
20 and supervised text-based chat for synchronous communication.

21           (3) Access to the internet that is available during instructional hours, evenings,  
22 and weekends.

23           (4) Technical support that is available during instructional hours.

24           (5) For children with an individualized education program (IEP), as defined in  
25 G.S. 115C-106.3, or a section 504 plan, 29 U.S.C. § 794, adaptive or assistive  
26 devices, transportation, and in-person services as required by that program or  
27 plan.

28       (c) A remote charter academy may require students to attend in person to fulfill  
29 State-mandated student assessments. A remote charter academy may conduct optional in-person  
30 meetings between students and instructors or parents and instructors at a charter school facility.

31       (d) The employees of a remote charter academy shall meet the same licensure and  
32 evaluation requirements as required by G.S. 115C-218.90. The remote charter academy shall  
33 ensure sufficient digital teaching and learning support staff, including, at a minimum, the  
34 following:

35           (1) An instructional technology facilitator.

36           (2) A school library media coordinator.

37           (3) A data manager.

38           (4) Sufficient remote technicians to ensure technical support throughout the  
39 instructional day for staff and students.

40 **"§ 115C-218.123. Remote charter academy approval process.**

41       (a) A nonprofit seeking to provide a remote charter academy shall submit to the Review  
42 Board as part of the application for approval or modification of a charter a plan that provides for  
43 the following:

44           (1) Whether the enrollment area of the remote charter academy will be statewide  
45 or regional.

46           (2) The range of grades for which the remote charter academy will offer courses.

47           (3) The method by which the remote charter academy will monitor calendar  
48 compliance, enrollment, daily attendance, course credit accrual, progress  
49 toward graduation, and course completion.

50           (4) Hardware, software, and learning management platforms that support online  
51 learning.

1           (5)    The measures used to ensure that both synchronous and asynchronous remote  
2           instruction time, practice, and application components support learning  
3           growth that continues toward mastery of student achievement goals for the  
4           charter's educational program.

5           (6)    The professional development that will be provided to those teaching in the  
6           remote charter academy related to the pedagogy of providing remote  
7           instruction.

8           (7)    The identified characteristics for successful remote learning and criteria for  
9           admission to the remote charter academy. The board of directors shall identify  
10          the means by which information will be communicated to the parents and legal  
11          guardians of prospective applicants and current enrollees about the remote  
12          charter academy and those characteristics and criteria to allow for informed  
13          decisions about enrollment.

14          (8)    Any school nutrition services or transportation services that will be provided  
15          to students.

16          (b)    The Review Board shall review and approve a charter or charter modification for the  
17          creation of a remote charter academy that meets the requirements established in this Part for a  
18          term of five years. The Review Board shall approve a minimum of two statewide remote charter  
19          academies that meet the qualifications of this Part for operation beginning with the 2026-2027  
20          school year and thereafter.

21          **"§ 115C-218.124. Operation and renewal of remote charter academies.**

22          (a)    Each approved remote charter academy shall adhere to the plan submitted to and  
23          approved by the Review Board or the State Board of Education as part of the approved charter  
24          unless the board of trustees obtains a charter modification.

25          (b)    Each approved remote charter academy shall receive a school code. A nonprofit that  
26          has a school code for in-person instruction in addition to a school code for a remote charter  
27          academy may provide all financial reporting for both school codes jointly in a form directed by  
28          the Department of Public Instruction.

29          (c)    A nonprofit may apply for renewal of the remote charter academy for additional terms  
30          of five years. The Review Board shall consider compliance with the requirements of this Part and  
31          success of the remote charter academy in the prior five years in determining whether to approve  
32          a request for renewal of a remote charter academy.

33          **"§ 115C-218.125. Evaluation.**

34          The State Board of Education shall evaluate the success of remote charter academies  
35          approved under this Part. Success shall be measured by school performance scores and grades,  
36          retention rates, attendance rates, and, for grades nine through 12, high school completion and  
37          dropout rates. The Board shall report by November 15 of each year to the Joint Legislative  
38          Education Oversight Committee on the evaluation of these academies and on any recommended  
39          statutory changes."

40          **SECTION 7.26.(b)** G.S. 115C-84.3(c) reads as rewritten:

41          "(c)    Except as provided in Part 7 of Article 14A or Part 3A of Article 16 of this Chapter  
42          or subsection (b) of this section, a public school unit shall not use remote instruction to satisfy  
43          the minimum required number of instructional days or hours for the school calendar."

44          **SECTION 7.26.(c)** G.S. 115C-218, 115C-218.1, 115C-218.2, 115C-218.3,  
45          115C-218.5, 115C-218.6, 115C-218.7, 115C-218.8, and 115C-218.9 are codified into Part 1 of  
46          Article 14A of Chapter 115C of the General Statutes, Governance and Applications for Charter  
47          Schools. G.S. 115C-218.10, 115C-218.15, 115C-218.20, 115C-218.25, 115C-218.30,  
48          115C-218.35, 115C-218.37, 115C-218.40, 115C-218.42, 115C-218.45, 115C-218.50,  
49          115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75, 115C-218.80,  
50          115C-218.85, and 115C-218.90 are codified into Part 2 of Article 14A of Chapter 115C of the  
51          General Statutes, Operation of Charter Schools. G.S. 115C-218.94, 115C-218.95, and

1 115C-218.100 are codified into Part 3 of Article 14A of Chapter 115C of the General Statutes,  
2 Evaluation of Charter Schools. G.S. 115C-218.105 is codified into Part 4 of Article 14A of  
3 Chapter 115C of the General Statutes, Funding of Charter Schools. G.S. 115C-218.110 is  
4 codified into Part 5 of Article 14A of Chapter 115C of the General Statutes, Reporting on Charter  
5 Schools. G.S. 115C-218.115 is codified into Part 6 of Article 14A of Chapter 115C of the General  
6 Statutes, Charter Schools Pre-K Programs.

7 **SECTION 7.26.(d)** Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of  
8 S.L. 2016-94, Section 7.13 of S.L. 2018-5, and Section 7.13 of S.L. 2022-74, reads as rewritten:

9 **"SECTION 8.35.(a)** Notwithstanding G.S. 115C-218.5 or any other provision of law to the  
10 contrary, the State Board of Education shall establish a pilot program to authorize the operation  
11 of two virtual charter schools serving students in kindergarten through twelfth grade. The State  
12 Board shall establish an application process to allow student enrollment in the selected virtual  
13 charter schools beginning with the 2015-2016 school year. A virtual charter school participating  
14 in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot  
15 program shall continue for a period of ~~40~~11 school years and shall end with the ~~2024-2025~~  
16 2025-2026 school year.

17 **"SECTION 8.35.(b)** The virtual charter schools participating in the pilot program authorized  
18 by this section shall be subject to the statutes and rules applicable to charter schools pursuant to  
19 Article 14A of Chapter 115C of the General Statutes, except as follows:

- 20 (1) The maximum student enrollment in any participating school ~~shall be no~~  
21 ~~greater than 1,500 in its first year of operation and may increase by twenty~~  
22 ~~percent (20%) for each participating school up to a maximum student~~  
23 ~~enrollment of 2,592 in the fourth year of the pilot. The State Board of~~  
24 ~~Education may waive this maximum student enrollment threshold, beginning~~  
25 ~~in the fourth year of the school's operation, if the State Board determines that~~  
26 ~~doing so would be in the best interest of North Carolina students for the~~  
27 2023-2024 school year shall be the authorized student enrollment for that  
28 participating school for the 2021-2022 school year plus enrollment growth of  
29 up to twenty percent (20%) of that enrollment. For the remaining years of the  
30 pilot, the participating schools may increase enrollment in accordance with  
31 G.S. 115C-218.7(b).

32 ...

33 **"SECTION 8.35.(e)** The State Board of Education shall provide State funding to a virtual  
34 charter school participating in the pilot program as provided in G.S. 115C-218.105(a) and  
35 G.S. 115C-218.105(b). ~~The amount allocated pursuant to G.S. 115C-218.105(a)(1) shall not,~~  
36 ~~however, include the allocation for low wealth counties supplemental funding and the allocation~~  
37 ~~for small county supplemental funding.~~ Virtual charter schools participating in the pilot program  
38 shall also be subject to the requirements in G.S. 115C-218.105(c) through G.S. 115C-218.105(e).  
39 ~~The amount of local funds provided to participating schools pursuant to G.S. 115C-218.105(e)~~  
40 ~~shall be the lesser of seven hundred ninety dollars (\$790.00) per pupil or the amount computed~~  
41 ~~in accordance with G.S. 115C-218.105(e).~~

42 ...."

43 **SECTION 7.26.(e)** A virtual charter school that participated in the pilot program  
44 authorized by Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94,  
45 Section 7.13 of S.L. 2018-5, Section 7.13 of S.L. 2022-74, and this section, shall be eligible to  
46 apply for a charter renewal as a remote charter academy as provided in Article 14A of Chapter  
47 115C of the General Statutes.

48 **SECTION 7.26.(f)** This section is effective when it becomes law and applies  
49 beginning with the 2023-2024 school year.

## 51 SCHOOL HEALTH PERSONNEL ALLOTMENT



1           **SECTION 7.27.(a)** G.S. 115C-47(67) reads as rewritten:

2           "~~(67) To Provide at Least One School Psychologist. School Health Services. – Local~~  
3           boards of education shall ~~ensure that each local school administrative unit~~  
4           ~~employs at least one full-time, permanent school psychologist. provide school~~  
5           ~~health support services in accordance with G.S. 115C-316.5."~~

6           **SECTION 7.27.(b)** G.S. 115C-105.25(b)(13) reads as rewritten:

7           "(13) No positions shall be transferred out of the allocation for school ~~psychologists~~  
8           ~~health personnel~~ except as provided in this subdivision. Positions allocated for  
9           school ~~psychologists~~ ~~health personnel~~ may be converted to dollar equivalents  
10           for contracted services directly related to school ~~psychology.~~ psychology,  
11           school counseling, school nursing, and school social work. These positions  
12           shall be converted at the minimum salary for school ~~psychologists~~ the position  
13           on the "A" Teachers Salary Schedule."

14           **SECTION 7.27.(c)** G.S. 115C-315 is amended by adding a new subsection to read:

15           "(d2) School Nurses. – The State Board of Education, in accordance with subsection (d) of  
16           this section, may adopt rules to establish the qualifications and training required to be hired or  
17           contracted for as a certified school nurse except the Board may not require or impose a  
18           requirement that would require a nurse to obtain a four-year degree as a condition of  
19           employment."

20           **SECTION 7.27.(d)** G.S. 115C-315(d1) is repealed.

21           **SECTION 7.27.(e)** G.S. 115C-316.1 reads as rewritten:

22           "**§ 115C-316.1. Duties of school counselors.**

23           (a) School counselors shall implement a comprehensive developmental school  
24           counseling program in their schools. Counselors shall spend at least eighty percent (80%) of their  
25           work time providing direct services to students. ~~Direct services do not include the coordination~~  
26           ~~of standardized testing.~~ Direct services shall consist of:

- 27           (1) Delivering the school guidance curriculum through large group guidance,  
28           interdisciplinary curriculum development, group activities, and parent  
29           workshops.
- 30           (2) Guiding individual student planning through individual or small group  
31           assistance and individual or small group advisement.
- 32           (3) Providing responsive services through consultation with students, families,  
33           and staff; individual and small group counseling; crisis counseling; referrals;  
34           and peer facilitation.
- 35           (4) Performing other student services listed in the Department of Public  
36           Instruction school counselor job description that has been approved by the  
37           State Board of Education.

38           (b) ~~School counseling program support activities do not include the coordination of~~  
39           ~~standardized testing. During the remainder of their work time, school counselors may assist other~~  
40           ~~staff with the coordination of standardized testing.~~ School counselors shall not assist with the  
41           coordination or administration of standardized testing."

42           **SECTION 7.27.(f)** G.S. 115C-316.2 reads as rewritten:

43           "**§ 115C-316.2. School mental health support personnel reports.**

44           (a) Definition. – For purposes of this section, the term "school ~~mental health support~~  
45           personnel" refers to school psychologists, school counselors, school nurses, and school social  
46           workers.

47           ...."

48           **SECTION 7.27.(g)** G.S. 115C-316.5 reads as rewritten:

49           "**§ 115C-316.5. School ~~psychologists~~ health personnel allotment.**

50           (a) For the purposes of this section, the term "school health personnel" refers to the same  
51           positions listed in G.S. 115C-316.2(a).

1 (b) To the extent funds are made available, the State Board of Education shall establish a  
2 funding allotment for school ~~psychologist~~health personnel positions. The State Board is  
3 authorized to adopt rules for the allocation of school ~~psychologist~~health personnel positions  
4 pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include,  
5 at a minimum, the following requirements:

- 6 (1) School ~~psychologist~~health personnel positions are allocated on the basis of  
7 average daily membership.
- 8 (2) Each local school administrative unit receives sufficient funding for at least  
9 one school psychologist ~~position~~in accordance with  
10 G.S. 115C 47(67) position.
- 11 (3) Local school administrative units are encouraged to fill positions under this  
12 allotment with full-time, permanent employees. If the local school  
13 administrative unit is unable to fill these positions by hiring a full-time,  
14 permanent employee, the allocation for the position may be converted to a  
15 dollar equivalent for the unit to contract with a third party to provide the  
16 relevant services for an amount of hours equivalent to the hours a full-time  
17 position employee would provide."

18 **SECTION 7.27.(h)** The State Board of Education has authority to adopt temporary  
19 rules to enact the provisions of this section until such a time as permanent rules can be adopted.  
20 The State Board shall also develop and distribute guidelines to all local school administrative  
21 units to assist with the implementation of this section. Each local board of education shall develop  
22 a transition plan for implementing this section within existing resources.

## 23 24 **SUPPORT PROGRAM REPORTING**

25 **SECTION 7.28.(a)** No later than December 31, 2023, Communities in Schools of  
26 North Carolina, Inc., shall report to the Joint Legislative Education Oversight Committee at least  
27 the following information from the prior fiscal year:

- 28 (1) A detailed accounting of how State funds were spent by the program.
- 29 (2) An accounting of any other funding received from other sources.
- 30 (3) Any planned expenditures or future uses of received funds not reflected in the  
31 accounting required by subdivision (1) of this subsection.
- 32 (4) The number of students served by the program, including generalized data on  
33 the age, grade level, and location of students served.
- 34 (5) A description of how the program evaluates the effectiveness of the program  
35 or student success.
- 36 (6) Outcomes achieved by the program.
- 37 (7) Any other information the program deems relevant for the Committee to  
38 know.

39 **SECTION 7.28.(b)** No later than December 31, 2023, Beginnings for Parents of  
40 Children Who are Deaf or Hard of Hearing, Inc., shall report to the Joint Legislative Education  
41 Oversight Committee at least the following information from the prior fiscal year:

- 42 (1) A detailed accounting of how State funds were spent by the program.
- 43 (2) An accounting of any other funding received from other sources.
- 44 (3) Any planned expenditures or future uses of received funds not reflected in the  
45 accounting required by subdivision (1) of this subsection.
- 46 (4) The number of students served by the program, including generalized data on  
47 the age, grade level, and location of students served.
- 48 (5) A description of how the program evaluates the effectiveness of the program  
49 or student success.
- 50 (6) Outcomes achieved by the program.

- 1 (7) Any other information the program deems relevant for the Committee to  
2 know.  
3

4 **CODIFY USE OF SPECIAL STATE RESERVE FUND FOR**  
5 **TRANSPORTATION/TRANSPORTATION RESERVE FUND FOR HOMELESS**  
6 **AND FOSTER STUDENTS**

7 **SECTION 7.30.(a)** Part 1 of Article 17 of Chapter 115C of the General Statutes is  
8 amended by adding two new sections to read:

9 **"§ 115C-250.3. Extraordinary Transportation Costs Grant.**

10 (a) There is established the Extraordinary Transportation Costs Grant Program  
11 (Program). The Program shall use funds from the Special State Reserve Fund (SSRF) to cover  
12 extraordinary costs associated with the transportation of high-needs students with disabilities.

13 (b) The Department of Public Instruction shall provide an application for local school  
14 administrative units and charter schools to apply for extraordinary transportation funds and may  
15 provide additional eligibility guidelines not inconsistent with this section. SSRF transportation  
16 funds shall be awarded to qualifying local school administrative units or charter schools  
17 consistent with the following:

- 18 (1) In determining extraordinary transportation costs, the Department shall  
19 consider total prior-year transportation expenditures for high-needs children  
20 with disabilities, including expenditures from local funds and all other funding  
21 sources, as a proportion of total expenditures.  
22 (2) Applicants with highest extraordinary transportation costs shall receive  
23 highest priority in the award of grant funds.  
24 (3) Funds may be awarded during the initial year of a high-needs student's  
25 enrollment in the local school administrative unit or charter school or in  
26 subsequent years of the student's enrollment.

27 **"§ 115C-250.5. Homeless and foster student transportation grant.**

28 (a) There is established the Transportation Reserve Fund for Homeless and Foster  
29 Students to provide for a grant program to cover extraordinary school transportation costs for  
30 homeless and foster students. For the purposes of this section, "homeless" is defined in  
31 accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

32 (b) The Department of Public Instruction shall provide an application process for local  
33 school administrative units and charter schools to apply for funds to cover extraordinary  
34 transportation costs for qualifying students. The Department shall establish eligibility guidelines  
35 and shall award funds consistent with the following requirements:

- 36 (1) In determining extraordinary transportation costs, the Department shall  
37 consider total prior-year transportation expenditures for homeless and foster  
38 children, including expenditures from local funds and all other funding  
39 sources, as a proportion of total expenditures.  
40 (2) Priority shall be given to applicants in proportion to the extent that their  
41 applications and prior-year expenditures demonstrate use of available federal  
42 funds to cover the cost of transporting homeless and foster children.  
43 (3) Awards shall not exceed fifty percent (50%) of extraordinary transportation  
44 costs as determined pursuant to this subsection.  
45 (4) Awards shall not be issued on a pro rata basis to each eligible applicant."

46 **SECTION 7.30.(b)** Section 7.12(b) of S.L. 2021-180 is repealed.  
47

48 **SCHOOL HEALTH PERSONNEL PROFESSION ENTRY REPORT**

49 **SECTION 7.31.(a)** No later than January 15, 2024, the State Superintendent shall  
50 study and report the following to the Joint Legislative Education Oversight Committee and the  
51 Fiscal Research Division:

- 1 (1) Policies, practices, standards, and curriculum adopted or implemented, as  
2 appropriate, by the State Board of Education, the Department of Public  
3 Instruction, educator preparation programs, and public school units for  
4 persons to receive training, licensure, and employment as school health  
5 support personnel in public school units.
- 6 (2) Barriers persons face when entering each school health support profession  
7 because of the policies, practices, standards, and curriculum identified in  
8 subdivision (1) of this subsection.
- 9 (3) Recommendations and any actions already taken to (i) reduce and eliminate  
10 the barriers to entry identified in subdivision (2) of this subsection and (ii)  
11 improve the number and quality of school health support personnel employed  
12 in public school units.

13 **SECTION 7.31.(b)** For purposes of this section, the term "school health personnel"  
14 refers to school psychologists, school counselors, school nurses, and school social workers.  
15

## 16 **MEDICAID REIMBURSEMENT REQUIRED FOR RESIDENTIAL SCHOOLS**

17 **SECTION 7.32.** Section 7.16(a) of S.L. 2021-180 reads as rewritten:

18 **"SECTION 7.16.(a)** The Department of Public Instruction shall enter into a contract with a  
19 third-party entity for any administrative services necessary to receive maximum reimbursement  
20 for medically necessary health care services for which payment is available under the North  
21 Carolina Medicaid Program provided to eligible students attending the Governor Morehead  
22 School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina  
23 School for the Deaf. The provisions of the contract shall ensure that the residential schools  
24 receive reimbursement for these services in a timely manner. If the Department of Public  
25 Instruction has not executed the contract required by this section by January 1, 2024, then the  
26 estimated amount that would have been reimbursed on a monthly basis had the contract been  
27 executed shall be deducted from the Department's budget and shall be appropriated directly to  
28 the residential schools until the contract is executed. Funds shall be deducted from Budget Code  
29 13510, Fund Code 1000 of the Department's budget, except any funds appropriated for the Center  
30 for Safer Schools shall not be reduced, deducted, or transferred under this section."  
31

## 32 **DRIVER EDUCATION ADMINISTRATION FUNDS**

33 **SECTION 7.33.** G.S. 115C-215(g) reads as rewritten:

34 ~~"(g) The Department of Public Instruction shall have a full-time director and other~~  
35 ~~professional, administrative, technical, and clerical personnel as may be necessary for the~~  
36 ~~statewide administration of the driver education program.~~ Of the funds appropriated to the  
37 Department of Public Instruction each fiscal year pursuant to subsection (f) of this section, the  
38 Department may use up to ~~two percent (2%) of those funds~~ one hundred sixty-four thousand six  
39 hundred ninety dollars (\$164,690), as adjusted to reflect legislative salary increments, retirement  
40 rate adjustments, and health benefit adjustments, for the direct costs for the statewide  
41 administration of the program, including any necessary positions."  
42

## 43 **SCHOOL SAFETY GRANTS**

44 **SECTION 7.36.(a)** Definitions. – For the purposes of this section, the following  
45 definitions shall apply:

- 46 (1) Community partner. – A public or private entity, including, but not limited to,  
47 a nonprofit corporation or a local management entity/managed care  
48 organization (LME/MCO), that partners with a public school unit to provide  
49 services or pay for the provision of services for the unit.
- 50 (2) School health support personnel. – School psychologists, school counselors,  
51 school nurses, and school social workers.

1           **SECTION 7.36.(b)** Program; Purpose. – The Superintendent of Public Instruction  
2 shall establish the School Safety Grants Program (Program) for the 2023-2025 fiscal biennium.  
3 The purpose of the Program shall be to improve safety in public school units by providing grants  
4 in each fiscal year of the 2023-2025 fiscal biennium for (i) services for students in crisis, (ii)  
5 school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource  
6 Officer Grants Program.

7           **SECTION 7.36.(c)** Grant Applications. – A public school unit may submit an  
8 application to the Superintendent of Public Instruction for one or more grants pursuant to this  
9 section in each year of the 2023-2025 fiscal biennium. The application shall include an  
10 assessment, to be performed in conjunction with a local law enforcement agency, of the need for  
11 improving school safety within the public school unit that would receive the funding or services.  
12 The application shall identify current and ongoing needs and estimated costs associated with  
13 those needs.

14           **SECTION 7.36.(d)** Criteria and Guidelines. – By January 15, 2024, the  
15 Superintendent of Public Instruction shall develop criteria and guidelines for the administration  
16 and use of the grants pursuant to this section, including any documentation required to be  
17 submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction  
18 shall consider at least all of the following factors:

- 19           (1) The level of resources available to the public school unit that would receive  
20 the funding.
- 21           (2) Whether the public school unit has received other grants for school safety.
- 22           (3) The overall impact on student safety in the public school unit if the identified  
23 needs are funded.

24           **SECTION 7.36.(e)** Grants for Students in Crisis. – Of the funds appropriated to the  
25 Department of Public Instruction by this act for the grants provided in this section, the  
26 Superintendent of Public Instruction, in consultation with the Department of Health and Human  
27 Services, shall award grants to public school units to contract with community partners to provide  
28 or pay for the provision of any of the following crisis services:

- 29           (1) Crisis respite services for parents or guardians of an individual student to  
30 prevent more intensive or costly levels of care.
- 31           (2) Training and expanded services for therapeutic foster care families and  
32 licensed child placement agencies that provide services to students who (i)  
33 need support to manage their health, welfare, and safety and (ii) have any of  
34 the following:
  - 35           a. Cognitive or behavioral problems.
  - 36           b. Developmental delays.
  - 37           c. Aggressive behavior.
- 38           (3) Evidence-based therapy services aligned with targeted training for students  
39 and their parents or guardians, including any of the following:
  - 40           a. Parent-child interaction therapy.
  - 41           b. Trauma-focused cognitive behavioral therapy.
  - 42           c. Dialectical behavior therapy.
  - 43           d. Child-parent psychotherapy.
- 44           (4) Any other crisis service, including peer-to-peer mentoring, that is likely to  
45 increase school safety. Of the funds appropriated to the Department of Public  
46 Instruction by this act for the grants provided in this section, the  
47 Superintendent shall use no more than three hundred fifty thousand dollars  
48 (\$350,000) in each year of the 2023-2025 fiscal biennium for the services  
49 identified in this subdivision.

50           **SECTION 7.36.(f)** Grants for Training to Increase School Safety. – Of the funds  
51 appropriated to the Department of Public Instruction by this act for the grants provided in this

1 section, the Superintendent of Public Instruction, in consultation with the Department of Health  
2 and Human Services, shall award grants to public school units to contract with community  
3 partners to address school safety by providing training to help students develop healthy responses  
4 to trauma and stress. The training shall be targeted and evidence-based and shall include any of  
5 the following services:

- 6 (1) Counseling on Access to Lethal Means (CALM) training for school health  
7 support personnel, local first responders, and teachers on the topics of suicide  
8 prevention and reducing access by students to lethal means.
- 9 (2) Training for school health support personnel on comprehensive and  
10 evidence-based clinical treatments for students and their parents or guardians,  
11 including any of the following:
  - 12 a. Parent-child interaction therapy.
  - 13 b. Trauma-focused cognitive behavioral therapy.
  - 14 c. Behavioral therapy.
  - 15 d. Dialectical behavior therapy.
  - 16 e. Child-parent psychotherapy.
- 17 (3) Training for students and school employees on community resilience models  
18 to improve understanding and responses to trauma and significant stress.
- 19 (4) Training for school health support personnel on Modular Approach to  
20 Therapy for Children with Anxiety, Depression, Trauma, or Conduct  
21 problems (MATCH-ADTC), including any of the following components:
  - 22 a. Trauma-focused cognitive behavioral therapy.
  - 23 b. Parent and student coping skills.
  - 24 c. Problem solving.
  - 25 d. Safety planning.
- 26 (5) Any other training, including the training on the facilitation of peer-to-peer  
27 mentoring, that is likely to increase school safety. Of the funds appropriated  
28 to the Department of Public Instruction by this act for the grants provided in  
29 this section, the Superintendent shall use no more than three hundred fifty  
30 thousand dollars (\$350,000) in each year of the 2023-2025 fiscal biennium for  
31 the services identified in this subdivision.

32 **SECTION 7.36.(g)** Grants for Safety Equipment. – Of the funds appropriated to the  
33 Department of Public Instruction by this act for the grants provided in this section, the  
34 Superintendent of Public Instruction shall award grants to public school units for (i) the purchase  
35 of safety equipment for school buildings and (ii) training associated with the use of safety  
36 equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b),  
37 charter schools may receive grants for school safety equipment pursuant to this subsection.

38 **SECTION 7.36.(h)** Artificial Intelligence (AI) Pilot. – Of the funds appropriated to  
39 the Department of Public Instruction by this act for the grants provided in this section for the  
40 2023-2024 fiscal year, the Department shall allocate (i) three million two hundred thousand  
41 dollars (\$3,200,000) as a directed grant to New Hanover County Schools and (ii) two million  
42 dollars (\$2,000,000) as a directed grant to Davidson County Schools for an AI School Safety  
43 Pilot Program. In conducting the Pilot Program, participating public school units shall comply  
44 with the following:

- 45 (1) Funds allocated for the Pilot Program shall be used for the implementation of  
46 a school safety system that integrates AI technology into existing access  
47 controls, alerting protocols, and intercom systems.
- 48 (2) No later than January 15, 2025, the participating public school units, in  
49 coordination with the Department of Public Instruction, shall report to the  
50 Joint Legislative Education Oversight Committee the following information:
  - 51 a. The schools that participated in the Pilot Program.

- b. How grant funds were spent.
- c. The impact the Pilot Program had on school safety outcomes.
- d. Any noted capabilities of the AI system that could not be accomplished by more traditional safety measures.
- e. Any other information the participating public school units or the Department deem relevant to the report.

**SECTION 7.36.(i)** Subsidizing School Resource Officer Grants Program. – If the Superintendent of Public Instruction receives applications for grants for school resource officers under G.S. 115C-105.60 in excess of the amount of funding appropriated for school resource officer grants in the 2023-2025 fiscal biennium, the Superintendent may use the funds appropriated to the Department of Public Instruction for the grants provided for in this section to cover the unmet need for school resource officer grants.

**SECTION 7.36.(j)** Supplement Not Supplant. – Grants provided to public school units pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

**SECTION 7.36.(k)** Administrative Costs. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars (\$100,000) in each fiscal year of the 2023-2025 fiscal biennium for administrative costs associated with the Program.

**SECTION 7.36.(l)** Nonrevert. – Notwithstanding any provision of law to the contrary, the nonrecurring funds appropriated to the Department of Public Instruction in the 2022-2023 fiscal year for the 2021-2023 School Safety Grants Program under Section 7.19 of S.L. 2021-180 and the nonrecurring funds appropriated by this act to the Department of Public Instruction for the 2023-2025 School Safety Grants Program shall not revert to the General Fund but shall remain available for the purposes for which they were appropriated until June 30, 2025.

**SECTION 7.36.(m)** Program Report. – No later than April 1 of each fiscal year in which funds are awarded pursuant to this section, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, and the Fiscal Research Division. The report shall include at least the following information:

- (1) The identity of each public school unit and community partner that received grant funds through the Program.
- (2) The amount of funding received by each entity identified pursuant to subdivision (1) of this subsection.
- (3) The services, training, and equipment purchased with grant funds by each entity that received a grant.
- (4) Recommendations for the implementation of additional effective school safety measures.

**SECTION 7.36.(n)** Effective Date. – Subsection (l) of this section is effective June 30, 2023. The remainder of this section is effective when it becomes law.

## **LIFE CHANGING EXPERIENCES**

**SECTION 7.37.(a)** Of the funds appropriated in this act to the Department of Public Instruction, the Department shall use the sum of five hundred thousand dollars (\$500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with the Children and Parent Resource Group, Inc., to design, implement, and evaluate the Life Changing Experiences School Program (Project) in the 2023-2024 and 2024-2025 school years. The Project

1 shall be operated and administered for students in grades six through 11 in at least the following  
2 local school administrative units: Cleveland County Schools, Greene County Schools, Lenoir  
3 County Public Schools, Lincoln County Schools, McDowell County Schools, Mitchell County  
4 Schools, and Pitt County Schools. The Department may select one or more additional local school  
5 administrative units to participate in the Project if the funds are sufficient to support additional  
6 units. These contract funds shall not be used for any purpose other than to implement the Project  
7 in the local school administrative units, which consists of interactive, holistic, and  
8 evidence-based multimedia education programs that are screened via in-person school  
9 assemblies, internet-based and synchronized remote access, or a combination of the two. The  
10 Project shall include theme-specific programs and certain additional follow-up applications that  
11 address dangerous life- and community-threatening activities that negatively impact teenagers,  
12 including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these  
13 programs is to increase positive intentions and behavioral outcomes by teaching students the  
14 techniques and skills that empower them to reach meaningful life goals, employ positive  
15 behaviors, and start businesses and social enterprises.

16 **SECTION 7.37.(b)** The Children and Parent Resource Group, Inc., in consultation  
17 with the Department of Public Instruction, shall submit a report on the Project authorized by  
18 subsection (a) of this section by March 15, 2024, to the Joint Legislative Education Oversight  
19 Committee and the Fiscal Research Division. The report shall include an accounting of  
20 expenditures and student outcome data related to the operation of the Project.

## 21 22 **NBPTS PARTICIPATION FEE GRANT PROGRAM**

23 **SECTION 7.40.** Article 20 of Chapter 115C of the General Statutes is amended by  
24 adding a new section to read:

### 25 **"§ 115C-296.2A. National Board for Professional Teaching Standards certification** 26 **participation fee grant program.**

27 (a) Notwithstanding G.S. 115C-296.2, to the extent the General Assembly provides funds  
28 for this purpose, the Department of Public Instruction shall establish a grant program for  
29 qualifying public schools to improve teacher quality and mitigate learning loss by reimbursing  
30 teachers for the cost of the participation fee for National Board for Professional Teaching  
31 Standards (NBPTS) certification.

32 (b) Definitions. – The following definitions shall apply in this section:

33 (1) Public school. – Any of the following:

34 a. A school in a public school unit.

35 b. A school providing elementary or secondary instruction operated by  
36 The University of North Carolina under Article 4 or Article 29 of  
37 Chapter 116 of the General Statutes.

38 (2) Qualifying public school. – A public school that meets any of the following  
39 criteria:

40 a. Is identified as a low-performing school pursuant to G.S. 115C-105.37  
41 or G.S. 115C-218.94.

42 b. Enrolled a student body in the school year prior to the application for  
43 reimbursement consisting of at least ten percent (10%) of students  
44 identified by the Department as at-risk students.

45 (c) Grant Applications and Approval. – The governing board of a qualifying public  
46 school may apply to the Department of Public Instruction for grant funds to reimburse teachers  
47 employed in the qualifying public school for the cost of the participation fee for NBPTS  
48 certification. The Department shall develop criteria and guidelines for governing bodies of public  
49 schools that receive grant funds to follow when administering the reimbursements. The criteria  
50 shall include at least the following:



(1) Governing bodies of public schools receiving grant funds shall prioritize reimbursements for teachers based on the need of the school where the teacher is employed at the time of the reimbursement, including at least the following criteria:

a. A teacher employed in a qualifying public school with more qualifying factors, as identified in sub-subdivisions a. and b. of subdivision (2) of subsection (b) of this section, shall receive priority over a teacher employed in a qualifying public school with fewer qualifying factors.

b. For teachers employed in qualifying schools pursuant to sub-subdivision b. of subdivision (2) of subsection (b) of this section, teachers employed in schools with a higher percentage of at-risk students shall receive priority over teachers employed in schools with a lower percentage of at-risk students.

(2) Governing bodies of public schools receiving grant funds shall not require a teacher to complete the NBPTS certification process in order to receive a reimbursement.

(d) Report. – No later than January 15 of each year in which funds are awarded, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the impact of the program, including at least the following information:

(1) Governing bodies of public schools applying for and receiving grants.

(2) Number of teachers receiving reimbursements.

(3) Demographic information of teachers receiving reimbursements.

(4) Employment status of teachers receiving reimbursements, including the public school where the teacher is employed and whether the teacher remains employed with his or her original qualifying public school.

(5) Licensure areas of teachers receiving reimbursements.

(6) Effect of the program on the performance and growth of students taught by teachers receiving reimbursements."

## **REQUIRE CONFLICTS OF INTEREST TRAINING FOR CERTAIN PUBLIC SCHOOL EMPLOYEES**

**SECTION 7.41.(a)** Article 22 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 10. Employee Conflicts of Interest Training.

**"§ 115C-335.15. Conflicts of interest training for certain public school employees.**

All employees of a local school administrative unit involved in the making or administering of contracts, as described in G.S. 14-234, shall receive a minimum of two hours of conflicts of interest training regarding the making and administering of contracts, as follows:

(1) The training shall be required once in every odd-numbered year.

(2) Upon assuming the responsibility of making or administering contracts, a school employee shall receive an initial training within 90 days and subsequent trainings in every odd-numbered year thereafter.

(3) The training shall include position-specific education on conflicts of interest and ethical standards of conduct.

(4) The training may be provided by any qualified source at the choice of the local board of education."

**SECTION 7.41.(b)** All employees of a local school administrative unit involved in the making or administering of contracts as of the effective date of this section shall receive an initial training to comply with G.S. 115C-335.15, as enacted by subsection (a) of this section, within six months of the effective date of this section.

**SECTION 7.41.(c)** This section is effective when it becomes law.

1  
2 **COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION**  
3 **COMMISSION GRANT PROGRAMS**

4 **SECTION 7.43.** Article 6C of Chapter 115C of the General Statutes reads as  
5 rewritten:

6 "Article 6C.

7 "Education and Workforce Innovation and CTE Grade Expansion Program.

8 "**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

9 (a) There is created the North Carolina Education and Workforce Innovation  
10 Commission (Commission). The Commission shall be located administratively in the  
11 Department of Public Instruction but shall exercise all its prescribed powers independently of the  
12 Department of Public Instruction. Of the funds appropriated for the Education and Workforce  
13 Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten  
14 percent (10%) of those funds each fiscal year may be used by the Department of Public  
15 Instruction to provide technical assistance and administrative assistance, including staff, to the  
16 Commission and for reimbursements and expenses for the Commission for the Education and  
17 Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion and~~  
18 CTE Grade Expansion Program.

19 (b) The Commission shall consist of the following 14 members:

- 20 (1) The Secretary of Commerce or his or her designee.  
21 (2) The State Superintendent of Public Instruction or his or her designee.  
22 (3) The Chair of the State Board of Education or his or her designee.  
23 (4) The President of The University of North Carolina or his or her designee.  
24 (5) The President of the North Carolina Community College System or his or her  
25 designee.  
26 (6) Three members appointed by the Governor who have experience in education.  
27 (7) Three members appointed by the General Assembly upon recommendation of  
28 the Speaker of the House of Representatives, as provided in G.S. 120-121,  
29 who have experience in businesses operating in North Carolina.  
30 (8) Three members appointed by the General Assembly upon the  
31 recommendation of the President Pro Tempore of the Senate, as provided in  
32 G.S. 120-121, who have experience in businesses operating in North Carolina.

33 (b1) Members appointed by the Governor or the General Assembly shall serve for  
34 three-year terms commencing July 1 of the year of appointment and may serve successive terms.

35 (c) The Commission members shall elect a chair from the membership of the  
36 Commission. The Commission shall meet at least three times annually on the call of the Chair or  
37 as additionally provided by the Commission. A quorum is six members of the Commission.  
38 Members may not ~~send designees to Commission meetings nor may they vote~~ by proxy.

39 (d) The Commission shall develop and administer the Education and Workforce  
40 Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in  
41 collaboration with the North Carolina Career and Technical Education Foundation, Inc., and  
42 make awards of grants under the Program.

43 ~~(d1) The Commission shall develop and administer, in coordination with the State Board~~  
44 ~~of Education and the Superintendent of Public Instruction, and in collaboration with the North~~  
45 ~~Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education~~  
46 ~~Grade Expansion Program, as established under G.S. 115C 64.17, and shall make awards of~~  
47 ~~grants under the Program.~~

48 (d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as~~  
49 ~~a grant administrator by providing~~ provide assistance and support to grantees for initiating,  
50 expanding, improving, and promoting career and technical education initiatives.

(e) ~~The Commission, in consultation with the North Carolina Career and Technical Education Foundation, Inc., Commission~~ shall publish a report on the Education and Workforce Innovation and CTE Grade Expansion Program ~~and the Career and Technical Education Grade Expansion Program~~ on or before April 30 of each year. The report shall be submitted to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, the Joint Legislative Education Oversight Committee, the State Board of Education, the State Board of Community Colleges, and the Board of Governors of The University of North Carolina. The report shall include at least all of the following information:

- (1) An accounting of how funds and personnel resources were utilized for ~~each~~ the program and their impact on student achievement, retention, and employability.
- (2) Recommended statutory and policy changes.
- (3) Recommendations for improvement of ~~each~~ the program.
- (4) For the Career and Technical Education Grade Expansion Program, ~~Grants,~~ recommendations on increasing availability of grants after the first two years ~~of the program~~ to include additional local school administrative ~~units~~ units, charter schools, or providing additional grants to prior recipients.

**"§ 115C-64.16. The Education and Workforce Innovation Program and CTE Grade Expansion Program; innovation grants.**

(a) Program Establishment. – There is established the Education and Workforce Innovation and CTE Grade Expansion Program (Program) to foster innovation in education that will lead to more students graduating career and college ready and to prioritize the inclusion of students in sixth and seventh grades through grant awards provided to selected local school administrative units and charter schools.

(a1) Types of Grant Awards. – Funds appropriated to the Program shall be used to award competitive grants depending on the needs of the State, as determined by the Commission, by dividing the grants between each type as innovation grants pursuant to the provisions of this section or as grants for grade expansion for career and technical education pursuant to the provisions of G.S. 115C-64.17.

(a2) Innovation Grants. – Competitive grants shall be awarded to ~~an~~ a charter school, an individual school, school in a local school administrative unit, a local school administrative unit, or a regional partnership of more than one local school administrative unit to advance comprehensive, high-quality education that equips teachers and other hired personnel with the knowledge and skill required to succeed with all students. Before receiving a ~~an~~ innovation grant, applicants must meet all of the following conditions:

- (1) Form a partnership, for the purposes of the grant, with either a public or private university or a community college.
- (2) Form a partnership, for the purposes of the grant, with regional businesses and business leaders.
- (3) Demonstrate the ability to sustain innovation once grant funding ends.

(b) Applicant Categories and Specific ~~Requirements.~~ Requirements for Innovation Grants. –

- (1) Individual schools. – ~~Individual public schools~~ Charter schools and individual public schools in local school administrative units must demonstrate all of the following in their applications:
  - a. Partnerships with business and industry to determine the skills and competencies needed for students' transition into growth sectors of the regional economy.
  - b. Aligned pathways to employment, including students' acquisition of college credit or industry recognized credentials.

- 1 c. Development of systems, infrastructure, capacity, and culture to  
2 enable teachers and school leaders to continuously focus on improving  
3 individual student achievement.
- 4 (2) Local school administrative units. – Local school administrative units must  
5 demonstrate all of the following in their applications:  
6 a. Implementation of comprehensive reform and innovation.  
7 b. Appointment of a senior leader to manage and sustain the change  
8 process with a specific focus on providing parents with a portfolio of  
9 meaningful options among schools.
- 10 (3) Regional partnerships of two or more local school administrative units. –  
11 Partnerships of two or more local school administrative units must  
12 demonstrate all of the following in their applications:  
13 a. Implementation of resources of partnered local school administrative  
14 units in creating a tailored workforce development system for the  
15 regional economy and fostering innovation in each of the partnered  
16 local school administrative units.  
17 b. Promotion of the development of knowledge and skills in career  
18 clusters of critical importance to the region.  
19 c. Benefits of the shared strengths of local businesses and higher  
20 education.  
21 d. Usage of technology to deliver instruction over large geographic  
22 regions and build networks with industry.  
23 e. Implementation of comprehensive reform and innovation that can be  
24 replicated in other local school administrative units.
- 25 (c) Consideration of Factors in Awarding of Innovation Grants. – All applications must  
26 include information on at least the following in order to be considered for ~~a~~an innovation grant:  
27 (1) Describe the aligned pathways from school to high-growth careers in regional  
28 economies.  
29 (2) Leverage technology to efficiently and effectively drive teacher and principal  
30 development, connect students and teachers to online courses and resources,  
31 and foster virtual learning communities among faculty, higher education  
32 partners, and business partners.  
33 (3) Establish a comprehensive approach to enhancing the knowledge and skills of  
34 teachers and administrators to successfully implement the proposed  
35 innovative program and to graduate all students ready for work and college.  
36 (4) Link to a proven provider of professional development services for teachers  
37 and administrators capable of providing evidence-based training and tools  
38 aligned with the goals of the proposed innovative program.  
39 (5) Form explicit partnerships with businesses and industry, which may include  
40 business advisory councils, internship programs, and other customized  
41 projects aligned with relevant workforce skills.  
42 (6) Partner with community colleges or public or private universities to enable  
43 communities to challenge every student to graduate with workplace  
44 credentials or college credit.  
45 (7) Align K-12 and postsecondary instruction and performance expectations to  
46 reduce the need for college remediation courses.  
47 (8) Secure input from parents to foster broad ownership for school choice options  
48 and to foster greater understanding of the need for continued education beyond  
49 high school.  
50 (9) Provide a description of the funds that will be used and a proposed budget for  
51 ~~five years~~each of the grant years.

1 (10) Describe the source of matching funds required in subsection (d) of this  
2 section.

3 (11) Establish a strategy to achieve meaningful analysis of program outcomes due  
4 to the receipt of grant funds under this section.

5 (d) ~~Matching Private and Local Funds.~~ Funds for Innovation Grants. – All innovation  
6 grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not  
7 include other State funds. Matching funds may include in-kind contributions.

8 (e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission  
9 may be spent over a five-year period from the initial award. Grants may be awarded for new or  
10 existing projects. Grant funds shall not revert but shall be available until expended.

11 (f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of  
12 each year, ~~a~~ an innovation grant recipient shall submit to the Commission an annual report for  
13 the preceding grant year that describes the academic progress made by the students and the  
14 implementation of program initiatives.

15 **§ 115C-64.17. The Career and Technical Education Grade Expansion Program Grants.**

16 (a) ~~Program Establishment.~~ CTE Grade Expansion Grants. – ~~There is established the~~  
17 ~~Career and Technical Education Grade Expansion Program (Program) to expand Career and~~  
18 ~~Technical Education Grade Expansion grants shall be awarded under the Program for the purpose~~  
19 ~~of expanding career and technical education (CTE) programs by prioritizing the inclusion of~~  
20 ~~students in sixth and seventh grade through grant awards provided to selected local school~~  
21 ~~administrative units and charter schools for up to seven years. Funds appropriated for the~~  
22 ~~Program Grant funds shall be allocated to selected local school administrative units and charter~~  
23 ~~schools as competitive grants of (i) up to seven hundred thousand dollars (\$700,000) for the~~  
24 ~~2017-2018 fiscal year and (ii) grants, to the extent funds are available, of up to one million dollars~~  
25 ~~(\$1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used~~  
26 ~~only for employing additional licensed personnel in career and technical education areas, career~~  
27 ~~development coordination areas, and support service areas necessary for expanding the CTE~~  
28 ~~program to sixth and seventh grade students. The funds may be used for CTE programs at one or~~  
29 ~~more schools in the local school administrative unit. For a local school administrative unit, the~~  
30 ~~funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated~~  
31 ~~to the local school administrative unit or charter school each fiscal year under the Program shall~~  
32 ~~not revert but shall be available for the purpose of the grant program until expended.~~

33 (b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local  
34 school administrative units and charter schools applying for the Program CTE grade expansion  
35 grants shall submit an application that includes at least the following information:

36 (1) A plan for expansion of the CTE program to sixth and seventh grade students,  
37 including the specific programs that will be expanded, the significance of CTE  
38 in the local school administrative ~~unit,~~ unit or charter school, and how a grade  
39 expansion would enhance the education program and the community.

40 (2) A request for the amount of funds, a description of how the funds will be used,  
41 and any other sources of funds available to accomplish the purposes of this  
42 program.

43 (3) A proposed budget for seven years that provides detail on the use of the  
44 amount of funds to add personnel, increase career development efforts, and  
45 provide support services.

46 (4) A strategy to achieve meaningful analysis of program outcomes due to the  
47 receipt of grant funds under this section.

48 (c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year,  
49 the Commission shall accept applications for a grant until November 30, 2017. For subsequent  
50 fiscal years that funds are made available for the ~~Program,~~ CTE grade expansion grants, the  
51 Commission shall accept applications for a grant until August 1 of each year. The Commission

1 shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select  
 2 recipients in a manner that considers diversity among the pool of applicants, including geographic  
 3 location, location of industries in the area in which a local school administrative unit or charter  
 4 school is located, and the size of the student population served by the unit, or charter school, in  
 5 order to award funds to the extent possible to grant recipients that represent different regions and  
 6 characteristics of the State. The Commission shall recommend recipients of the grants to the State  
 7 Board of Education. The State Board, upon consultation with the Superintendent of Public  
 8 Instruction, shall approve the recipients of grant awards.

9 (d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the  
 10 Commission shall first allocate funds to applicants who received CTE grade expansion grant  
 11 funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year  
 12 grant recipients, any remaining funds may be used by the Commission to select new grant  
 13 ~~recipients~~ recipients, as provided in G.S. 115C-64.16(a1). ~~The Commission, in consultation with~~  
 14 ~~the Superintendent of Public Instruction, Commission~~ shall establish rules regarding any  
 15 requirements for grant recipients to continue eligibility to receive funds each fiscal year,  
 16 including timely and accurate reporting as required under subsection (e) of this section.

17 (e) Reporting Requirements. – No later than August 1 of each year, for up to seven years  
 18 after the initial grant award, a grant recipient shall submit to the Department of Public Instruction,  
 19 Local Planning Systems Regional Services staff within the Division of Career and Technical  
 20 Education, an annual report for the preceding year in which CTE grade expansion grant funds  
 21 were expended that provides at least the following information on the program for sixth and  
 22 seventh grade students:

- 23 (1) The use of grant funds, including the CTE programs and courses that have  
 24 been expanded in the local school administrative unit or charter school to  
 25 include sixth and seventh grade students.
- 26 (2) The number of students enrolled in CTE courses as part of the expansion.
- 27 (3) The number of students who subsequently enrolled in CTE courses in high  
 28 school.
- 29 (4) The number of students who subsequently participated in internships,  
 30 cooperative education, or apprenticeship programs.
- 31 (5) The number of students who subsequently earned (i) college credit and (ii)  
 32 approved industry certification and credentials.
- 33 (6) Any other information the Division of Career and Technical Education deems  
 34 necessary.

35 The Superintendent of Public Instruction shall provide a report to the Commission by October  
 36 15 of each year based on the information reported to the Local Planning Systems Regional  
 37 Services staff under this subsection, including how the grant recipients compare to CTE programs  
 38 statewide and whether the programs are aligned with the Master Plan for Career and Technical  
 39 Education adopted by the State Board."  
 40

#### 41 **TEACHER ASSISTANT TUITION REIMBURSEMENT PROGRAM**

42 **SECTION 7.44.(a)** Article 17D of Chapter 115C of the General Statutes is amended  
 43 by adding a new section to read:

#### 44 **"§ 115C-269.31. Teacher Assistant Tuition Reimbursement Grant Program.**

45 (a) Purpose. – The Department of Public Instruction shall establish the Teacher Assistant  
 46 Tuition Reimbursement Grant Program (Program). The purpose of the Program is to provide  
 47 tuition assistance to part-time or full-time teacher assistants working in local school  
 48 administrative units to pursue a college degree that will result in teacher licensure.

49 (b) Applications; Grant Priority. – Local school administrative units may apply to  
 50 participate in the Program pursuant to a process to be established by the Department of Public  
 51 Instruction. The application shall identify current and ongoing needs for licensed teachers and

1 the expected number of eligible teacher assistants that would participate in the Program. In  
2 evaluating applications, the Department shall prioritize local school administrative units  
3 according to the following order:

4 (1) Local school administrative units that received funds under the Teacher  
5 Assistant Tuition Reimbursement Pilot Program established in Section 8.29  
6 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m)  
7 of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.

8 (2) Local school administrative units located, in whole or in part, in a county with  
9 at least one local school administrative unit that received low-wealth  
10 supplemental funding in the previous fiscal year.

11 (3) All other local school administrative units.

12 (c) Award of Funds. – To the extent funds are made available for the Program, a local  
13 school administrative unit receiving funds under the Program shall provide a teacher assistant  
14 participating in the program an award of up to four thousand six hundred dollars (\$4,600) per  
15 academic year per teacher assistant, up to four academic years to defray the costs of tuition and  
16 fees at an educator preparation program at an institution of higher education while employed in  
17 the local school administrative unit as a teacher assistant.

18 (d) Additional Criteria. – The following additional criteria shall apply under the Program:

19 (1) Tuition assistance awards granted under the Program may be provided for  
20 part-time or full-time coursework.

21 (2) A local board of education may grant a teacher assistant academic leave to  
22 pursue coursework that may only be taken during working hours.

23 (3) A teacher assistant shall fulfill the student teaching requirements of an  
24 educator preparation program by working as a teacher assistant at his or her  
25 employing local school administrative unit.

26 (4) A teacher assistant shall continue to receive salary and benefits while student  
27 teaching in the local school administrative unit as provided for teacher  
28 assistants in G.S. 115C-269.30(c).

29 (e) Selection of Teacher Assistants. – The Department shall establish criteria for initial  
30 and continuing eligibility to participate in the Program. The Department shall adopt standards to  
31 ensure that only qualified, potential recipients receive an award of funds for tuition and fees under  
32 the Program. The standards shall include satisfactory academic progress toward achieving  
33 teacher licensure. Local school administrative units receiving grants pursuant to the Program  
34 shall select teacher assistants to receive funds under the Program and prioritize teacher assistants  
35 who received an award in the prior academic year and who are making satisfactory academic  
36 progress towards achieving teacher licensure. The Department of Public Instruction shall set  
37 criteria for the application and selection of teacher assistants to receive tuition assistance awards  
38 that includes at least the following:

39 (1) The teacher assistant shall be employed by the local board of education in the  
40 local school administrative unit.

41 (2) The teacher assistant shall be enrolled or provide a statement of intent to enroll  
42 in an accredited institution of higher education in North Carolina with an  
43 educator preparation program approved by the State Board of Education to  
44 pursue teacher licensure.

45 (3) The teacher assistant qualifies as a resident for tuition purposes under the  
46 criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and  
47 centralized residency determination process administered by the Authority.

48 (f) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of  
49 education participating in the Program shall enter into a memorandum of understanding with the  
50 institution of higher education in which an award recipient under the Program is enrolled that  
51 includes procedures for at least the following:

- 1           (1) Remittance of the award from the local board of education to the institution  
2           of higher education.
- 3           (2) Endorsement of the funds awarded to the recipient to the institution of higher  
4           education for deposit into the account of the institution.
- 5           (3) Return of a pro rata share of funds to the local board of education in the event  
6           a recipient (i) withdraws from the institution of higher education prior to the  
7           end of a term or (ii) the recipient's employment with the local board of  
8           education is terminated. The return of funds shall be consistent with  
9           procedures used by the institution under federal Title IV programs.

10       (g) Local Report. – No later than September 1 of each school year following at least six  
11 months of participation in the Program for that year, local boards of education participating in  
12 the Program shall report at least the following information to the Department of Public  
13 Instruction:

- 14           (1) The number and amount of funds in tuition assistance awards provided to  
15 teacher assistants.
- 16           (2) The number of teacher assistant recipients who achieved teacher licensure,  
17 including the period of time from the issue of an initial tuition assistance  
18 award to the time of achieving licensure.
- 19           (3) The number of recipients who remained employed in the local school  
20 administrative unit after achieving teacher licensure.

21       (h) State Report. – No later than December 1, 2024, and annually thereafter for each year  
22 funds are awarded pursuant to the Program, the Department of Public Instruction shall aggregate  
23 the information provided pursuant to subsection (g) of this section and report that information to  
24 the Joint Legislative Education Oversight Committee."

25       **SECTION 7.44.(b)** Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of  
26 S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5, is repealed.  
27 Notwithstanding this subsection, the local boards of education identified in Section 8.29(d) of  
28 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,  
29 shall continue to provide the information identified in that subsection to the Joint Legislative  
30 Education Oversight Committee by September 1, 2023.

31       **SECTION 7.44.(c)** This section applies beginning with the 2023-2024 school year.  
32

### 33 **TEACHER APPRENTICE GRANT PROGRAM**

34       **SECTION 7.44A.** Article 17D of Chapter 115C of the General Statutes is amended  
35 by adding a new section to read:

#### 36 **"§ 115C-269.32. Teacher Apprentice Grant Program.**

37       (a) Definitions. – The following definitions shall apply in this section:

- 38           (1) Eligible high school graduate. – A graduate of a high school in a local school  
39 administrative unit who was enrolled in a Career and College Promise  
40 Transfer Pathway Program leading to an associate degree in teacher  
41 preparation and earned one or more credits toward that degree.
- 42           (2) Eligible teacher apprentice. – An eligible high school graduate who meets the  
43 following criteria:
- 44           a. Is employed as a teacher apprentice in an elementary school in the  
45 same local school administrative unit where he or she graduated high  
46 school.
- 47           b. Is enrolled part time or full time in a recognized educator preparation  
48 program pursuing coursework toward a college degree that will result  
49 in teacher licensure.
- 50           c. Qualifies as a resident for tuition purposes under the criteria set forth  
51 in G.S. 116-143.1 and in accordance with the coordinated and



- 1 centralized residency determination process administered by the  
2 Authority.
- 3 (3) Program. – The Teacher Apprentice Grant Program.  
4 (4) Teacher apprentice. – A teacher assistant who works with a teacher of record  
5 to develop an expertise in teaching by observing best education practices and  
6 gaining classroom experience with the goal of becoming a licensed teacher.
- 7 (b) Program Established. – The Department of Public Instruction shall establish the  
8 Teacher Apprentice Grant Program. The purpose of the Program is to provide grants to local  
9 school administrative units to award funds for (i) the cost of tuition at an educator preparation  
10 program for eligible teacher apprentices and (ii) salary supplements for teacher apprentices who  
11 become teachers in the unit.
- 12 (c) Applications. – Local school administrative units may submit applications to  
13 participate in the Program each year pursuant to a process to be established by the Department  
14 of Public Instruction. The application shall identify current and ongoing needs for licensed  
15 teachers and the expected number of eligible teacher apprentices that would participate in the  
16 Program.
- 17 (d) Award of Funds. – To the extent funds are made available for the Program, funds  
18 shall be awarded as follows:
- 19 (1) Funds for tuition. – Eligible teacher apprentices shall receive awards of up to  
20 four thousand six hundred dollars (\$4,600) per academic semester, per eligible  
21 teacher apprentice, up to four academic years to defray the costs of tuition and  
22 fees for part-time or full-time coursework taken while employed in the local  
23 school administrative unit as an eligible teacher apprentice.
- 24 (2) Funds for salary supplements. – Notwithstanding any other provision of law,  
25 any eligible teacher apprentice who becomes a licensed teacher and accepts  
26 employment in the same local school administrative unit shall receive a salary  
27 supplement each month during his or her first four years of employment as a  
28 teacher, without a break in service, equivalent to the difference between the  
29 State-funded salary of the graduate and the State-funded salary of a similarly  
30 situated teacher with four years of experience on the "A" Teachers Salary  
31 Schedule, as long as the teacher remains teaching in the same local school  
32 administrative unit.
- 33 (e) Additional Criteria. – The following additional criteria shall apply to funds awarded  
34 under the Program:
- 35 (1) A local board of education may grant an eligible teacher apprentice academic  
36 leave to pursue coursework that may only be taken during working hours.
- 37 (2) An eligible teacher apprentice shall fulfill the student teaching requirements  
38 of an educator preparation program by working as a teacher apprentice at his  
39 or her employing local school administrative unit.
- 40 (3) An eligible teacher apprentice shall continue to receive salary and benefits  
41 while student teaching in the local school administrative unit as provided for  
42 teacher assistants in G.S. 115C-269.30(c).
- 43 (4) Local boards of education receiving grants under the Program shall make  
44 efforts to promote the Program to high school students enrolled in a Career  
45 and College Promise Transfer Pathway Program.
- 46 (f) Selection of Teacher Apprentices. – The Department shall establish criteria for initial  
47 and continuing eligibility to participate in the Program. The Department shall adopt standards to  
48 ensure that only qualified, potential recipients receive an award of funds for tuition and fees under  
49 the Program. The standards shall include satisfactory academic progress toward achieving  
50 teacher licensure. Local school administrative units receiving grants pursuant to the Program

1 shall prioritize for the award of funds for eligible teacher apprentices who received an award in  
2 the prior academic year.

3 (g) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of  
4 education participating in the Program shall enter into a memorandum of understanding with the  
5 institution of higher education in which an award recipient under the Program is enrolled that  
6 includes procedures for at least the following:

7 (1) Remittance of the award from the local board of education to the institution  
8 of higher education.

9 (2) Endorsement of the funds awarded to the recipient to the institution of higher  
10 education for deposit into the account of the institution.

11 (3) Return of a pro rata share of funds to the local board of education in the event  
12 (i) a recipient withdraws from the institution of higher education prior to the  
13 end of a term or (ii) the recipient's employment with the local board of  
14 education is terminated. The return of funds shall be consistent with  
15 procedures used by the institution under federal Title IV programs.

16 (h) Report to the General Assembly. – The Department shall report no later than May 15,  
17 2024, and annually thereafter while funds are awarded under the Program, to the Joint Legislative  
18 Education Oversight Committee regarding the Program, including at least the following  
19 information:

20 (1) Funds awarded under the Program, including the following:

21 a. Demographic information regarding eligible teacher apprentices.

22 b. Number of award recipients by local school administrative unit and  
23 educator preparation program.

24 (2) Placement rates, including the number of award recipients who have been  
25 employed as licensed teachers in the same local school administrative unit in  
26 which they worked as a teacher apprentice and the time frame from the  
27 issuance of the initial award of funds to the time of achieving licensure.

28 (3) Recommendations to improve the Program and increase the number of  
29 teachers in North Carolina."

## 31 **ECONOMICALLY DISADVANTAGED PUBLIC SCHOOL SUPPORT FUNDS**

32 **SECTION 7.45.** Part 2 of Article 8B of Chapter 115C of the General Statutes is  
33 amended by adding a new section to read:

### 34 **"§ 115C-105.34. Economically disadvantaged public school support funds.**

35 (a) For purposes of this section, the following definitions shall apply:

36 (1) Curriculum. – Materials or programs related to courses offered by an  
37 economically disadvantaged public school.

38 (2) Economically disadvantaged public school. – A school in a local school  
39 administrative unit or a charter school with a student population that is  
40 composed of at least eighty percent (80%) of students identified by the  
41 Department of Public Instruction as economically disadvantaged students.

42 (3) Eligible employee. – Any full-time or part-time employee of a qualifying  
43 economically disadvantaged public school.

44 (4) Qualifying economically disadvantaged public school. – An economically  
45 disadvantaged public school that exceeded expected growth in the prior school  
46 year, as determined by the State Board of Education pursuant to  
47 G.S. 115C-83.15(c).

48 (b) The Department of Public Instruction shall establish the Economically Disadvantaged  
49 Public Schools Support Program (Program) to provide funds to support the efforts of qualifying  
50 economically disadvantaged public schools to continue to exceed growth in subsequent school  
51 years. To the extent funds are provided to the Department for this purpose, the Department shall

1 allocate these funds annually to each governing body of an economically disadvantaged public  
2 school based on the relative proportion of students in each qualifying economically  
3 disadvantaged public school governed by that body. The governing body shall allocate those  
4 funds to each qualifying economically disadvantaged public school based on the relative  
5 proportion of students in each school. The funds shall be used for curriculum, activities necessary  
6 to support students and instructional support personnel, and bonuses and retention programs for  
7 eligible employees, in the discretion of the governing body of the charter school or the school in  
8 the local school administrative unit, as appropriate.

9 (c) It is the intent of the General Assembly that funds provided pursuant to this section  
10 will supplement and not supplant local funds."

## 11 **REVISE SCHOOL TRANSPORTATION FUNDS REQUIREMENTS**

12 **SECTION 7.47.** G.S. 115C-240(e) reads as rewritten:

13 "(e) The State Board of Education shall allocate to the respective local boards of education  
14 funds appropriated from time to time by the General Assembly for the purpose of providing  
15 transportation to the pupils enrolled in the public schools within this State. Such funds shall be  
16 allocated by the State Board of Education ~~in accordance with~~ based on the efficiency of the local  
17 school administrative units in transporting pupils. The efficiency of the units shall be calculated  
18 using the number of pupils to be transported, the length of bus routes, road conditions and all  
19 other circumstances affecting the cost of the transportation of pupils by school bus to the end that  
20 the funds so appropriated may be allocated on a fair and equitable basis, according to the needs  
21 of the respective local school administrative units and so as to provide the most efficient use of  
22 such funds-units. Such allocation shall be made by the State Board of Education at the beginning  
23 of each fiscal year, except that the year, based on the most recently available data from a prior  
24 school year. The State Board may reserve for future allocation from time to time within such  
25 fiscal year as the need therefor shall be found to exist, a reasonable amount not to exceed ten  
26 percent (10%) five percent (5%) of the total funds available for transportation in such fiscal year  
27 from such appropriation. Prior to April 1 of the fiscal year in which the funds are reserved, the  
28 reserved funds shall be allocated only in the event of an emergency need of a local school  
29 administrative unit. In the event reserved funds remain by April 1 of that fiscal year, the State  
30 Board shall allocate the remaining funds to all local school administrative units based on the  
31 efficiency of the units in transporting pupils. If there is evidence of inequitable or inefficient use  
32 of funds, the State Board of Education shall be empowered to review school bus routes  
33 established by local boards pursuant to G.S. 115C-246 as well as other factors affecting the cost  
34 of the transportation of pupils by school bus."

## 35 **TWELFTH GRADE TRANSITION PROGRAM/SCHOLARPATH**

36  
37 **SECTION 7.48.** Of funds appropriated to the Department of Public Instruction by  
38 this act, the Department shall use up to two million five hundred thousand dollars (\$2,500,000)  
39 in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with MyScholar,  
40 LLC, to use the ScholarPath platform to create the Twelfth Grade Transition Program for all high  
41 school students. The Program shall consist of an education planning and communication platform  
42 that helps students and parents prepare for transition to twelfth grade, regardless of public school  
43 unit participation. The platform shall utilize O\*NET data and additional student surveys to  
44 connect and match students to pathways that meet the interests of the students, current workforce  
45 initiatives, and opportunities in high-demand careers. The platform shall give students the ability  
46 to be connected to colleges, the workforce, and the military, while protecting student data through  
47 de-individualized and encrypted methods. The platform shall be accessible by single sign-on  
48 through any North Carolina school-provided email. The data collected shall be able to be housed  
49 in the State and shall be used to help identify the workforce needs in the State. MyScholar, LLC,  
50

1 shall provide requested information to the Economic Development Partnership of North  
2 Carolina, Department of Labor, and the Department of Public Instruction.

#### 3 4 **STUDY FOR STUDENTS WITH EXTRAORDINARY COSTS/REPORT**

5 **SECTION 7.49.** As used in this section, "Approved School" means a private school  
6 with approved nonpublic education programs providing special education for students with  
7 intensive needs. The Department of Public Instruction shall study the following and report any  
8 legislative recommendations based on the outcomes of the study to the House Appropriations  
9 Committee on Education, the Senate Appropriations Committee on Education/Higher Education,  
10 and the Joint Legislative Education Oversight Committee by January 15, 2024:

- 11 (1) A method of improving options for children with disabilities with intensive  
12 needs which require private placement in an Approved School consistent with  
13 the student's individualized education program (IEP).
- 14 (2) A method of determining that placement in an Approved School is the means  
15 that most appropriately suits the child's individual needs.
- 16 (3) Extraordinary costs incurred by the public school unit by student placement  
17 in Approved Schools.
- 18 (4) Methods of creating a network of Approved Schools into which a child with  
19 disabilities with intensive needs may be placed consistent with the student's  
20 IEP.
- 21 (5) A method of prioritizing dispersal of funds to public school units to assist with  
22 the cost associated with enrolling in an Approved School in early grades to  
23 incentivize public school units to enroll students in the Approved Schools at  
24 the earliest appropriate age.
- 25 (6) Recommendations on the proportion of a student's extraordinary cost to be  
26 paid from local, State, and federal sources, respectively, and to identify  
27 existing funds at each level that may be available for the purposes studied  
28 pursuant to this section.
- 29 (7) A method to monitor overidentification of children with disabilities with  
30 intensive needs.
- 31 (8) Methods to allow for Medicaid reimbursement for additional services, such as  
32 transportation, and expanding the eligible age range to receive reimbursement  
33 for services.
- 34 (9) An estimated range of costs associated with implementing the studied  
35 methods.
- 36 (10) The advisability of one or more pilot programs with one or more Approved  
37 Schools.

#### 38 39 **LEADERSHIP DASHBOARD AND LEARNING RECOVERY/SAS**

40 **SECTION 7.52.(a)** Of the funds appropriated to the Department of Public  
41 Instruction by this act, the sum of four hundred sixty-five thousand dollars (\$465,000) in  
42 recurring funds for each year of the 2023-2025 fiscal biennium shall be used to continue  
43 partnering with SAS Institute, Inc. (SAS), to continue funding the North Carolina Leadership  
44 Dashboard and to support SAS as it expands analytics work in cooperation with the Department.

45 **SECTION 7.52.(b)** Of the funds appropriated to the Department of Public  
46 Instruction by this act, the sum of five hundred fifty thousand dollars (\$550,000) in nonrecurring  
47 funds for each year of the 2023-2025 fiscal biennium shall be used to continue to partner with  
48 SAS to fund learning recovery analysis, student projections to pre-pandemic expected  
49 performance, and web reporting on year-over-year modeling for learning recovery.

#### 50 51 **SPECIAL NEEDS PILOT PROGRAM**

1           **SECTION 7.53.** Of the funds appropriated to the Department of Public Instruction,  
2 the sum of nine hundred seventy-five thousand dollars (\$975,000) in nonrecurring funds for each  
3 year of the 2023-2025 fiscal biennium shall be used to contract with Amplio Learning  
4 Technologies, Inc., to create a new pilot program (Program) for a special education digital  
5 intervention software platform in Alamance County Schools, Catawba County Schools, and Nash  
6 County Schools to increase opportunities for students with special needs. The Program shall  
7 focus primarily on students receiving interventions for speech language and reading  
8 development, including English language learners, to provide more optimized progress for the  
9 interventions. To provide more effective and efficient opportunities for Medicaid billing for  
10 speech language pathologists (SLP) services and dyslexia-related services, the platform chosen  
11 should include digital evidence-based curricula specifically aligned to speech, language, and  
12 literacy intervention goals. The chosen solution should include real-time automatic  
13 measurements, data collection, and documentation, as well as goal tracking and administrative  
14 dashboards. The platform chosen should be a web-based application accessible on multiple  
15 devices allowing flexible application across classroom-based, small group, and individual  
16 intervention models and utilized by a variety of intervention team members, including special  
17 educators, SLPs, Reading Interventionists, SLP assistants, and educational aides. The  
18 Department of Public Instruction shall report on the results of the Program to the Joint Legislative  
19 Oversight Committee and the Fiscal Research Division by October 15, 2025. The report shall  
20 include at least (i) a comparison of Medicaid reimbursements paid out to participating public  
21 school units compared against public school units that did not participate in the Program and (ii)  
22 a comparison of Medicaid reimbursements paid out to public school units after participating in  
23 the Program compared against Medicaid reimbursements paid out to participating public school  
24 units prior to their participation in the Program.

25  
26 **INCREASE AMOUNT FOR DEVELOPMENTAL DAY CENTERS/CARRY FORWARD**  
27 **GRANT RESERVE/REPORT**

28           **SECTION 7.54.(a)** From funds available to the Developmental Day Center program,  
29 the Department of Public Instruction shall set the funding rate for each eligible student enrolled  
30 in a Center at up to a maximum of one thousand three hundred fifty dollars (\$1,350) per month.

31           **SECTION 7.54.(b)** Any unexpended and unencumbered funds at the end of each  
32 fiscal year from the funds available to the Developmental Day Center program shall not revert to  
33 the General Fund but shall be transferred by the Department to a reserve to establish a grant  
34 program for Developmental Day Centers to be administered in accordance with subsection (c) of  
35 this section.

36           **SECTION 7.54.(c)** Beginning with the 2023-2024 fiscal year, when the balance of  
37 the reserve provided for in subsection (b) of this section reaches the sum of at least fifty thousand  
38 dollars (\$50,000) in a fiscal year, then the Department of Public Instruction shall solicit  
39 applications from licensed, community-based Developmental Day Centers approved by the  
40 Department of Public Instruction, Exceptional Children Division, for grants to the  
41 Developmental Day Center. The grant application shall require documentation of the  
42 expenditures for which the grant is being requested and any other information requested by the  
43 Department. Local school administrative units shall not be eligible for the receipt of grant funds  
44 under this section. Any unexpended funds in the reserve shall be carried forward each fiscal year  
45 to be used for the purposes of subsections (b) and (c) of this section.

46           **SECTION 7.54.(d)** By March 15 of each fiscal year in which grants are awarded  
47 pursuant to subsection (c) of this section, the Department of Public Instruction shall report to the  
48 Joint Legislative Education Oversight Committee on at least the following:

- 49           (1) The Developmental Day Centers that received an award of a grant.
- 50           (2) The balance of the reserve.
- 51           (3) The number of grant recipients.

1 (4) The dollar amount of each grant.

2 (5) The type of expenditure covered by each grant.

3 **SECTION 7.54.(e)** Regardless of whether the Department awards any grants  
4 pursuant to subsection (c) of this section, the Department shall report by October 15 of each year  
5 funds are received for Developmental Day Centers to the Joint Legislative Education Oversight  
6 Committee on at least the following related to Developmental Day Centers:

7 (1) The number of students enrolled in Developmental Day Centers.

8 (2) The average funding rate for each eligible student enrolled in a Center.

9 (3) The percentage of eligible students enrolled in Centers that warranted  
10 dispersal of the maximum funding amount per month.

11 (4) The number of staffing vacancies in Centers, disaggregated by each Center.

12 (5) Any other information the Department deems relevant.

13 **SECTION 7.54.(f)** Subsection (b) of this section becomes effective June 30, 2023.  
14

### 15 **CTE MODERNIZATION AND EXPANSION**

16 **SECTION 7.55.** Of the funds appropriated to the Department of Public Instruction  
17 by this act, up to two million dollars (\$2,000,000) in nonrecurring funds for each year of the  
18 2023-2025 fiscal biennium shall be used to create a grant program for modernization of Career  
19 and Technical Education (CTE) programming, materials, training, and professional development  
20 for courses conducted in grades six through 12. The Department shall establish a grant program  
21 for each school year of the 2023-2025 fiscal biennium to which a public school unit or regional  
22 partnership of more than one public school unit may apply to receive funds if a school within the  
23 unit or partnership has an existing CTE program. Grant recipients shall use the funds distributed  
24 to them under this section to procure and implement an online digital CTE learning platform  
25 containing comprehensive courses with lesson plans, media-rich content and activities, and  
26 interactive assessments that align with the North Carolina Career and Technical Education  
27 Standards. The platform shall have modules that assist teachers in preparing students for  
28 high-wage, high-growth career areas. By December 15, 2023, the Department shall select  
29 approved providers to guarantee consistency throughout the State. Any selected digital CTE  
30 learning platform shall include at least all of the following components:

31 (1) Instructional strategies and guided lesson plans to assist teachers with  
32 classroom implementation and instructional differentiation.

33 (2) Media-based instructional content for providing demonstrations and  
34 instruction on skills required for applicable career areas.

35 (3) Multiple methods of delivery of instruction, including at least face-to-face,  
36 self-paced, and distance or hybrid learning.

37 (4) Guided projects and activities to incorporate hands-on application of skills.

38 (5) A focus on mastery-based learning.

39 (6) Reporting features to provide data on student progress.

40 (7) Guidance for students to obtain industry-recognized certifications.

41 (8) Career connections to provide examples of career opportunities following  
42 graduation from high school.  
43

### 44 **DPI FUND CODE FLEXIBILITY**

45 **SECTION 7.56.** As part of the certification of the budget for the 2023-2025 fiscal  
46 biennium, the Department of Public Instruction, in consultation with the Office of State Budget  
47 and Management and the Fiscal Research Division, shall redefine the fund codes composing the  
48 State Public School Fund as necessary to facilitate effective public school unit budgeting and  
49 cash management in preparation for the implementation of the North Carolina Financial System.  
50 The Department, in consultation with the Office of State Budget and Management and the Fiscal  
51 Research Division, may also move the State Textbook Fund to Budget Code 23510 as necessary

1 to facilitate effective public school unit budgeting and cash management in preparation for the  
2 implementation of the North Carolina Financial System.

### 4 **ENHANCED SCHOOL BUS STOP ARM GRANTS**

5 **SECTION 7.57.(a)** For the purposes of this section, the following definitions apply:

- 6 (1) Extended mechanical stop signal. – A mechanical stop signal that is  
7 a minimum of 60 inches away from the side of the school bus when extended,  
8 whether operated independently or in conjunction with a shorter mechanical  
9 stop signal.
- 10 (2) Illuminated mechanical stop signal. – A mechanical stop signal that is  
11 illuminated with a light-emitting diode (LED) light source.
- 12 (3) Mechanical stop signal. – A retractable mechanical arm with a stop sign and  
13 red flashing lights attached to the end of the arm that is mounted to the driver  
14 side of a school bus and used to stop traffic while students disembark the bus,  
15 as referenced in G.S. 20-217, and in conformity with Standard No. 131 of Part  
16 571 of the Federal Motor Vehicle Safety Standards.
- 17 (4) School bus. – As defined in G.S. 20-4.01(27).

18 **SECTION 7.57.(b)** With the funds appropriated to the Department of Public  
19 Instruction by this act for this purpose, the Superintendent of Public Instruction shall establish  
20 the Enhanced School Bus Stop Arm Grant Program (Program) for the 2023-2024 fiscal year to  
21 administer funds to public school units to add, upgrade, or replace mechanical stop signals on  
22 school buses with either illuminated mechanical stop signals or extended mechanical stop signals  
23 to increase the safety of students when disembarking or boarding the bus.

24 **SECTION 7.57.(c)** The Superintendent shall develop the application process for the  
25 Program and inform public school units how to apply. At a minimum, the Superintendent shall  
26 consider the type and number of stop signal additions, upgrades, or replacements the public  
27 school unit proposes to complete and the number of bus routes or stops that are known to pose a  
28 significant safety risk.

29 **SECTION 7.57.(d)** No later than April 15, 2024, the Superintendent shall submit a  
30 report to the Joint Legislative Education Oversight Committee containing at least the following  
31 information:

- 32 (1) Which public school units received grants and in what amounts.
- 33 (2) Whether the public school unit purchased (i) extended mechanical stop  
34 signals, (ii) illuminated mechanical stop signals, or (iii) both.
- 35 (3) What outstanding need remains, if any, including the amount needed to fulfill  
36 remaining grant requests.
- 37 (4) The impact of the program on student safety.
- 38 (5) Recommendations for additional school bus mechanical stop signal  
39 technology or implementation.

### 41 **ELIMINATE STUDENT COPAY FOR REDUCED-PRICE MEALS**

42 **SECTION 7.58.** Funds appropriated from the General Fund to the Department of  
43 Public Instruction by this act for reduced-price school meal copays shall be used to provide  
44 school breakfasts and lunches at no cost to students of all grade levels that qualify for  
45 reduced-price meals under the National School Lunch Program in the current school year. If the  
46 funds are insufficient to provide school meals at no cost to students qualifying for reduced-price  
47 meals, the Department of Public Instruction may use funds appropriated to the State Aid for  
48 Public Schools fund for this purpose.

### 50 **CEP MEAL PROGRAM INCENTIVE**

1           **SECTION 7.59.(a)** Program; Purpose. – The Department of Public Instruction shall  
2 establish the CEP Meal Program Incentive for the 2023-2025 fiscal biennium to expand public  
3 school participation in the federal Community Eligibility Provision (CEP) program to increase  
4 the number of students with access to healthy, cost-free school breakfast and lunch. The incentive  
5 program shall be available to public school units for the 2024-2025 fiscal year.

6           **SECTION 7.59.(b)** Eligibility. – A public school unit or school within a public  
7 school unit is eligible for the incentive program if the public school unit or a school within a  
8 public school unit qualifies for the CEP program and the qualifying public school unit or school  
9 did not participate in the CEP program in the 2023-2024 fiscal year.

10           **SECTION 7.59.(c)** Application. – By January 15, 2024, the Department shall  
11 develop the application for the incentive program and make it available to public school units.  
12 Public school units or individual schools shall submit their applications by March 1, 2024. At a  
13 minimum, the application shall include the following information:

- 14           (1) The school or schools that will participate in the CEP program.
- 15           (2) The Identified Student Percentage (ISP) for the school or schools for the  
16           2024-2025 school year.
- 17           (3) The number of students enrolled in the school or schools for the 2024-2025  
18           school year.
- 19           (4) Participation rates in the National School Breakfast and Lunch programs for  
20           the 2023-2024 school year for the schools requesting to receive the incentive.

21           **SECTION 7.59.(d)** Selection. – By April 30, 2024, the Department shall determine  
22 whether each applicant is eligible to participate in the incentive program. The Department shall  
23 then award grants to all eligible public school units and schools. If there are insufficient funds to  
24 award grants to all eligible public school units or schools, the Department shall first prioritize  
25 awarding grants to public school units and schools with an Identified Student Percentage (ISP)  
26 of greater than or equal to fifty-five percent (55%) and then prioritize awarding grants to those  
27 schools that will draw the greatest federal match.

28           **SECTION 7.59.(e)** Grants. – The Department shall issue State reimbursements to  
29 participating public school units and schools to supplement federal reimbursements of school  
30 meals. State reimbursement shall equal the difference between the federal free rate and the federal  
31 paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of  
32 the ISP for the participating schools. State and federal reimbursements shall not exceed one  
33 hundred percent (100%) of the federal free rate of meals served. Schools utilizing the incentive  
34 shall offer breakfast after the bell and in the classroom.

35           **SECTION 7.59.(f)** Nonsupplant Requirement. – A public school unit or school that  
36 receives incentive funds shall use the funds to supplement and not supplant local current expense  
37 funds.

38           **SECTION 7.59.(g)** Report. – No later than January 1, 2025, the Department shall  
39 report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division  
40 at least the following information:

- 41           (1) The number of schools that utilized the incentive.
- 42           (2) The number of students that received free meals that would not have otherwise  
43           received free meals had the school not utilized the incentive.
- 44           (3) The amount of federal and State money participating public school units and  
45           schools received.
- 46           (4) Any increase on student success due to the school's utilization of the incentive  
47           and participation in the program.

48           **SECTION 7.59.(h)** Administration. – The Department may use up to five hundred  
49 thousand dollars (\$500,000) of the funds appropriated to the Department for the administrative  
50 costs of running the incentive program.

51



**NO ADMINISTRATIVE PENALTY FOR UNPAID MEAL DEBT**

**SECTION 7.60.(a)** G.S. 115C-264 is amended by adding a new subsection to read:

"(d) Governing bodies of public school units shall not impose administrative penalties on a student for unpaid school meal debt. Administrative penalties include the following:

(1) Withholding student records, including transcripts, report cards, attendance records, and health records.

(2) Not allowing a student to participate in graduation or receive a diploma."

**SECTION 7.60.(b)** G.S. 115C-218.75 is amended by adding a new subsection to read:

"(n) Unpaid Meal Debt. – If a charter school participates in the school nutrition program, the charter school may not impose administrative penalties on a student for unpaid school meal debt in accordance with G.S. 115C-264(d)."

**SECTION 7.60.(c)** G.S. 115C-238.66 is amended by adding a new subdivision to read:

"(22) Unpaid meal debt. – If a regional school participates in the school nutrition program, the regional school may not impose administrative penalties on a student for unpaid school meal debt in accordance with G.S. 115C-264(d)."

**SECTION 7.60.(d)** G.S. 116-239.8(b) is amended by adding a new subdivision to read:

"(24) Unpaid meal debt. – If a laboratory school participates in the school nutrition program, the laboratory school may not impose administrative penalties on a 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.

- 1 (5) Identified advantages to using the pilot calendar and additional remote  
2 learning.
- 3 (6) Identified disadvantages to using the pilot calendar and additional remote  
4 learning.

5 **SECTION 7.61.(d)** The Superintendent of Public Instruction shall annually  
6 summarize the information provided by the participating local boards of education and provide  
7 a report of that information, including a copy of each participating local board of education's  
8 report, to the Joint Legislative Education Oversight Committee beginning September 15, 2024,  
9 and ending September 15, 2028.

10  
11 **SPARKNC PILOT FOR HIGH-TECH LEARNING ACCELERATOR CREDIT**

12 **SECTION 7.62.(a)** There is established the SparkNC Pilot Program (Program) for  
13 the 2023-2025 fiscal biennium. The pilot program authorizes SparkNC, a North Carolina  
14 nonprofit corporation, in partnership with selected public school units, to develop a  
15 nontraditional, student-driven pathway through which students may select and complete modular  
16 learning experiences that, when aggregated, will provide a competency-based equivalency to a  
17 traditional elective course credit. SparkNC shall provide a menu of modular learning experiences  
18 that include opportunities for work-based learning. The competency-based elective credit shall  
19 be denoted on student transcripts as High-Tech Learning Accelerator and focused on science,  
20 technology, engineering, and mathematics (STEM).

21 **SECTION 7.62.(b)** Each public school unit partnering with SparkNC in accordance  
22 with this section (partnering public school units) shall enter a memorandum of understanding  
23 with SparkNC to meet certain requirements for the Program. These requirements shall include  
24 the provision of a physical learning lab staffed by a learning lab facilitator that will provide a site  
25 for collaborative learning and virtual networking. Learning lab facilitators shall facilitate  
26 interdistrict instruction, provide student advising, design learning experiences, coordinate with  
27 industry partners, and validate student work.

28 **SECTION 7.62.(c)** Notwithstanding any State Board of Education rules, partnering  
29 public school units shall award the elective credit in High-Tech Learning Accelerator to any  
30 student who completes a combination of modules determined by SparkNC to provide the  
31 competency-based elective credit in that course upon verification of successful completion of the  
32 learning experiences and integrity of student work products by the learning lab facilitator. The  
33 elective credit shall be denoted as achieved mastery on the student's transcript. A student's  
34 participation in modules but failure to earn elective credit shall not be denoted as a fail on the  
35 student's transcript.

36 **SECTION 7.62.(d)** The following provisions shall apply to the Program:

- 37 (1) Notwithstanding G.S. 115C-295 and any related State Board of Education  
38 rules, learning lab facilitators shall not be required to hold teacher licensure  
39 but shall meet the standards established by the memorandum of  
40 understanding. Learning lab facilitators shall be the teacher of record for  
41 students enrolled in the Program. Additional non-licensed personnel may be  
42 contracted with on a full- or part-time basis for the purpose of providing  
43 timely, real-world content, industry expertise, and student learning  
44 experiences. Learning lab facilitators and contract personnel with the Program  
45 shall be subject to the requirements of Part 6 of Article 22 of Chapter 115C of  
46 the General Statutes (Criminal History Checks).
- 47 (2) For the purposes of student participation in the Program, the requirements of  
48 Part 2 of Article 8 of Chapter 115C of the General Statutes (Calendar) shall  
49 not apply. Students may continue to participate in the Program and aggregate  
50 learning experiences throughout the time the students are enrolled in the  
51 public school unit and shall not be limited to a semester or school year.

1 Learning experiences may be provided to students in person, remotely, or  
2 through asynchronous modules.

3 (3) Notwithstanding G.S. 115C-316 or any other law or rule to the contrary,  
4 public school units shall not be required to pay learning lab facilitators in  
5 accordance to the salary schedule used for other teachers employed by the  
6 public school unit.

7 (4) If a course in computer science is required for high school graduation,  
8 completion of the competency-based elective credit of High-Tech Learning  
9 Accelerator shall be deemed to satisfy that requirement if approved by the  
10 Superintendent of Public Instruction upon recommendation of the Department  
11 of Public Instruction that the course meets the required domains of computer  
12 science.

13 **SECTION 7.62.(e)** For the 2023-2024 and 2024-2025 school years, the following  
14 public school units may partner with SparkNC to participate in the Program:

- 15 (1) Asheboro City Schools
- 16 (2) Cabarrus County Schools
- 17 (3) Chapel Hill-Carrboro City Schools
- 18 (4) Chatham County Schools
- 19 (5) Cumberland County Schools
- 20 (6) Edgecombe County Schools
- 21 (7) Elizabeth City-Pasquotank Public Schools
- 22 (8) Granville County Schools
- 23 (9) Guilford County Schools
- 24 (10) Lexington City Schools
- 25 (11) Mt. Airy City Schools
- 26 (12) New Hanover County Schools
- 27 (13) Rockingham County Schools
- 28 (14) Rowan-Salisbury Schools
- 29 (15) Scotland County Schools
- 30 (16) Vance County Schools
- 31 (17) Wake County Public School System
- 32 (18) Warren County Schools

33 **SECTION 7.62.(f)** The nonrecurring funds appropriated to the Department of Public  
34 Instruction by this act in the 2023-2024 fiscal year to be used to contract with SparkNC to provide  
35 students a nontraditional pathway to earn a competency-based High-Tech Learning Accelerator  
36 elective credit shall not revert to the General Fund at the end of the 2023-2024 fiscal year but  
37 shall remain available until the end of the 2024-2025 fiscal year.

38 **SECTION 7.62.(g)** SparkNC, in consultation with the partnering public school units,  
39 shall provide an interim report to the Joint Legislative Education Oversight Committee by March  
40 1, 2025, on the following information, disaggregated for each public school unit by grade level  
41 and school, when possible:

- 42 (1) Number and percentage of student participation in the Program.
- 43 (2) Student retention and persistence in the Program.
- 44 (3) Student completion of the High-Tech Learning Accelerator elective credit.
- 45 (4) Student evaluation of the Program.
- 46 (5) Student interest in science, technology, engineering, and mathematics  
47 following participation in the Program.
- 48 (6) Cost per student for Program participation.
- 49 (7) The number and percentage of courses awarded credit that demonstrate  
50 concentration leading toward a career pathway.
- 51 (8) Public school unit persistence in the Program.

- 1 (9) Recommendations for Program changes, including recommended legislative  
2 changes and changes needed to ensure that federal funding for career and  
3 technical education can be used for the Program.

4 **SECTION 7.62.(h)** SparkNC, in consultation with the partnering public school units,  
5 shall provide a final report to the Joint Legislative Education Oversight Committee by March 1,  
6 2026, on the following information, disaggregated for each public school unit by grade level and  
7 school, when possible:

- 8 (1) Number and percentage of student participation in the Program.  
9 (2) Student retention and persistence in the Program.  
10 (3) Student completion of the High-Tech Learning Accelerator elective credit.  
11 (4) Student evaluation of the Program.  
12 (5) Student interest in science, technology, engineering, and mathematics  
13 following participation in the Program.  
14 (6) Cost per student for Program participation.  
15 (7) The number and percentage of courses awarded credit that demonstrate  
16 concentration leading toward a career pathway.  
17 (8) Public school unit persistence in the Program.  
18 (9) Recommendations for Program changes, including recommended legislative  
19 changes and changes needed to ensure that federal funding for career and  
20 technical education can be used for the Program.  
21 (10) Recommendations on development of a mastery transcript.  
22

23 **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE**  
24 **GRANT PROGRAM**

25 **SECTION 7.63.(a)** Of the funds appropriated by this act for the At-Risk Student  
26 Services Alternative School Allotment for the 2023-2025 fiscal biennium, the Department of  
27 Public Instruction shall use up to seven million dollars (\$7,000,000) for the 2023-2024 fiscal year  
28 and up to seven million dollars (\$7,000,000) for the 2024-2025 fiscal year for the Extended  
29 Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds,  
30 the Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for  
31 each fiscal year to administer the Program.

32 **SECTION 7.63.(b)** The purpose of the Program is to fund high-quality,  
33 independently validated extended learning and integrated student support service programs for  
34 at-risk students that raise standards for student academic outcomes by focusing on the following:

- 35 (1) Use of an evidence-based model with a proven track record of success.  
36 (2) Inclusion of rigorous, quantitative performance measures to confirm  
37 effectiveness of the program.  
38 (3) Deployment of multiple tiered supports in schools to address student barriers  
39 to achievement, such as strategies to improve chronic absenteeism, antisocial  
40 behaviors, academic growth, and enhancement of parent and family  
41 engagement.  
42 (4) Alignment with State performance measures, student academic goals, and the  
43 North Carolina Standard Course of Study.  
44 (5) Prioritization in programs to integrate clear academic content, in particular,  
45 science, technology, engineering, and mathematics (STEM) learning  
46 opportunities or reading development and proficiency instruction.  
47 (6) Minimization of student class size when providing instruction or instructional  
48 supports and interventions.  
49 (7) Expansion of student access to high-quality learning activities and academic  
50 support that strengthen student engagement and leverage community-based

1 resources, which may include organizations that provide mentoring services  
2 and private-sector employer involvement.

3 (8) Utilization of digital content to expand learning time, when appropriate.

4 **SECTION 7.63.(c)** Grants shall be used to award funds for new or existing eligible  
5 programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit  
6 corporations working in collaboration with local school administrative units. Grant participants  
7 are eligible to receive grants for up to two years in an amount of up to five hundred thousand  
8 dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not  
9 performing at grade level as demonstrated by statewide assessments, (ii) students at risk of  
10 dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a  
11 result of antisocial behaviors. Priority consideration shall be given to applications demonstrating  
12 models that focus services and programs in schools that are identified as low-performing pursuant  
13 to G.S. 115C-105.37.

14 A grant participant shall provide certification to the Department of Public Instruction  
15 that the grants received under the Program shall be matched on the basis of three dollars (\$3.00)  
16 in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include  
17 other State funds. The Department shall also give priority consideration to an applicant that is a  
18 nonprofit corporation working in partnership with a local school administrative unit resulting in  
19 a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education  
20 Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other  
21 federal or local funds. Matching funds may include in-kind contributions for up to fifty percent  
22 (50%) of the required match.

23 **SECTION 7.63.(d)** A nonprofit corporation may act as its own fiscal agent for the  
24 purposes of this Program. Grant recipients shall report to the Department of Public Instruction  
25 for the year in which grant funds were expended on the progress of the Program, including  
26 alignment with State academic standards, data collection for reporting student progress, the  
27 source and amount of matching funds, and other measures, before receiving funding for the next  
28 fiscal year. Grant recipients shall also submit a final report on key performance data, including  
29 statewide test results, attendance rates, graduation rates, and promotion rates, and financial  
30 sustainability of the Program.

31 **SECTION 7.63.(e)** The Department of Public Instruction shall provide an interim  
32 report on the Program to the Joint Legislative Education Oversight Committee by September 15,  
33 2024, with a final report on the Program by September 15, 2025. The final report shall include  
34 the final results of the Program and recommendations regarding effective program models,  
35 standards, and performance measures based on student performance, leveraging of  
36 community-based resources to expand student access to learning activities, academic and  
37 behavioral support services, and potential opportunities for the State to invest in proven models  
38 for future grant programs.

#### 39 **PROHIBITION AGAINST "THREE-CUEING"**

40 **SECTION 7.64.(a)** G.S. 115C-83.3 is amended by adding a new subdivision to read:

41 "(9a) "Three-cueing system" means a model of teaching students to read based on  
42 meaning, structure and syntax, and visual cues, also known as "MSV."

43 **SECTION 7.64.(b)** G.S. 115C-83.4B is amended by adding a new subsection to  
44 read:

45 "(c) The Early Literacy Program shall not use a three-cueing system, as defined in  
46 G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word  
47 recognition in any instruction or intervention provided to students in an NC Pre-K program."

48 **SECTION 7.64.(c)** Part 1A of Article 8 of Chapter 115C of the General Statutes is  
49 amended by adding a new section to read:

50 **§ 115C-83.12. Prohibition against three-cueing system model of teaching students to read.**  
51

1 Local school administrative units shall not use a three-cueing system or a curriculum with  
2 visual memory as the primary basis for teaching word recognition in any instruction or  
3 intervention provided to students in grades kindergarten through three."

4 **SECTION 7.64.(d)** G.S. 115C-150.12C is amended by adding a new subdivision to  
5 read:

6 "(3a) Literacy instruction. – The board of trustees shall ensure that a three-cueing  
7 system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory  
8 as the primary basis for teaching word recognition is not used in any  
9 instruction or intervention provided to students in grades kindergarten through  
10 three."

11 **SECTION 7.64.(e)** G.S. 115C-218.85(b) is amended by adding a new subdivision  
12 to read:

13 "(5) The charter school shall not use a three-cueing system, as defined in  
14 G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis  
15 for teaching word recognition in any instruction or intervention provided to  
16 students in grades kindergarten through three."

17 **SECTION 7.64.(f)** G.S. 116-239.8(b)(2) is amended by adding a new  
18 sub-subdivision to read:

19 "e. The chancellor shall ensure that a three-cueing system, as defined in  
20 G.S. 115C-83.3(9a), or a curriculum with visual memory as the  
21 primary basis for teaching word recognition is not used in any  
22 instruction or intervention provided to students in grades kindergarten  
23 through three."

24 **SECTION 7.64.(g)** G.S. 115C-269.20(a)(2)a1. reads as rewritten:

25 "a1. Coursework in the Science or Reading, as defined in G.S. 115C-83.3.  
26 This coursework shall not include preparation to use a three-cueing  
27 system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual  
28 memory as the primary basis for teaching word recognition to students  
29 in grades kindergarten through three."

30 **SECTION 7.64.(h)** This section is effective when it becomes law and applies  
31 beginning with the 2023-2024 school year.

## 32 **PROFESSIONAL DEVELOPMENT FOR HOLOCAUST EDUCATION FUNDS NOT** 33 **TO REVERT**

34 **SECTION 7.65.(a)** Notwithstanding any provision of law to the contrary, the  
35 nonrecurring funds appropriated to the Department of Public Instruction in S.L. 2021-180 for the  
36 2022-2023 fiscal year for Holocaust and genocide education pursuant to Section 7.84 of S.L.  
37 2021-180 shall not revert to the General Fund at the end of the 2022-2023 fiscal year, but shall  
38 remain available until the end of the 2023-2024 fiscal year.

39 **SECTION 7.65.(b)** This section becomes effective June 30, 2023.

## 40 **SALARY SUPPLEMENTS FOR TEACHERS IN ADVANCED TEACHING ROLES** 41 **SCHOOLS**

42 **SECTION 7.66.** Article 20 of Chapter 115C of the General Statutes is amended by  
43 adding a new section to read:

44 **"§ 115C-312. Salary supplements for teachers in Advanced Teaching Roles schools.**

45 (a) For purposes of this section, the following definitions shall apply:

46 (1) Adult leadership teacher. – A teacher who meets the following criteria:

47 a. Works in the classroom providing instruction for at least thirty percent  
48 (30%) of the instructional day.

49 b. Leads a team of between three and eight teachers.  
50  
51

- 1           c.       Shares responsibility for the performance of the students of all teachers  
 2               on the team identified in sub-subdivision b. of this subdivision.  
 3           d.       Is not a school administrator.  
 4           (2)     Advanced teaching role. – Additional responsibility for a teacher in an  
 5               Advanced Teaching Roles school, as developed by a local board of education  
 6               pursuant to G.S. 115C-311.  
 7           (3)     Advanced Teaching Roles unit. – A local school administrative unit with at  
 8               least one Advanced Teaching Roles school.  
 9           (4)     Classroom excellence teacher. – A teacher who meets the following criteria:  
 10           a.       Is a teacher in an advanced teaching role.  
 11           b.       Assumes and maintains responsibility for at least twenty percent  
 12               (20%) of additional students as compared to the most recent prior  
 13               school year in which the teacher did not receive a salary supplement  
 14               pursuant to this section.  
 15           c.       Is a member of a team of teachers led by an adult leadership teacher  
 16               pursuant to sub-subdivision b. of subdivision (1) of this subsection.  
 17           (5)     Teacher. – A classroom teacher in an Advanced Teaching Roles school who  
 18               is not instructional support personnel.  
 19       (b)     Notwithstanding G.S. 115C-311, to the extent funds are made available for this  
 20       purpose, the State Board of Education shall award funds to local school administrative units for  
 21       annual salary supplements for teachers in accordance with this section. Advanced Teaching Roles  
 22       units shall designate up to fifteen percent (15%) of the teachers in each Advanced Teaching Roles  
 23       school as adult leadership teachers and five percent (5%) of the teachers in each Advanced  
 24       Teaching Roles school as classroom excellence teachers. Advanced Teaching Roles units shall  
 25       provide salary supplements for those teachers as follows:  
 26           (1)     Ten thousand dollars (\$10,000) for adult leadership teachers.  
 27           (2)     Three thousand dollars (\$3,000) for classroom excellence teachers.  
 28       (c)     The following additional requirements apply to salary supplements received pursuant  
 29       to this section:  
 30           (1)     Loss of a salary supplement received pursuant to this section for any reason  
 31               shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C  
 32               of the General Statutes.  
 33           (2)     A teacher is eligible to continue receiving a salary supplement pursuant to this  
 34               section as long as he or she remains an adult leadership teacher or a classroom  
 35               excellence teacher.  
 36           (3)     A teacher is eligible to receive no more than one annual salary supplement  
 37               pursuant to this section at any time."  
 38

### REALIGN ADVANCED TEACHING ROLES

39           **SECTION 7.67.(a)** No later than 30 days after the date this act becomes law, the  
 40 State Board of Education shall issue a new Request for Proposal (RFP) for local school  
 41 administrative units to participate in the Advanced Teaching Roles Program pursuant to  
 42 G.S. 115C-311. As part of this new RFP, the State Board shall do the following:  
 43

- 44           (1) Take into account the additional recurring funds appropriated to the  
 45 Department of Public Instruction in this act for the 2023-2025 fiscal biennium.  
 46           (2) Make every effort to ensure that local school administrative units can  
 47 participate in the Program.  
 48           (3) Maximize the diversity of geography and student population among  
 49 participating local school administrative units.

50           **SECTION 7.67.(b)** Notwithstanding G.S. 115C-311, beginning in the 2023-2024  
 51 school year, as a part of the RFP required pursuant to subsection (a) of this section, the State

1 Board of Education shall authorize New Hanover County Schools to participate in the Advanced  
2 Teaching Roles Program (Program) and, to the extent funds are available in the Program, award  
3 State funds to New Hanover County Schools for an initial term, if the following occur:

- 4 (1) New Hanover County Schools submits a proposal to participate in the  
5 Program by July 1, 2023.
- 6 (2) The proposal submitted pursuant to subdivision (1) of this subsection is  
7 consistent with the requirements of G.S. 115C-311(b).

## 9 DAILY DEPOSIT AMOUNT ADJUSTMENT

10 SECTION 7.68. G.S. 115C-445 reads as rewritten:

### 11 "§ 115C-445. Daily deposits.

12 Except as otherwise provided by law, all moneys collected or received by an officer,  
13 employee or agent of a local school administrative unit or an individual school shall be deposited  
14 in accordance with this section. Each officer, employee and agent of a local school administrative  
15 unit or individual school whose duty it is to collect or receive any taxes or other moneys shall  
16 deposit his collections and receipts daily. If the board of education gives its approval, deposits  
17 shall be required only when the moneys on hand amount to as much as ~~two hundred fifty dollars~~  
18 ~~(\$250.00), one thousand five hundred dollars (\$1,500),~~ but in any event a deposit shall be made  
19 on the last business day of the month. All deposits shall be made with the finance officer or in an  
20 official depository. Deposits in an official depository shall be immediately reported to the finance  
21 officer or individual school treasurer by means of a duplicate deposit ticket. The finance officer  
22 may at any time audit the accounts of any officer, employee or agent collecting or receiving any  
23 taxes or other moneys, and may prescribe the form and detail of these accounts. The accounts of  
24 such an officer, employee or agent shall be audited at least annually."

## 26 PLASMA GAMES GRANT PROGRAM

27 SECTION 7.69.(a) The Department of Public Instruction shall create a grant  
28 program for public school units to apply for funds to contract with Plasma Games, Inc., for the  
29 use of educational software to be used in science, technology, engineering, and math (STEM)  
30 and career and technical education (CTE) courses. The Department shall make an application  
31 available to public school units by November 15, 2023, and August 1 of each year thereafter that  
32 funds are made available for this purpose. Public school units shall submit applications by  
33 January 15, 2024, and October 1 of each year thereafter that funds are available. The Department  
34 shall make determinations on grant recipients by March 15, 2024, and December 1 of each year  
35 thereafter that funds are made available. The Department shall prioritize issuing grants to public  
36 school units that participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L.  
37 2021-25, as amended by S.L. 2021-180, and are actively utilizing license grants pursuant to that  
38 pilot program.

39 SECTION 7.69.(b) The Department shall report to the Joint Legislative Education  
40 Oversight Committee beginning May 15, 2024, and each year thereafter that funds are made  
41 available for the program created by subsection (a) of this section, on the outcomes of the  
42 program. The report shall include at least the following:

- 43 (1) The number of public school units that submitted grant applications.
- 44 (2) The number of grants awarded.
- 45 (3) The percentage of grants that were awarded to public school units that  
46 participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L.  
47 2021-25, as amended by S.L. 2021-180. This subdivision applies only to the  
48 report for May 15, 2024.
- 49 (4) The average size of grants awarded.
- 50 (5) The average daily membership of each public school unit that received grant  
51 awards.



- 1 (6) The ratio of grant funds received by each public school unit to the average
- 2 daily membership of the public school unit.
- 3 (7) The total number of licenses in active use in the State.
- 4 (8) Any other information the Department deems relevant.
- 5

## 6 NC EDUCATION CORPS REPORTING

7 **SECTION 7.70.** The North Carolina Education Corps shall report to the Joint  
8 Legislative Education Oversight Committee by February 15, 2024, on the results of the program  
9 created pursuant to Section 3.5(a)(7) of S.L. 2021-25, as amended by S.L. 2021-180. The report  
10 shall include at least the following:

- 11 (1) The number of tutors trained using funds provided.
- 12 (2) The number of students who worked with tutors trained by the program.
- 13 (3) The average amount of funding spent by the North Carolina Education Corps  
14 per tutor trained.
- 15 (4) The number of tutors hired by public school units after completion of the  
16 training provided by the program.
- 17 (5) Which public school units utilized tutors trained by the program.
- 18 (6) The impacts on student outcomes in public school units that utilized tutors  
19 trained by the program.
- 20 (7) The amount spent by each public school unit to hire tutors trained by the  
21 program.
- 22 (8) Any other information the North Carolina Education Corps deems relevant.
- 23

## 24 ALLOW NONPROFITS TO PROVIDE ABUSE/SEX TRAFFICKING TRAINING TO 25 EDUCATORS

26 **SECTION 7.71.** G.S. 115C-375.20 reads as rewritten:

27 **"§ 115C-375.20. Child sexual abuse and sex trafficking training program required.**

28 (a) Definitions. – The following definitions shall apply in this section:

- 29 (1) School personnel. – Teachers, instructional support personnel, principals, and  
30 assistant principals. This term may also include, in the discretion of the  
31 employing entity, other school employees who work directly with students in  
32 grades kindergarten through 12.

33 (b) Each employing entity shall adopt and implement a child sexual abuse and sex  
34 trafficking training program for school personnel who work directly with students in grades  
35 kindergarten through 12 that provides education and awareness training related to child sexual  
36 abuse and sex trafficking, including, but not limited to, best practices from the field of prevention,  
37 the grooming process of sexual predators, the warning signs of sexual abuse and sex trafficking,  
38 how to intervene when sexual abuse or sex trafficking is suspected or disclosed, legal  
39 responsibilities for reporting sexual abuse or sex trafficking, and available resources for  
40 assistance. This training may be provided by local nongovernmental organizations with expertise  
41 in these areas, local law enforcement ~~officers, officers~~ or other officers of the ~~court, court,~~ or  
42 nonprofit organizations with over 10 years of experience in providing research-based child sexual  
43 abuse prevention curriculum. All school personnel who work with students in grades  
44 kindergarten through 12 shall receive two hours of training consistent with this section in  
45 even-numbered years beginning in 2020.

46 (c) No entity required to adopt a child sexual abuse and sex trafficking training program  
47 by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or 116-239.8(b)(17), or its members,  
48 employees, designees, agents, or volunteers, shall be liable in civil damages to any party for any  
49 loss or damage caused by any act or omission relating to the provision of, participation in, or  
50 implementation of any component of a child sexual abuse and sex trafficking training program  
51 required by this section, unless that act or omission amounts to gross negligence, wanton conduct,

1 or intentional wrongdoing. Nothing in this section shall be construed to impose any specific duty  
2 of care or standard of care on an entity required to adopt a child sexual abuse and sex trafficking  
3 training program by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or  
4 116-239.8(b)(17)."

## 6 HIGH SCHOOL DIPLOMA ENDORSEMENTS

7 **SECTION 7.72.(a)** Article 8 of Chapter 115C of the General Statutes is amended by  
8 adding a new Part to read:

9 "Part 1D. High School Graduation.

10 "§ 115C-83.30. Reserved for future codification purposes.

11 "§ 115C-83.31. Exit standards and graduation requirements.

12 (a) The State Board of Education shall require the following for high school graduation:

13 (1) Successful completion of instruction in cardiopulmonary resuscitation as  
14 provided in G.S. 115C-81.25(c)(10).

15 (2) A passing grade in the semester course on the Founding Principles of the  
16 United States of America and the State of North Carolina described in  
17 G.S. 115C-81.45(d)(1).

18 (b) The following restrictions apply to the State Board of Education regarding Algebra I  
19 and high school graduation projects:

20 (1) The Board shall not adopt or enforce any rule that requires Algebra I as a  
21 graduation standard or as a requirement for a high school diploma for any  
22 student whose individualized education program (i) identifies the student as  
23 learning disabled in the area of mathematics and (ii) states that this learning  
24 disability will prevent the student from mastering Algebra I.

25 (2) The Board shall not require any student to prepare a high school graduation  
26 project as a condition of graduation from high school; local boards of  
27 education may, however, require their students to complete a high school  
28 graduation project as provided in G.S. 115C-47(54a).

29 "§ 115C-83.32. High school diploma endorsements.

30 (a) The State Board of Education shall establish, implement, and determine the impact of  
31 adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas  
32 to encourage students to obtain requisite job skills necessary for students to be successful in a  
33 wide range of high-quality careers and to reduce the need for remedial education in institutions  
34 of higher education. The Board shall develop criteria for receiving a diploma endorsement under  
35 this subsection that address the following:

36 (1) Courses completed by the student.

37 (2) Overall grade point average.

38 (3) Reading achievement, including the requirement that a student receive on a  
39 nationally norm-referenced college admissions test for reading, either  
40 administered under G.S. 115C-174.11(c)(4) or as an alternative nationally  
41 norm-referenced college admissions test approved by the Board, at least the  
42 benchmark score established by the testing organization that represents the  
43 level of achievement required for students to have approximately a fifty  
44 percent (50%) chance of obtaining a grade B or higher or a seventy-five  
45 percent (75%) chance of obtaining a grade C or higher in a corresponding  
46 credit-bearing, first-year college course. A student may retake a nationally  
47 norm-referenced test as many times as necessary to achieve the required  
48 benchmark score for reading in order to receive a high school diploma  
49 endorsement prior to the student's graduation.

50 (4) Any additional criteria deemed necessary by the Board.

1       **(b)** The State Board of Education shall establish an arts proficiency high school diploma  
 2 endorsement to encourage students to obtain a well-rounded, high-quality arts education. The  
 3 Board shall create any form necessary for students to document their arts participation and shall  
 4 provide this form to local boards of education. The Board shall develop criteria for receiving a  
 5 diploma endorsement under this subsection that include the following:

6           **(1)** Completion of a minimum of four arts credits with an unweighted grade point  
 7 average of 3.0 or higher in each arts credit completed by the student.

8           **(2)** Completion of a minimum of 40 hours of arts-related extracurricular activities.  
 9 To receive credit for completing these hours, a student shall meet all of the  
 10 following requirements:

11           **a.** The student participates in an arts-related extracurricular activity that  
 12 is approved by the local board of education.

13           **b.** The student completes all of the required hours outside of instructional  
 14 hours.

15           **c.** The student does not receive any course credit for participation in the  
 16 activity.

17           **d.** The student documents the hours on the form provided by the Board  
 18 to local boards of education.

19           **(3)** Any additional criteria deemed necessary by the Board.

20       **(c)** The State Board of Education shall establish a citizenship proficiency high school  
 21 diploma endorsement to encourage students to demonstrate their understanding of the basics of  
 22 the American government and civic life. The Board shall create any form necessary for students  
 23 to document their civics participation and shall provide this form to governing bodies of local  
 24 school administrative units. The Board shall develop criteria for receiving a diploma endorsement  
 25 under this subsection that include at least a passing score on a civics test composed of questions  
 26 from the pool of publicly available questions to be used for the civics test given by the U.S.  
 27 Citizenship and Immigration Services (USCIS) as part of the naturalization interview and test  
 28 issued by USCIS. The State Board shall determine the format of the civics test and the number  
 29 of questions to be included in the civics test. The State Board shall require that all local school  
 30 administrative units offer the civics test created pursuant to this subsection at least once per  
 31 semester.

32       **(d)** The Board shall report annually to the Joint Legislative Education Oversight  
 33 Committee on high school diploma endorsements as required by G.S. 115C-156.2."

34       **SECTION 7.72.(b)** Subsection (a) of this section is effective when it becomes law.  
 35 The State Board of Education shall make available arts proficiency and citizenship proficiency  
 36 high school diploma endorsements, as provided under this section, to students graduating high  
 37 school beginning with the 2023-2024 school year.

38       **SECTION 7.72.(c)** G.S. 115C-12(9d) reads as rewritten:

39       "(9d) Power to Develop Exit Standards and Graduation Requirements. –

40           **a.** ~~The Board~~ In accordance with G.S. 115C-83.31, the Board shall  
 41 require certain exit standards and may develop additional exit  
 42 standards that shall be required for high school graduation. The Board  
 43 shall require the following for high school graduation:

44           ~~1.~~ Successful completion of instruction in cardiopulmonary  
 45 resuscitation as provided in G.S. 115C-81.25(c)(10).

46           ~~2.~~ A passing grade in the semester course on the Founding  
 47 Principles of the United States of America and the State of  
 48 North Carolina described in G.S. 115C-81.45(d)(1).

49           **b.** ~~The following restrictions apply to the Board regarding Algebra I and~~  
 50 ~~high school graduation projects:~~

- 1                    1.     ~~The Board shall not adopt or enforce any rule that requires~~  
2                    ~~Algebra I as a graduation standard or as a requirement for a~~  
3                    ~~high school diploma for any student whose individualized~~  
4                    ~~education program (i) identifies the student as learning~~  
5                    ~~disabled in the area of mathematics and (ii) states that this~~  
6                    ~~learning disability will prevent the student from mastering~~  
7                    ~~Algebra I.~~
- 8                    2.     ~~The Board shall not require any student to prepare a high~~  
9                    ~~school graduation project as a condition of graduation from~~  
10                   ~~high school; local boards of education may, however, require~~  
11                   ~~their students to complete a high school graduation as provided~~  
12                   ~~in G.S. 115C-47(54a)."~~

13     **SECTION 7.72.(d)** G.S. 115C-12(40) reads as rewritten:

14     "(40) To Establish High School Diploma Endorsements. – The State Board of  
15     Education shall establish, implement, and determine the impact of adding (i)  
16     college, (ii) career, and (iii) college and career endorsements to high school  
17     diplomas to encourage students to obtain requisite job skills necessary for  
18     students to be successful in a wide range of high-quality careers and to reduce  
19     the need for remedial education in institutions of higher education. These  
20     endorsements shall reflect courses completed, overall grade point average,  
21     reading achievement, and other criteria as developed by the State Board of  
22     Education. A student shall only receive a high school diploma endorsement if  
23     that student receives on a nationally norm-referenced college admissions test  
24     for reading, either administered under G.S. 115C-174.11(e)(4) or as an  
25     alternative nationally norm-referenced college admissions test approved by  
26     the State Board, at least the benchmark score established by the testing  
27     organization that represents the level of achievement required for students to  
28     have approximately a fifty percent (50%) chance of obtaining a grade B or  
29     higher or a seventy-five percent (75%) chance of obtaining a grade C or higher  
30     in a corresponding credit-bearing, first-year college course. A student may  
31     retake a nationally norm-referenced test as many times as necessary to achieve  
32     the required benchmark score for reading in order to receive a high school  
33     diploma endorsement prior to the student's graduation. The State Board of  
34     Education shall report annually to the Joint Legislative Education Oversight  
35     Committee on high school diploma endorsements in accordance with  
36     G.S. 115C-156.2-establish high school diploma endorsements as provided in  
37     G.S. 115C-83.32."

38     **SECTION 7.72.(e)** G.S. 115C-218.85 is amended by adding a new subsection to

39     read:

40     "(c) High School Diploma Endorsements. –

- 41     (1) A charter school shall offer students the opportunity to earn a citizenship  
42     proficiency high school diploma endorsement consistent with  
43     G.S. 115C-83.32(c).
- 44     (2) If necessary due to practical limitations at the charter school, a student may  
45     take the civics test required to earn the endorsement pursuant to  
46     G.S. 115C-83.32(c) at the nearest high school to the charter school located  
47     within the local school administrative unit in which the charter school is  
48     located at the time that the nearest high school within the local school  
49     administrative unit is scheduled to offer the exam."

50     **SECTION 7.72.(f)** G.S. 115C-156.2(b) reads as rewritten:

1       "(b) ~~Beginning in 2019, the~~ The State Board of Education shall report to the Joint  
2 Legislative Education Oversight Committee by November 15 of each year on the following  
3 information:

- 4           (1) The number of students in career and technical education courses who earned  
5 (i) community college credit and (ii) related industry certifications and  
6 credentials.
- 7           (2) Implementation of high school diploma endorsements, including adding (i)  
8 college, (ii) career, and (iii) college and career endorsements to high school  
9 diplomas, through evaluation of at least the following data:
- 10           a. Impact on the rates of high school graduation, college acceptance and  
11 remediation, and post-high school employment.
- 12           b. ~~Beginning with the 2019-2020 school year, the~~ The number of students  
13 who had to retake a nationally norm-referenced college admissions test  
14 to meet the reading benchmark score required by ~~G.S. 115C-12(40)~~  
15 G.S. 115C-83.32(a) to receive a college or career high school diploma  
16 endorsement and the number of students who were not awarded a  
17 college or career high school diploma endorsement solely because of  
18 the inability to meet the benchmark score for reading required by  
19 ~~G.S. 115C-12(40)~~ G.S. 115C-83.32(a).
- 20           c. The number of students receiving any high school diploma  
21 endorsement."

22           **SECTION 7.72.(g)** Except as otherwise provided, this section is effective when it  
23 becomes law. Subsection (f) of this section applies beginning with the report due to the Joint  
24 Legislative Education Oversight Committee on November 15, 2024.

## 25 **LIMITED TEACHER LICENSE CHANGES**

26           **SECTION 7.73.(a)** G.S. 115C-270.20(a)(4a) reads as rewritten:

- 27           "(4a) Limited license. – A three-year ~~nonrenewable~~ renewable license issued to an  
28 individual who meets the requirements of this subdivision. A limited license  
29 shall only be requested by the local board of education currently employing  
30 or seeking to employ the individual and shall be used for continued  
31 employment only in that local school administrative unit. The State Board  
32 shall not require individuals to demonstrate preparation through achieving a  
33 prescribed minimum score on a standardized examination for a limited  
34 license. To receive a limited license, one of the following shall be met:
- 35           a. In-state licensee. – Both of the following are met:
- 36               1. The individual was issued an IPL or RL, but failed to fulfill  
37 examination requirements under G.S. 115C-270.15 after three  
38 years of licensure.
- 39               2. The local board of education submits to the State Board an  
40 affidavit stating that the teacher is currently employed by that  
41 local board, is an effective teacher, and will be encouraged to  
42 continue to pursue a CPL. The affidavit shall be signed by both  
43 the principal and superintendent for the school to which the  
44 teacher is currently assigned.
- 45           b. Out-of-state licensee. – Both of the following are met:
- 46               1. The individual holds current teacher licensure in another state  
47 that is in good standing.
- 48               2. The local board of education submits to the State Board an  
49 affidavit stating that the local board seeks to employ the  
50 teacher, that the teacher has been employed as a licensed  
51

1 teacher in another state for at least three years, and that the  
 2 teacher will be encouraged to pursue an IPL or CPL, as  
 3 appropriate for that teacher. The affidavit shall be signed by  
 4 the superintendent for the local board of education seeking to  
 5 employ the teacher."

6 **SECTION 7.73.(b)** G.S. 115C-270.30(b) is amended by adding a new subdivision  
 7 to read:

8 "(6) For a teacher renewing a limited license, an affidavit from the employing local  
 9 board of education that is signed by both the principal and the superintendent  
 10 for the school to which the teacher is currently assigned. The affidavit must  
 11 state all of the following:

- 12 a. The teacher is currently employed by the local board of education.  
 13 b. The teacher is an effective teacher. For teachers who have available  
 14 growth data under the Education Value-Added Assessment System  
 15 (EVAAS), the data must demonstrate that the teacher meets or exceeds  
 16 expectations of growth.  
 17 c. The teacher will be encouraged to continue to pursue a CPL."

18 **SECTION 7.73.(c)** For limited license renewals that occur on or before July 1, 2025,  
 19 the State Board of Education shall only require the teacher to meet the licensure renewal  
 20 requirements in G.S. 115C-270.30(b)(6), as enacted by subsection (b) of this section.

21 **SECTION 7.73.(d)** This section is effective when it becomes law and applies to  
 22 renewal applications on or after that date.

## 23

### 24 **OUT-OF-STATE TEACHER LICENSE RECIPROCITY**

25 **SECTION 7.74.(a)** G.S. 115C-270.25 reads as rewritten:

26 "**§ 115C-270.25. Out-of-state license applicants.**

27 ~~Initial applications for a continuing professional license from an individual with an~~  
 28 ~~out-of-state teacher's license shall require the applicant to provide evidence of that teacher's~~  
 29 ~~effectiveness, when available, as measured by the evaluation system used in that applicant's state~~  
 30 ~~of current licensure at the time of application, including any growth measures included in that~~  
 31 ~~evaluation system. An individual who does not include evidence of that teacher's effectiveness~~  
 32 ~~with the initial application shall only be eligible for an IPL or LL.~~ The State Board of Education  
 33 shall grant a CPL to a teacher licensed in another state with substantially similar licensure  
 34 requirements who has at least three years of teaching experience and is in good standing with the  
 35 other state."

36 **SECTION 7.74.(b)** This section is effective when it becomes law and applies to  
 37 out-of-state applicants for a CPL on or after that date.

### 38

### 39 **ALLOW HOME SCHOOL STUDENTS TO SIT FOR AP/PSAT EXAMS**

40 **SECTION 7.75.(a)** G.S. 115C-174.18 reads as rewritten:

41 "**§ 115C-174.18. Opportunity to take Preliminary SAT/National Merit Scholarship**  
 42 **Qualifying Test (PSAT/NMSQT).**

43 Every student in the eighth through tenth grades who has completed Algebra I or who is in  
 44 the last month of Algebra I shall be given an opportunity to take a version of either the  
 45 Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the ~~PLAN~~  
 46 ~~precursor test to the ACT, PreACT test,~~ at the discretion of the local school administrative unit,  
 47 one time at no cost to the student. A student receiving instruction through a home school, as  
 48 provided by Part 3 of Article 39 of this Chapter, shall be eligible to participate in testing as  
 49 provided in G.S. 115C-565.1. The maximum amount of State funds used for this purpose shall  
 50 be the cost of the PSAT/NMSQT."

51 **SECTION 7.75.(b)** G.S. 115C-174.26(a) reads as rewritten:

1       "(a) It is the intent of the State to enhance accessibility and encourage students to enroll  
2 in and successfully complete more rigorous advanced courses to enable success in postsecondary  
3 education for all students. For the purposes of this section, an advanced course is an Advanced  
4 Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge  
5 Advanced International Certificate of Education (AICE) course, including an AS-Level or  
6 A-Level course. To attain this goal, to the extent funds are made available for this purpose,  
7 students enrolled in public schools shall be exempt from paying any fees for administration of  
8 examinations for advanced courses and registration fees for advanced courses in which the  
9 student is enrolled regardless of the score the student achieves on an examination. A student  
10 receiving instruction through a home school, as provided by Part 3 of Article 39 of this Chapter,  
11 shall be eligible to participate in administration of examinations for advanced courses as provided  
12 in G.S. 115C-565.1."

13               **SECTION 7.75.(c)** Part 3 of Article 39 of Chapter 115C of the General Statutes is  
14 amended by adding a new section to read:

15 **"§ 115C-565.1. Eligibility to participate in certain testing administration in local school  
16 administrative units.**

17       (a) A student enrolled in a home school shall be allowed to participate in the  
18 administration of the Preliminary SAT/National Merit Scholarship Qualifying Test or the  
19 PreACT test, as offered by the local school administrative unit in accordance with  
20 G.S. 115C-174.18, as follows:

- 21               (1) The student may take the test at a school within the local school administrative  
22 unit that the student would be assigned to if the student attended public school.
- 23               (2) The student shall have completed a course or test that shows equivalent  
24 competency to passing Algebra I.
- 25               (3) The student's parent shall be charged the cost of the test by the local school  
26 administrative unit.
- 27               (4) The student's parent, or other responsible adult designated by the parent, may  
28 be required by the local school administrative unit to serve as a proctor in  
29 order for the student to take the test, if the addition of the student would  
30 prevent the local school administrative unit from meeting the required  
31 proctor-student ratio for that test at that school.

32       (b) A student enrolled in a home school shall be allowed to take any advanced course  
33 examination offered by a local school administrative unit in accordance with G.S. 115C-174.26,  
34 as follows:

- 35               (1) The student may take the advanced course examination at a school within the  
36 local school administrative unit that the student would have been assigned to  
37 if the student attended public school.
- 38               (2) The student shall meet any requirements to take the advanced course  
39 examination established by the organization issuing that examination and the  
40 chief administrator of the home school. A local board of education shall not  
41 require the student to complete a specific advanced course to take the related  
42 examination.
- 43               (3) The student's parent shall be charged the cost of the test by the local school  
44 administrative unit.
- 45               (4) The student's parent, or other responsible adult designated by the parent, may  
46 be required by the local school administrative unit to serve as a proctor in  
47 order for the student to take the advanced course examination, if the addition  
48 of the student would prevent the local school administrative unit from meeting  
49 the required proctor-student ratio for that examination at that school."

50  
51 **SEARCHES OF STUDENT'S PERSON**

1           **SECTION 7.76.** Article 27 of Chapter 115C of the General Statutes is amended by  
2 adding a new section to read:

3 **"§ 115C-391.2. Searches of students.**

4           (a) Policies adopted by governing bodies of public school units governing searches of a  
5 student's person or property shall be consistent with the provisions of this Article and the  
6 constitutions, statutes, and regulations of the United States and the State of North Carolina. All  
7 searches performed by school officials in accordance with the policies shall be executed using  
8 methods that are narrowly tailored to be minimally intrusive while investigating the suspected  
9 activity.

10           (b) Each policy adopted by a governing body of a public school unit in accordance with  
11 subsection (a) of this section shall require that searches of a student's person are conducted in  
12 private by one school official and one adult witness, both of whom shall be the same sex as the  
13 student. The policy may provide an exception to this requirement for searches conducted using a  
14 walk-through metal detector, handheld wand, or other similar minimally intrusive device  
15 designed to detect weapons and regularly used for security scanning."

16  
17 **STATE OF THE SCHOOL ADMINISTRATION PROFESSION REPORT**

18           **SECTION 7.77.(a)** G.S. 115C-12(22) reads as rewritten:

19           "(22) Duty to Monitor the State of the Teaching ~~Profession~~ and School  
20           Administration Professions in North Carolina. – The State Board of Education  
21           shall monitor and compile an annual report on the state of the teaching  
22           ~~profession~~ and school administration professions in North ~~Carolina~~ that  
23           ~~includes data on the decisions of teachers to leave the teaching profession and~~  
24           ~~data on teaching positions that local boards of education are unable to fill,~~  
25           Carolina, as provided in G.S. 115C-289.2 and G.S. 115C-299.5."

26           **SECTION 7.77.(b)** Article 19 of Chapter 115C of the General Statutes is amended  
27 by adding a new section to read:

28 **"§ 115C-289.2. Report on the state of the school administration profession in North**  
29 **Carolina.**

30           (a) State of the School Administration Profession Report. – The State Board of Education  
31 shall monitor and compile an annual report by December 15 annually on school principals in  
32 North Carolina that includes data on the decisions of principals to leave the profession of school  
33 administration or move to a different position, as provided in subsection (b) of this section. The  
34 State Board shall adopt standard procedures for each local board of education to use in requesting  
35 information required by this report and shall require each local board of education to report the  
36 information to the State Board in a standard format adopted by the State Board.

37           (b) Principals Leaving Their Position. – The report shall include the following data on  
38 the decisions of principals to leave their position in the prior school year, including reasons for  
39 leaving their position:

40           (1) The number of principals who left the profession without remaining in the  
41 field of education.

42           (2) The number of principals who left their position for employment as a principal  
43 in another school in the State, including principals who left for employment  
44 within another local school administrative unit, a nonpublic school, or a  
45 charter school.

46           (3) The number of principals who left their position for another type of  
47 educational position and the type of educational position to which the  
48 principals moved.

49           (4) The number of principals who left their position in low-performing schools as  
50 defined in G.S. 115C-105.37.



1           (5)    The number of principals who left their position in order to move to a  
2           low-performing school, as defined in G.S. 115C-105.37, and the impact of the  
3           principal recruitment supplement authorized in G.S. 115C-285.1 on the  
4           principal's decision to accept the position at the low-performing school.

5           (c)    Principal and School Performance. – The State of the School Administration  
6           Profession Report prepared by the State Board of Education pursuant to this section shall analyze  
7           the relationship between the data included in subsection (b) of this section and student growth,  
8           student achievement, and school performance, as calculated by G.S. 115C-83.15(c), including  
9           the extent to which principal attrition and mobility led to changes in school performance.

10          (d)    Report Consolidation. – The report required by this section shall be consolidated with  
11          the report on the State of the Teaching Profession required by G.S. 115C-299.5."

12                **SECTION 7.77.(c)** G.S. 115C-299.5 is amended by adding a new subsection to read:

13                "(g) Report Consolidation. – The report required by this section shall be consolidated with  
14                the State of the School Administration Profession Report required by G.S. 115C-289.2."

15                **SECTION 7.77.(d)** This section is effective when it becomes law and applies  
16                beginning with the report due December 15, 2024.

## 17 18 **STUDY STATUS AND COST OF CARBON MONOXIDE ALARMS AND RADON** 19 **TESTING IN SCHOOLS**

20                **SECTION 7.78.** The State Board of Education shall survey all identified public  
21                schools to determine the number of existing school buildings that are currently not equipped with  
22                carbon monoxide alarm and detection systems but would have to install those systems if required  
23                to be in compliance with the requirements for new buildings in Section 915 of the North Carolina  
24                State Building Code, Fire Prevention Code (non-equipped buildings). The State Board of  
25                Education shall also survey all identified public schools to determine the need and  
26                implementation of radon gas testing. The State Board of Education shall report to the Joint  
27                Legislative Education Oversight Committee the following information no later than December  
28                15, 2023:

29                (1)    The number of non-equipped buildings statewide, and by identified public  
30                school.

31                (2)    The estimated cost statewide, and by the identified public school, to permit,  
32                install, and inspect all non-equipped buildings with carbon monoxide alarm  
33                and detection systems and radon gas testing.

34                For purposes of this section, "identified public schools" shall refer to (i) schools in a  
35                public school unit, as defined in G.S. 115C-5(7a), except charter schools, (ii) the North Carolina  
36                School of Science and Mathematics, (iii) the University of North Carolina School of the Arts,  
37                (iv) schools operated by the Department of Health and Human Services, and (v) schools operated  
38                by the Division of Juvenile Justice of the Department of Public Safety.

## 39 40 **PROCEDURAL CORRECTION FOR S.L. 2023-107**

41                **SECTION 7.79.** Subsection (c) of Section 6 of S.L. 2023-107 is reenacted.

## 42 43 **CLARIFY THAT NONPUBLIC SCHOOLS MAY PROVIDE REMOTE INSTRUCTION** 44 **AND THAT A NONPUBLIC SCHOOL SHALL PROVIDE IN-PERSON** 45 **INSTRUCTION TO BE ELIGIBLE TO RECEIVE STUDENTS WITH** 46 **SCHOLARSHIP GRANTS**

47                **SECTION 7.80.(a)** Part 1 of Article 39 of Chapter 115C of the General Statutes is  
48                amended by adding a new section to read:

49                "§ 115C-550.5. Remote instruction.

50                A private church school or school of religious charter may provide remote instruction if the  
51                school maintains copies of all records required by this Chapter at an administrative office that is

1 physically located in the State. For the purposes of this section, remote instruction means  
2 instruction delivered to students in a remote location outside of a school facility, whether  
3 synchronously or asynchronously."

4 **SECTION 7.80.(b)** Part 2 of Article 39 of Chapter 115C of the General Statutes is  
5 amended by adding a new section to read:

6 "**§ 115C-558.5. Remote instruction.**

7 A qualified nonpublic school may provide remote instruction if the school maintains copies  
8 of all records required by this Chapter at an administrative office that is physically located in the  
9 State. For the purposes of this section, remote instruction means instruction delivered to students  
10 in a remote location outside of a school facility, whether synchronously or asynchronously."

11 **SECTION 7.80.(c)** G.S. 115C-562.5(a) is amended by adding a new subdivision to  
12 read:

13 "(7) Maintain a school facility within the State where in-person instruction is  
14 provided. This subdivision does not prohibit a school from offering  
15 remote-only courses of instruction in addition to in-person instruction."

16  
17 **ADJUSTMENTS TO S.L. 2023-106**

18 **SECTION 7.81.(a)** G.S. 114A-10(7), as enacted by S.L. 2023-106, reads as  
19 rewritten:

20 "(7) To prohibit the creation, sharing, or storage of a biometric scan of his or her  
21 child without the parent's prior written consent, except ~~as~~for information  
22 stored within the United States in any of the following circumstances:

23 a. ~~authorized~~ When authorized pursuant to a court ~~order~~ order.

24 b. ~~or~~ When otherwise required by law, including G.S. 7B-2102 and  
25 G.S. 7B-2201.

26 c. When the biometric scan occurs in a place open to the public, whether  
27 it is publicly or privately owned, in which there is no expectation of  
28 privacy.

29 d. When the scan is used solely for security or surveillance of buildings,  
30 grounds, or school transportation."

31 **SECTION 7.81.(b)** G.S. 115C-76.65(c), as enacted by S.L. 2023-106, reads as  
32 rewritten:

33 "(c) ~~No~~Except for protected information surveys that are given as part of the Centers for  
34 Disease Control and Prevention's Youth Risk Behavior Surveillance System or National Youth  
35 Tobacco Survey, no student shall be permitted to participate in a protected information survey  
36 without the prior written or electronic consent of the parent or the adult student. A parent shall  
37 be provided notice of the opportunity to opt out of any protected information survey given as part  
38 of the Center for Disease Control and Prevention's Youth Risk Behavior Surveillance System or  
39 National Youth Tobacco Survey."

40 **SECTION 7.81.(c)** G.S. 115C-375.1 reads as rewritten:

41 "**§ 115C-375.1. To provide some medical care to students.**

42 ~~It~~Notwithstanding G.S. 90-21.10B, it is within the scope of duty of teachers, including  
43 substitute teachers, teacher assistants, student teachers, or any other public school employee  
44 when authorized by the board of education or its designee, (i) to administer any drugs or  
45 medication prescribed by a doctor upon written request of the parents, (ii) to give emergency  
46 health care when reasonably apparent circumstances indicate that any delay would seriously  
47 worsen the physical condition or endanger the life of the pupil, and (iii) to perform any other first  
48 aid or lifesaving techniques in which the employee has been trained in a program approved by  
49 the State Board of Education. No employee, however, shall be required to administer drugs or  
50 medication or attend lifesaving techniques programs.

1 Any public school employee, authorized by the board of education or its designee to act under  
 2 (i), (ii), or (iii) above, shall not be liable in civil damages for any authorized act or for any  
 3 omission relating to that act unless the act or omission amounts to gross negligence, wanton  
 4 conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of  
 5 or with the permission or consent of the board of education or its designee, who has been given  
 6 the authority by the board of education or its designee to act under (ii) above shall not be liable  
 7 in civil damages for any authorized act or for any omission relating to the act unless the act  
 8 amounts to gross negligence, wanton conduct, or intentional wrongdoing.

9 At the commencement of each school year, but before the beginning of classes, and thereafter  
 10 as circumstances require, the principal of each school shall determine which persons will  
 11 participate in the medical care program."

12 **SECTION 7.81.(d)** Notwithstanding the time lines and requirements established by  
 13 Section 2 of S.L. 2023-106, for the 2023-2024 school year the following shall apply:

- 14 (1) Public school units shall provide the parent guide to student achievement  
 15 required by G.S. 115C-76.30(c), as enacted by S.L. 2023-106, to parents,  
 16 students, and school personnel no later than the first day of school occurring  
 17 after January 1, 2024.
- 18 (2) Governing bodies of public school units shall establish policies required by  
 19 G.S. 115C-76.35, as enacted by S.L. 2023-106, that are effective no later than  
 20 January 1, 2024.
- 21 (3) Public school units shall provide the notice of health care services and means  
 22 for consent to parents required by G.S. 115C-76.45(a)(1) and (a)(2), as  
 23 enacted by S.L. 2023-106, no later than the first day of school occurring after  
 24 January 1, 2024.
- 25 (4) Governing bodies of public school units shall adopt the procedures and  
 26 process required by G.S. 115C-76.60, as enacted by S.L. 2023-106, no later  
 27 than December 15, 2023, and shall permit parents to begin using that process  
 28 no later than January 1, 2024.
- 29 (5) The State Board of Education shall adopt emergency rules to be used for  
 30 parental concern hearings required by G.S. 115C-76.60, as enacted by S.L.  
 31 2023-106, conducted during the 2023-2024 school year. The State Board of  
 32 Education shall receive requests for parental concern hearings beginning no  
 33 later than January 30, 2024.
- 34 (6) Public school units shall submit the report required by G.S. 115C-76.70(a), as  
 35 enacted by S.L. 2023-106, beginning September 15, 2024.
- 36 (7) The State Board of Education shall submit the report required by  
 37 G.S. 115C-76.70(b), as enacted by S.L. 2023-106, beginning November 15,  
 38 2024.

39 **SECTION 7.81.(e)** This section is effective August 16, 2023.

40  
 41 **OPPORTUNITY SCHOLARSHIP FINANCIAL IMPACT REPORT/REINVESTMENT**  
 42 **IN PUBLIC SCHOOLS**

43 **SECTION 7.82.(a)** G.S. 115C-562.7 reads as rewritten:

44 "**§ 115C-562.7. Authority reporting Reporting requirements.**

45 ...

46 (b) The Authority shall report annually, no later than October 15, to the Joint Legislative  
 47 Education Oversight Committee on the following information from the prior school year:

48 ...

- 49 (4) Nonpublic schools in which scholarship grant recipients are enrolled,  
 50 including numbers of scholarship grant students at each nonpublic school.

51 ...

1 (e) No later than October 15 of each year, the Authority shall provide the following  
2 information to the Department of Public Instruction:

3 (1) The information described in subdivision (4) of subsection (b) of this section.

4 (2) For each scholarship grant recipient, award amounts and sufficient personally  
5 identifiable information to track the recipient's continued enrollment in a  
6 nonpublic school. This information is confidential and not a public record  
7 under G.S. 132-1.

8 (f) The Department of Public Instruction shall report no later than April 1 of each year  
9 to the Joint Legislative Education Oversight Committee on the cumulative difference in the  
10 current school year between the scholarship grant award amount for each prior public school  
11 attende e enrolled in a nonpublic school and the average State per pupil allocation for average  
12 daily membership for a student in a public school unit. For purposes of this subsection, a "prior  
13 public school attende e" is any scholarship grant recipient who was in membership in a public  
14 school unit for a majority of the first or second month of the school year immediately prior to  
15 enrollment in a nonpublic school, beginning with students enrolled in a public school unit the  
16 2023-2024 school year or subsequent school years."

17 **SECTION 7.82.(b)** Notwithstanding G.S. 115C-562.7, as amended by subsection  
18 (a) of this section, the State Education Assistance Authority shall provide the first report required  
19 by G.S. 115C-562.7(e) by October 15, 2024, and the Department of Public Instruction shall  
20 provide the first report required by G.S. 115C-562.7(f) by April 1, 2025. The report required by  
21 G.S. 115C-562.7(f) shall apply to all prior public school attende es enrolled in a nonpublic school  
22 in the 2024-2025 school year who were enrolled in a public school unit in the 2023-2024 school  
23 year.

24 **SECTION 7.82.(c)** It is the intent of the General Assembly to reinvest in the public  
25 schools any savings realized by the State each year, beginning in the 2025-2026 school year,  
26 because of the transfer of a student from a public school unit to a nonpublic school where the  
27 student accepts an opportunity scholarship grant award that is less than one hundred percent  
28 (100%) of the average State per pupil allocation for average daily membership for a student in a  
29 public school unit.

## 31 CLARIFY MINIMUM SERVICE REQUIREMENTS FOR PAID PARENTAL LEAVE

32 **SECTION 7.83.(a)** G.S. 126-8.6(c1) reads as rewritten:

33 "(c1) The State Human Resources Commission shall adopt rules and policies providing for  
34 a period of minimum service before an employee becomes eligible for parental leave, the  
35 maximum number of uses of paid parental leave within a 12-month period, and how much leave  
36 is to be provided in the event of miscarriage or the death of a child during birth. The rules shall  
37 provide that the period of minimum service may be met by aggregating employment at any of  
38 the following:

39 (1) State agencies, departments, and institutions, including The University of  
40 North Carolina.

41 (2) Public school units that provide paid parental leave in accordance with this  
42 section.

43 (3) Community colleges located in this State."

44 **SECTION 7.83.(b)** G.S. 115C-218.90(a)(6) reads as rewritten:

45 "(6) A board of directors may provide paid parental leave consistent with the  
46 requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall  
47 be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board  
48 does not provide paid parental leave, it shall provide written notice to  
49 individuals upon offering employment. The notice shall state that employment  
50 with the charter school will not count toward any minimum period of service  
51 established pursuant to G.S. 126-8.6(c1)."

**LIMIT DISCRETION TO WITHHOLD OR REDUCE CHARTER SCHOOL FUNDING TO REVIEW BOARD AND SUPERINTENDENT OF PUBLIC INSTRUCTION**

**SECTION 7.84.** G.S. 115C-218.105, as amended by S.L. 2023-110, reads as rewritten:

**"§ 115C-218.105. State and local funds for a charter school.**

(a) The State Board of Education shall allocate to each charter school:

- (1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school except for the allocation for children with disabilities and for the allocation for children with limited English proficiency;
- (2) An additional amount for each child attending the charter school who is a child with disabilities; and
- (3) An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.

In accordance with G.S. 115C-218.7 and G.S. 115C-218.8, the State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.

In the event a child with disabilities leaves the charter school and enrolls in a public school during the first 60 school days in the school year, the charter school shall return a pro rata amount of funds allocated for that child to the State Board, and the State Board shall reallocate those funds to the local school administrative unit in which the public school is located. In the event a child with disabilities enrolls in a charter school during the first 60 school days in the school year, the State Board shall allocate to the charter school the pro rata amount of additional funds for children with disabilities.

(a1) The State Board shall not withhold or reduce distribution of funds to a charter school for any reason except as provided in subsection (a2) of this section.

(a2) The State Board shall withhold or reduce distribution of funds to a charter school if any of the following applies:

- (1) The change in funding is due to an annual adjustment based on enrollment or is a general adjustment to allocations that is not specific to the charter or actions of that charter school.
- (2) The Review Board notifies the State Board that the charter school has materially violated a term of its charter, has violated a State statute or federal law, or has had its charter terminated or nonrenewed.
- (3) The Superintendent of Public Instruction notifies the State Board that the charter school has failed to meet generally accepted standards of fiscal management or has violated a State or federal requirement for receipt of funds.

...."

**PART VII-A. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

**TEACHER SALARY SCHEDULE**

**SECTION 7A.1.(a)** The following monthly teacher salary schedule shall apply for the 2023-2024 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

**2023-2024 Teacher Monthly Salary Schedule**

<b>Years of Experience</b>	<b>"A" Teachers</b>
0	\$3,900
1	\$3,984

1	2	\$4,085
2	3	\$4,187
3	4	\$4,289
4	5	\$4,391
5	6	\$4,481
6	7	\$4,572
7	8	\$4,662
8	9	\$4,753
9	10	\$4,843
10	11	\$4,933
11	12	\$5,024
12	13	\$5,114
13	14	\$5,205
14	15-24	\$5,306
15	25+	\$5,510

**SECTION 7A.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

- (1) Licensed teachers who have NBPTS certification shall receive a salary supplement each month of twelve percent (12%) of their monthly salary on the "A" salary schedule.
- (2) Licensed teachers who are classified as "M" teachers shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (3) Licensed teachers with licensure based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the supplement provided to them as "M" teachers.
- (4) Licensed teachers with licensure based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the supplement provided to them as "M" teachers.
- (5) Certified school nurses shall receive a salary supplement each month of ten percent (10%) of their monthly salary on the "A" salary schedule.
- (6) School counselors who are licensed as counselors at the master's degree level or higher shall receive a salary supplement each month of one hundred dollars (\$100.00).

**SECTION 7A.1.(c)** For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
  - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
  - b. Three hundred fifty dollars (\$350.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

1           **SECTION 7A.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing  
 2 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those  
 3 longevity payments are included in the monthly amounts under the teacher salary schedule.

4           **SECTION 7A.1.(e)** A teacher compensated in accordance with this salary schedule  
 5 for the 2023-2024 school year shall receive an amount equal to the greater of the following:

- 6           (1) The applicable amount on the salary schedule for the applicable school year.
- 7           (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
 8 the sum of the following:
  - 9           a. The salary the teacher received in the 2013-2014 school year pursuant  
 10 to Section 35.11 of S.L. 2013-360.
  - 11           b. The longevity that the teacher would have received under the longevity  
 12 system in effect for the 2013-2014 school year provided in Section  
 13 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - 14           c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 15           (3) For teachers who were not eligible for longevity for the 2013-2014 school  
 16 year, the sum of the salary and annual bonus the teacher received in the  
 17 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

18           **SECTION 7A.1.(f)** As used in this section, the term "teacher" shall also include  
 19 instructional support personnel.

20           **SECTION 7A.1.(g)** It is the intent of the General Assembly to implement the  
 21 following base monthly teacher salary schedule for the 2024-2025 fiscal year to licensed  
 22 personnel of the public schools who are classified as teachers. The salary schedule is based on  
 23 years of teaching experience.

24   **2024-2025 Teacher Monthly Salary Schedule**

25 <b>Years of Experience</b>	26 <b>"A" Teachers</b>
27           0	\$4,100
28           1	\$4,175
29           2	\$4,250
30           3	\$4,325
31           4	\$4,400
32           5	\$4,475
33           6	\$4,572
34           7	\$4,663
35           8	\$4,753
36           9	\$4,844
37           10	\$4,935
38           11	\$5,025
39           12	\$5,116
40           13	\$5,206
41           14	\$5,297
42           15-24	\$5,388
43           25+	\$5,595

44           **CONSOLIDATED TEACHER BONUS PROGRAM**

45           **SECTION 7A.3.(a)** Establish Consolidated Bonus Program. – The State Board of  
 46 Education shall establish a consolidated teacher bonus program for the 2023-2025 fiscal  
 47 biennium to reward teacher performance and encourage student learning and improvement. To  
 48 attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying  
 49 teachers whose salaries are supported from State funds in January of 2024 and 2025, based on  
 50 data from the 2022-2023 and 2023-2024 school years, respectively, in accordance with this  
 51 section.

1           **SECTION 7A.3.(b)** Definitions. – For purposes of this section, the following  
2 definitions shall apply:

- 3           (1) Eligible advanced course teacher. – A teacher of Advanced Placement  
4 courses, International Baccalaureate Diploma Programme courses, or the  
5 Cambridge Advanced International Certificate of Education (AICE) program  
6 who meets the following criteria:
- 7           a. Is employed by, or retired having last held a position at, one or more  
8 of the following:
    - 9           1. A qualifying public school unit.
    - 10           2. The North Carolina Virtual Public School program.
  - 11           b. Taught one or more students who received a score listed in subsection  
12 (c) of this section.
- 13           (2) Eligible career and technical education (CTE) teacher. – A teacher who meets  
14 the following criteria:
- 15           a. Is employed by, or retired having last held a position at, a qualifying  
16 public school unit.
  - 17           b. Taught one or more students who attained approved industry  
18 certifications or credentials consistent with G.S. 115C-156.2.
- 19           (3) Eligible growth teacher. – A teacher who meets at least one of the following  
20 criteria:
- 21           a. Is employed by, or retired having last held a position at, a qualifying  
22 public school unit and meets one of the following criteria:
    - 23           1. Is in the top twenty-five percent (25%) of teachers in the State  
24 according to the EVAAS student growth index score for third  
25 grade reading from the previous school year.
    - 26           2. Is in the top twenty-five percent (25%) of teachers in the State  
27 according to the EVAAS student growth index score for fourth  
28 or fifth grade reading from the previous school year.
    - 29           3. Is in the top twenty-five percent (25%) of teachers in the State  
30 according to the EVAAS student growth index score for fourth,  
31 fifth, sixth, seventh, or eighth grade mathematics from the  
32 previous school year.
  - 33           b. Is employed by, or retired having last held a position at, a local school  
34 administrative unit and meets one of the following criteria:
    - 35           1. Is in the top twenty-five percent (25%) of teachers in the  
36 teacher's respective local school administrative unit according  
37 to the EVAAS student growth index score for third grade  
38 reading from the previous school year.
    - 39           2. Is in the top twenty-five percent (25%) of teachers in the  
40 teacher's respective local school administrative unit according  
41 to the EVAAS student growth index score for fourth or fifth  
42 grade reading from the previous school year.
    - 43           3. Is in the top twenty-five percent (25%) of teachers in the  
44 teacher's respective local school administrative unit according  
45 to the EVAAS student growth index score for fourth, fifth,  
46 sixth, seventh, or eighth grade mathematics from the previous  
47 school year.
  - 48           c. Was employed by a local school administrative unit that employed in  
49 the previous school year three or fewer total teachers in that teacher's  
50 grade level as long as the teacher has an EVAAS student growth index



- 1 score from the previous school year of exceeded expected growth in  
2 one of the following subject areas:  
3 1. Third grade reading.  
4 2. Fourth or fifth grade reading.  
5 3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.
- 6 (4) EVAAS. – The Education Value-Added Assessment System.  
7 (5) Qualifying public school unit. – Any of the following:  
8 a. A local school administrative unit.  
9 b. A charter school.  
10 c. A regional school.  
11 d. A school providing elementary or secondary instruction operated by  
12 The University of North Carolina under Article 29A of Chapter 116 of  
13 the General Statutes.
- 14 (6) Qualifying teacher. – An eligible teacher who meets one of the following  
15 criteria:  
16 a. Remains employed teaching in the same qualifying public school unit,  
17 or, if an eligible advanced course teacher is only employed by the  
18 North Carolina Virtual Public School program, remains employed  
19 teaching in that program, at least from the school year the data is  
20 collected until January 1 of the corresponding school year that the  
21 bonus is paid.  
22 b. Retired, between the last day of the school year in which the data is  
23 collected and January 1 of the corresponding school year in which the  
24 bonus is paid, after attaining one of the following:  
25 1. The age of at least 65 with five years of creditable service.  
26 2. The age of at least 60 with 25 years of creditable service.  
27 3. Thirty years of creditable service.

28 **SECTION 7A.3.(c) Advanced Course Bonuses.** – A bonus in the amount of fifty  
29 dollars (\$50.00) shall be provided to qualifying advanced course teachers for each student taught  
30 in each advanced course who receives the following score:

- 31 (1) For Advanced Placement courses, a score of three or higher on the College  
32 Board Advanced Placement Examination.  
33 (2) For International Baccalaureate Diploma Programme courses, a score of four  
34 or higher on the International Baccalaureate course examination.  
35 (3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge  
36 AICE program examinations.

37 **SECTION 7A.3.(d) CTE Bonuses.** – For qualifying career and technical education  
38 teachers, bonuses shall be provided in the following amounts:

- 39 (1) A bonus in the amount of twenty-five dollars (\$25.00) for each student taught  
40 by a teacher who provided instruction in a course that led to the attainment of  
41 an industry certification or credential with a twenty-five dollar (\$25.00) value  
42 ranking as determined under subsection (e) of this section.  
43 (2) A bonus in the amount of fifty dollars (\$50.00) for each student taught by a  
44 teacher who provided instruction in a course that led to the attainment of an  
45 industry certification or credential with a fifty dollar (\$50.00) value ranking  
46 as determined under subsection (e) of this section.

47 **SECTION 7A.3.(e) CTE Course Value Ranking.** – The Department of Commerce,  
48 in consultation with the State Board, shall assign a value ranking for each industry certification  
49 and credential based on academic rigor and employment value in accordance with this subsection.  
50 Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty

1 percent (50%) on employment value. Academic rigor and employment value shall be based on  
2 the following elements:

- 3 (1) Academic rigor shall be based on the number of instructional hours, including  
4 work experience or internship hours, required to earn the industry certification  
5 or credential, with extra weight given for coursework that also provides  
6 community college credit.
- 7 (2) Employment value shall be based on the entry wage, growth rate in  
8 employment for each occupational category, and average annual openings for  
9 the primary occupation linked with the industry certification or credential.

10 **SECTION 7A.3.(f) Statewide Growth Bonuses.** – Of the funds appropriated in this  
11 act for the program, bonuses shall be provided to qualifying teachers who are eligible teachers  
12 under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

- 13 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
14 eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of  
15 subsection (b) of this section. These funds shall be distributed equally among  
16 qualifying teachers.
- 17 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
18 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
19 a.2. of subdivision (3) of subsection (b) of this section.
- 20 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
21 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
22 a.3. of subdivision (3) of subsection (b) of this section.

23 **SECTION 7A.3.(g) Local Growth Bonuses.** – Of the funds appropriated in this act  
24 for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c.  
25 of subdivision (3) of subsection (b) of this section, as follows:

- 26 (1) The sum of five million dollars (\$5,000,000) shall be allocated for bonuses to  
27 eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of  
28 subdivision (3) of subsection (b) of this section. These funds shall be divided  
29 proportionally based on average daily membership in third grade for each  
30 local school administrative unit and then distributed equally among qualifying  
31 third grade reading teachers in each local school administrative unit.
- 32 (2) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
33 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
34 b.2. or c.2. of subdivision (3) of subsection (b) of this section.
- 35 (3) A bonus in the amount of two thousand dollars (\$2,000) shall be awarded to  
36 each qualifying teacher who is an eligible teacher under sub-sub-subdivision  
37 b.3. or c.3. of subdivision (3) of subsection (b) of this section.

38 **SECTION 7A.3.(h) Limitations and Other Criteria.** – The following additional  
39 limitations and other criteria shall apply to the program:

- 40 (1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d),  
41 subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this  
42 section shall not exceed three thousand five hundred dollars (\$3,500) per  
43 subsection or subdivision in any given school year.
- 44 (2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1.,  
45 b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a  
46 bonus under both subdivision (1) of subsection (f) and subdivision (1) of  
47 subsection (g) of this section but shall not receive more than seven thousand  
48 dollars (\$7,000) pursuant to subdivision (1) of subsection (f) and subdivision  
49 (1) of subsection (g) of this section in any given school year.
- 50 (3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2.,  
51 b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a

1 bonus under both subdivision (2) of subsection (f) and subdivision (2) of  
2 subsection (g) of this section but shall not receive more than two bonuses  
3 pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection  
4 (g) of this section in any given school year.

- 5 (4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3.,  
6 b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a  
7 bonus under both subdivision (3) of subsection (f) and subdivision (3) of  
8 subsection (g) of this section but shall not receive more than two bonuses  
9 pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection  
10 (g) of this section in any given school year.

11 **SECTION 7A.3.(i) Bonuses Not Compensation.** – Bonuses awarded to a teacher  
12 pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives  
13 or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this  
14 section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement  
15 System for Teachers and State Employees.

16 **SECTION 7A.3.(j) Study and Report.** – The State Board of Education shall study  
17 the effect of the program on teacher performance and retention. The State Board shall report the  
18 results of its findings and the amount of bonuses awarded to the President Pro Tempore of the  
19 Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight  
20 Committee, and the Fiscal Research Division by March 15 of each year of the 2023-2025 fiscal  
21 biennium. The report shall include, at a minimum, the following information:

- 22 (1) Number of students enrolled and taking examinations in each of the following  
23 categories of courses:  
24 a. Advanced Placement.  
25 b. International Baccalaureate Diploma Programme.  
26 c. Cambridge AICE program.  
27 d. Courses needed for the attainment of an industry certification or  
28 credential.
- 29 (2) Number of students receiving outcomes on examinations resulting in the  
30 award of a bonus for a teacher in each category of courses identified in  
31 sub-subdivision a. of subdivision (1) of this subsection.
- 32 (3) Number of teachers receiving a bonus in each category of courses identified  
33 in sub-subdivision a. of subdivision (1) of this subsection.
- 34 (4) The amounts awarded to teachers for each category of courses identified in  
35 sub-subdivision a. of subdivision (1) of this subsection.
- 36 (5) The type of industry certifications and credentials earned by the students, the  
37 value ranking for each certification and credential, the number of bonuses  
38 earned for each certification or credential, and the total bonus amount awarded  
39 for each certification or credential.
- 40 (6) Average bonus amount awarded to each qualifying teacher who is an eligible  
41 teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of  
42 subsection (b) of this section.
- 43 (7) The percentage of teachers who received a bonus pursuant to this section and  
44 were eligible to receive a bonus for teaching in the same grade level or course  
45 in January 2022 or January 2023, or both, where applicable, pursuant to one  
46 of the following programs:  
47 a. The Advanced Course and CTE Bonus Program provided in Section  
48 7A.4 of S.L. 2021-180.  
49 b. The Growth-Based Teacher Bonus Program provided in Section 7A.2  
50 of S.L. of 2022-74.

- 1 (8) The percentage of teachers who received a bonus pursuant to this section and  
2 received a bonus for teaching in the same grade level or course in either  
3 January 2022 or January 2023 pursuant to one of the programs listed in  
4 subdivision (7) of this subsection.
- 5 (9) The percentage of teachers who received a bonus pursuant to this section and  
6 received a bonus for teaching in the same grade level or course in January  
7 2022 or January 2023, or both, where applicable, pursuant to one of the  
8 programs listed subdivision (7) of this subsection.
- 9 (10) The statistical relationship between a teacher receiving a bonus in January  
10 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a  
11 predecessor bonus program. For purposes of this subdivision, the following  
12 are predecessor programs:
- 13 a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are  
14 predecessors to bonuses awarded pursuant to subsection (c) of this  
15 section.
- 16 b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are  
17 predecessors to bonuses awarded pursuant to subsection (d) of this  
18 section.
- 19 c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and  
20 subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are  
21 predecessors to bonuses awarded pursuant to subdivision (1) of  
22 subsection (f) and subdivision (1) of subsection (g) of this section.
- 23 d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and  
24 subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are  
25 predecessors to bonuses awarded pursuant to subdivision (2) of  
26 subsection (f) and subdivision (2) of subsection (g) of this section.
- 27 e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3)  
28 of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded  
29 pursuant to subdivision (3) of subsection (f) and subdivision (3) of  
30 subsection (g) of this section.
- 31 (11) The distribution of statewide and local growth bonuses awarded pursuant to  
32 this section as among qualifying public school units and, where applicable,  
33 schools within those units.
- 34

## 35 SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

36 **SECTION 7A.4.(a)** Use of Funds. – For each year of the 2023-2025 fiscal biennium,  
37 except as provided in subsection (f1) of this section, the State Board of Education shall allocate  
38 funds pursuant to this section to eligible local school administrative units to provide salary  
39 supplements to teachers and qualifying school administrators in those units. Allocation of salary  
40 supplements among teachers and qualifying school administrators within each eligible local  
41 school administrative unit, including whether a teacher or qualifying school administrator  
42 receives a salary supplement and the amount of the supplement provided to that person, shall be  
43 determined in the discretion of the local board of education of the eligible unit, except that no  
44 individual salary supplement shall exceed the per teacher funding amount awarded to that unit  
45 pursuant to subdivision (4) of subsection (c) of this section.

46 **SECTION 7A.4.(b)** Definitions. – As used in this section, the following definitions  
47 shall apply:

- 48 (1) Adjusted market value of taxable real property. – A county's assessed taxable  
49 real property value, using the latest available data published by the  
50 Department of Revenue, divided by the county's sales assessment ratio  
51 determined under G.S. 105-289(h).

- 1 (2) Composite value. – For each eligible county, the sum of the following:
  - 2 a. The taxable real property factor multiplied by sixty-five percent
  - 3 (65%).
  - 4 b. The median household income factor multiplied by twenty-five
  - 5 percent (25%).
  - 6 c. The effective tax rate factor multiplied by ten percent (10%).
- 7 (3) County allocation factor. – For each eligible county, the supplement factor for
- 8 that county divided by the sum of all supplement factors for the State.
- 9 (4) Effective tax rate. – The actual county tax rate multiplied by the most recent
- 10 annual sales assessment ratio for that county.
- 11 (5) Effective tax rate factor. – For each eligible county, the effective tax rate for
- 12 that county divided by the median effective tax rate in the State.
- 13 (6) Eligible county. – A county that has an adjusted market value of taxable real
- 14 property of less than fifty billion nine hundred million dollars
- 15 (\$50,900,000,000).
- 16 (7) Eligible local school administrative unit. – A local school administrative unit
- 17 located in whole or in part in an eligible county.
- 18 (8) Eligible school. – A public school that is located in an eligible county and
- 19 governed by a local school administrative unit.
- 20 (9) Maintenance of effort amount. – For each local school administrative unit in
- 21 each fiscal year, the supplant factor multiplied by the total State and non-State
- 22 funds expended for salaries for teachers from the fiscal year for which the
- 23 most recent salary data are available.
- 24 (10) Median household income. – A county's median household income for the
- 25 most recent 12 months for which data are available, as that term is used in
- 26 G.S. 143B-437.08.
- 27 (11) Median household income factor. – For each eligible county, the median
- 28 household income in the State divided by the median household income for
- 29 that county.
- 30 (12) Non-State funds. – Any funds held by a local school administrative unit, other
- 31 than nonrecurring federal funds received as a result of legislation enacted by
- 32 Congress in response to COVID-19, that are not State funds.
- 33 (13) Qualifying school administrator. – Any of the following:
  - 34 a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
  - 35 b. Principals paid pursuant to G.S. 115C-285(a)(8a).
- 36 (14) Supplant factor. – For each local school administrative unit in each fiscal year
- 37 of the fiscal biennium, the total non-State funds expended for salary
- 38 supplements for teachers in the 2020-2021 fiscal year divided by the total
- 39 State and non-State funds expended for salaries for teachers in the 2020-2021
- 40 fiscal year.
- 41 (15) Supplement factor. – For each eligible county, the composite value multiplied
- 42 by the number of State-funded teachers employed in a school in the county
- 43 that is governed by a local school administrative unit.
- 44 (16) Taxable real property factor. – For each eligible county, the median adjusted
- 45 market value of taxable real property in the State divided by the adjusted
- 46 market value of taxable real property for that county.
- 47 (17) Teacher. – Teachers and instructional support personnel.

48 **SECTION 7A.4.(c)** Allocation of Funds. – The State Board of Education shall  
49 allocate funds for salary supplements to eligible local school administrative units according to  
50 the following procedure:

- 1 (1) County allocation. – For each eligible county, the State Board shall determine  
2 a county allocation by multiplying the county allocation factor for that county  
3 by the funding amount appropriated pursuant to this section for the applicable  
4 fiscal year.
- 5 (2) Per teacher funding amount. – For each eligible county, the State Board shall  
6 determine a per teacher funding amount by dividing the county allocation  
7 amounts determined pursuant to subdivision (1) of this subsection by the total  
8 number of State-funded teachers employed in all eligible schools in that  
9 county.
- 10 (3) Unit funding amount. – For each eligible local school administrative unit, the  
11 State Board shall determine the funding amount for that unit based on the per  
12 teacher funding amount or amounts for the eligible county or counties where  
13 the unit is located. For each county with an eligible school governed by the  
14 unit, the State Board shall multiply the applicable per teacher funding amount  
15 for that county determined pursuant to subdivision (2) of this subsection by  
16 the number of State-funded teachers employed in the eligible school in that  
17 county. If the unit is located in multiple eligible counties, the State Board shall  
18 aggregate those amounts.
- 19 (4) Allocation and funding cap. – The State Board shall allocate the amount  
20 determined pursuant to subdivision (3) of this subsection to each eligible local  
21 school administrative unit for each applicable fiscal year, up to a maximum of  
22 five thousand dollars (\$5,000) per State-funded teacher.

23 **SECTION 7A.4.(d)** Charter Schools. – Funds appropriated to the Department of  
24 Public Instruction pursuant to this section shall be subject to the allocation of funds for charter  
25 schools described in G.S. 115C-218.105. The General Assembly encourages charter schools  
26 receiving funds pursuant to this section to provide salary supplements to teachers and qualifying  
27 school administrators in the charter school in accordance with the requirements of this section.

28 **SECTION 7A.4.(e)** Formula for Distribution of Supplemental Funding Pursuant to  
29 this Section Only. – The formula in this section is solely a basis for distribution of supplemental  
30 funding to eligible local school administrative units and is not intended to reflect any measure of  
31 the adequacy of the educational program or funding for public schools. The formula is also not  
32 intended to reflect any commitment by the General Assembly to appropriate any additional  
33 supplemental funds for eligible local school administrative units.

34 **SECTION 7A.4.(f)** Nonsupplant Requirement. – A local school administrative unit  
35 that receives funds under this section shall use those funds to supplement non-State funds  
36 provided for salary supplements for teachers and qualifying school administrators and shall not  
37 use any State funds, including funds received under this section or Section 7A.12 of S.L.  
38 2021-180, to supplant non-State funds provided for salary supplements for teachers and  
39 qualifying school administrators. For purposes of this section, a local school administrative unit  
40 has supplanted non-State funds if the State Board finds that the amount of non-State funds  
41 expended by the unit for salary supplements was less than ninety-five percent (95%) of the  
42 maintenance of effort amount for the local school administrative unit.

43 **SECTION 7A.4.(f1)** Nonsupplant Enforcement. – If the State Board of Education  
44 determines that a local school administrative unit has supplanted non-State funds in violation of  
45 subsection (f) of this section, the State Board of Education shall do the following:

- 46 (1) For the 2023-2024 fiscal year, continue to allocate funds to the unit in  
47 accordance with subsection (c) of this section.
- 48 (2) For the 2024-2025 fiscal year, not allocate any funds under this section to the  
49 unit.

50 **SECTION 7A.4.(f2)** Additional Penalty for Consecutive Supplanting. – It is the  
51 intent of the General Assembly that the State Board of Education will not allocate supplemental

1 funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year  
2 if the State Board of Education determines that the local school administrative unit supplanted  
3 non-State funds provided for salary supplements for teachers and qualifying school  
4 administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For  
5 the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to  
6 have supplanted non-State funds for purposes of this subsection if the State Board determines  
7 that the unit supplanted non-State funds solely with any State funds for which the allowable uses  
8 include salary supplements for teachers or qualifying school administrators.

9 **SECTION 7A.4.(g) Reports.** – No later than April 15 of each year of the 2023-2025  
10 fiscal biennium, the State Board of Education shall report the following information for the  
11 applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal  
12 Research Division:

- 13 (1) A list of all eligible counties and eligible local school administrative units.
- 14 (2) Funds allocated to each eligible local school administrative unit.
- 15 (3) The percentage and amount of teachers and qualifying school administrators  
16 in each eligible local school administrative unit receiving salary supplements.
- 17 (4) The average salary supplement amount in each eligible local school  
18 administrative unit.
- 19 (5) The range of salary supplement amounts in each eligible local school  
20 administrative unit.
- 21 (6) The effect of the salary supplements on the retention of teachers and  
22 qualifying school administrators in eligible local school administrative units.
- 23 (7) The identity of any local school administrative unit that the State Board  
24 determines has supplanted funds.

#### 25 26 **SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS**

27 **SECTION 7A.5.(a)** Article 20 of Chapter 115C of the General Statutes is amended  
28 by adding a new section to read:

#### 29 **"§ 115C-302.8. Small county and low-wealth signing bonus.**

30 (a) **Definitions.** – For purposes of this section, the following definitions shall apply:

- 31 (1) **Eligible employee.** – A person who meets all of the following criteria:
  - 32 a. Accepts employment as a teacher with an eligible employer.
  - 33 b. Was not employed by the eligible employer identified in  
34 sub-subdivision a. of this subdivision in the prior fiscal year.
  - 35 c. Is employed by the eligible employer identified in sub-subdivision a.  
36 of this subdivision as of October 1 of the school year for which the  
37 teacher accepts employment.
- 38 (2) **Eligible employer.** – The governing board of a local school administrative unit  
39 that receives at least one of the following in the year in which the teacher  
40 accepts employment pursuant to sub-subdivision c. of subdivision (1) of this  
41 subsection:
  - 42 a. Small county school system supplemental funding.
  - 43 b. Supplemental funding for local school administrative units in  
44 low-wealth counties.
- 45 (3) **Local funds.** – Matching funds provided by an eligible employer to enable an  
46 eligible employee to qualify for the signing bonus program established by this  
47 section.
- 48 (4) **Teacher.** – Teachers and instructional support personnel.

49 (b) **Signing Bonus Program.** – To the extent funds are provided for this purpose, the  
50 Department of Public Instruction shall establish and administer a signing bonus program for  
51 teachers. Signing bonuses shall be provided each school year to all eligible employees who are

1 employed by an eligible employer as long as they are matched on the basis of one dollar (\$1.00)  
 2 in State funds for every one dollar (\$1.00) in local funds, up to one thousand dollars (\$1,000) in  
 3 State funds.

4 (c) Limited Exclusion from Future Signing Bonuses. – A teacher who receives a signing  
 5 bonus pursuant to this section is ineligible to receive another signing bonus pursuant to this  
 6 section or a similar enactment of the General Assembly for at least two full school years. This  
 7 section shall not apply to any legislatively mandated bonuses received by teachers that are not  
 8 signing bonuses.

9 (d) Bonuses as Additions. – The bonuses awarded pursuant to this section shall be in  
 10 addition to any regular wage or other bonus a teacher receives or is scheduled to receive.

11 (e) Not for Retirement. – Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant  
 12 to this section are not compensation under Article 1 of Chapter 135 of the General Statutes,  
 13 Retirement System for Teachers and State Employees."

14 **SECTION 7A.5.(b)** This section applies beginning with eligible employees who  
 15 accept employment as a teacher with an eligible employer for the 2023-2024 school year.

16  
 17 **PRINCIPAL SALARY SCHEDULE**

18 **SECTION 7A.6.(a)** The following annual salary schedule for principals shall apply  
 19 for the 2023-2024 fiscal year, beginning July 1, 2023:

20 **2023-2024 Principal Annual Salary Schedule**

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$75,526	\$83,078	\$90,631
201-400	\$79,302	\$87,232	\$95,162
401-700	\$83,078	\$91,386	\$99,694
701-1,000	\$86,855	\$95,540	\$104,226
1,001-1,600	\$90,631	\$99,694	\$108,757
1,601+	\$94,407	\$103,848	\$113,288

28 A principal's placement on the salary schedule shall be determined according to the  
 29 average daily membership of the school supervised by the principal, as described in subsection  
 30 (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for  
 31 each school the principal supervised in one or more prior school years, as described in subsection  
 32 (c) of this section, regardless of a break in service, and provided the principal supervised each  
 33 school as a principal for at least a majority of the school year, as follows:

- 34 (1) A principal shall be paid according to the Exceeded Growth column of the  
 35 schedule as follows:  
 36 a. Between July 1, 2023, and December 31, 2023, if the school growth  
 37 score shows the school exceeded expected growth.  
 38 b. Between January 1, 2024, and June 30, 2024, if the higher school  
 39 growth score in one of the two prior school years shows that the school  
 40 exceeded expected growth.
- 41 (2) A principal shall be paid according to the Met Growth column of the schedule  
 42 as follows:  
 43 a. Between July 1, 2023, and December 31, 2023, if the school growth  
 44 score shows the school met expected growth or the principal  
 45 supervised a school in the prior school year that was not eligible to  
 46 receive a school growth score.  
 47 b. Between January 1, 2024, and June 30, 2024, if any of the following  
 48 apply:  
 49 1. The higher school growth score in one of the two prior school  
 50 years shows that the school met expected growth.



2. The principal supervised a school in the two prior school years that was not eligible to receive a school growth score.

(3) A principal shall be paid according to the Base column, as follows:

a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school did not meet expected growth or the principal has not supervised any school as a principal for a majority of the prior school year.

b. Between January 1, 2024, and June 30, 2024, if any of the following apply:

1. The school growth scores from the two prior school years show that the school did not meet expected growth in both years.

2. The principal has not supervised any school as a principal for a majority of the two prior school years.

**SECTION 7A.6.(b)** For purposes of determining the average daily membership of a principal's school, the following amounts shall be used during the following time periods:

(1) Between July 1, 2023, and December 31, 2023, the average daily membership for the school from the 2022-2023 school year. If the school did not have an average daily membership in the 2022-2023 school year, the projected average daily membership for the school for the 2023-2024 school year.

(2) Between January 1, 2023, and June 30, 2023, the average daily membership for the school for the 2023-2024 school year.

**SECTION 7A.6.(b1)** Beginning in the 2024-2025 fiscal year, it is the intent of the General Assembly to include in the calculation of the average daily membership of a principal's school the average daily membership of any prekindergarten students in membership at the school.

**SECTION 7A.6.(c)** For purposes of determining the school growth scores for each school the principal supervised in one or more prior school years, the following school growth scores shall be used during the following time periods:

(1) Between July 1, 2023, and December 31, 2023, the school growth score from the 2021-2022 school year.

(2) Between January 1, 2023, and June 30, 2023, the school growth scores from the 2021-2022 and 2022-2023 school years.

**SECTION 7A.6.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to principals paid on the principal salary schedule, the amounts of those longevity payments are included in the annual amounts under the principal salary schedule.

**SECTION 7A.6.(e)** A principal compensated in accordance with this section for the 2023-2024 fiscal year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable year.

(2) For principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

b. The longevity that the principal would have received as provided for State employees under the North Carolina Human Resources Act for the 2016-2017 fiscal year based on the principal's current years of service.

(3) For principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

1 SECTION 7A.6.(f) It is the intent of the General Assembly to implement the  
2 following annual salary schedule for principals for the 2024-2025 fiscal year, beginning July 1,  
3 2024:

4 2024-2025 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	\$77,792	\$85,570	\$93,350
201-400	\$81,681	\$89,849	\$98,017
401-700	\$85,570	\$94,128	\$102,685
701-1,000	\$89,461	\$98,406	\$107,353
1,001-1,600	\$93,350	\$102,685	\$112,020
1,601+	\$97,239	\$106,963	\$116,687

12  
13 **BONUSES FOR PRINCIPALS**

14 SECTION 7A.7.(a) The Department of Public Instruction shall administer a bonus  
15 in the 2023-2024 fiscal year to any principal who supervised a school as a principal for a majority  
16 of the previous school year if that school was in the top fifty percent (50%) of school growth in  
17 the State during the previous school year, calculated by the State Board pursuant to  
18 G.S. 115C-83.15(c), as follows:

19 2023-2024 Principal Bonus Schedule

Statewide Growth Percentage	Bonus
Top 5%	\$15,000
Top 10%	\$10,000
Top 15%	\$5,000
Top 20%	\$2,500
Top 50%	\$1,000

26 A principal shall receive no more than one bonus pursuant to this subsection. The  
27 bonus shall be paid at the highest amount for which the principal qualifies.

28 SECTION 7A.7.(b) The bonus awarded pursuant to this section shall be in addition  
29 to any regular wage or other bonus the principal receives or is scheduled to receive.

30 SECTION 7A.7.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant  
31 to this section are not compensation under Article 1 of Chapter 135 of the General Statutes,  
32 Retirement System for Teachers and State Employees.

33 SECTION 7A.7.(d) It is the intent of the General Assembly that funds provided  
34 pursuant to this section will supplement principal compensation and not supplant local funds.

35 SECTION 7A.7.(e) The bonus provided pursuant to this section shall be paid no  
36 later than October 31, 2023, to qualifying principals employed as of October 1, 2023.  
37

38 **ASSISTANT PRINCIPAL SALARIES**

39 SECTION 7A.8.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, assistant  
40 principals shall receive a monthly salary based on the salary schedule for teachers who are  
41 classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on  
42 the step on the salary schedule that reflects the total number of years of experience as a certified  
43 employee of the public schools. For purposes of this section, an administrator with a one-year  
44 provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

45 SECTION 7A.8.(b) Assistant principals with certification based on academic  
46 preparation at the six-year degree level shall be paid a salary supplement of one hundred  
47 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary  
48 supplement of two hundred fifty-three dollars (\$253.00) per month.

49 SECTION 7A.8.(c) Participants in an approved full-time master's in school  
50 administration program shall receive up to a 10-month stipend during the internship period of the  
51 master's program. The stipend shall be at the beginning salary of an assistant principal or, for a

1 teacher who becomes an intern, at least as much as that person would earn as a teacher on the  
 2 teacher salary schedule. The North Carolina Principal Fellows Program or the school of education  
 3 where the intern participates in a full-time master's in school administration program shall supply  
 4 the Department of Public Instruction with certification of eligible full-time interns.

5 **SECTION 7A.8.(d)** Beginning with the 2017-2018 fiscal year, in lieu of providing  
 6 annual longevity payments to assistant principals on the assistant principal salary schedule, the  
 7 amounts of those longevity payments are included in the monthly amounts provided to assistant  
 8 principals pursuant to subsection (a) of this section.

9 **SECTION 7A.8.(e)** An assistant principal compensated in accordance with this  
 10 section for the 2023-2024 fiscal year shall receive an amount equal to the greater of the following:

- 11 (1) The applicable amount on the salary schedule for the applicable year.
- 12 (2) For assistant principals who were eligible for longevity in the 2016-2017 fiscal  
 13 year, the sum of the following:
  - 14 a. The salary the assistant principal received in the 2016-2017 fiscal year  
 15 pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.
  - 16 b. The longevity that the assistant principal would have received as  
 17 provided for State employees under the North Carolina Human  
 18 Resources Act for the 2016-2017 fiscal year based on the assistant  
 19 principal's current years of service.
- 20 (3) For assistant principals who were not eligible for longevity in the 2016-2017  
 21 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal  
 22 year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

23  
 24 **CENTRAL OFFICE SALARIES**

25 **SECTION 7A.9.(a)** For the 2023-2024 fiscal year, beginning July 1, 2023, the  
 26 annual salary for superintendents, assistant superintendents, associate superintendents,  
 27 directors/coordinators, supervisors, and finance officers whose salaries are supported from State  
 28 funds shall be increased by four percent (4%).

29 **SECTION 7A.9.(b)** It is the intent of the General Assembly to increase the annual  
 30 salary for superintendents, assistant superintendents, associate superintendents,  
 31 directors/coordinators, supervisors, and finance officers whose salaries are supported from State  
 32 funds for the 2024-2025 fiscal year, beginning July 1, 2024, by three percent (3%).

33 **SECTION 7A.9.(c)** The monthly salary maximums that follow apply to assistant  
 34 superintendents, associate superintendents, directors/coordinators, supervisors, and finance  
 35 officers for the 2023-2024 fiscal year, beginning July 1, 2023:

	<b>2023-2024 Fiscal Year Maximum</b>
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

45 The local board of education shall determine the appropriate category and placement  
 46 for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or  
 47 finance officer within the maximums and within funds appropriated by the General Assembly  
 48 for central office administrators and superintendents. The category in which an employee is  
 49 placed shall be included in the contract of any employee.

50 **SECTION 7A.9.(d)** The monthly salary maximums that follow apply to  
 51 superintendents for the 2023-2024 fiscal year, beginning July 1, 2023:

		<b>2023-2024 Fiscal Year</b>
		<b>Maximum</b>
1		
2		
3	Superintendent I	\$10,415
4	Superintendent II	\$11,035
5	Superintendent III	\$11,698
6	Superintendent IV	\$12,401
7	Superintendent V	\$13,147

8 The local board of education shall determine the appropriate category and placement  
 9 for the superintendent based on the average daily membership of the local school administrative  
 10 unit and within funds appropriated by the General Assembly for central office administrators and  
 11 superintendents.

12 **SECTION 7A.9.(e)** Longevity pay for superintendents, assistant superintendents,  
 13 associate superintendents, directors/coordinators, supervisors, and finance officers shall be as  
 14 provided for State employees under the North Carolina Human Resources Act.

15 **SECTION 7A.9.(f)** Superintendents, assistant superintendents, associate  
 16 superintendents, directors/coordinators, supervisors, and finance officers with certification based  
 17 on academic preparation at the six-year degree level shall receive a salary supplement of one  
 18 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided  
 19 pursuant to this section. Superintendents, assistant superintendents, associate superintendents,  
 20 directors/coordinators, supervisors, and finance officers with certification based on academic  
 21 preparation at the doctoral degree level shall receive a salary supplement of two hundred  
 22 fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this  
 23 section.

24 **SECTION 7A.9.(g)** The State Board of Education shall not permit local school  
 25 administrative units to transfer State funds from other funding categories for salaries for public  
 26 school central office administrators.

27 **SECTION 7A.9.(h)** It is the intent of the General Assembly that the monthly salary  
 28 maximums that follow shall apply to assistant superintendents, associate superintendents,  
 29 directors/coordinators, supervisors, and finance officers for the 2024-2025 fiscal year, beginning  
 30 July 1, 2024:

		<b>2024-2025 Fiscal Year</b>
		<b>Maximum</b>
31		
32		
33	School Administrator I	\$7,573
34	School Administrator II	\$8,024
35	School Administrator III	\$8,502
36	School Administrator IV	\$8,834
37	School Administrator V	\$9,187
38	School Administrator VI	\$9,731
39	School Administrator VII	\$10,120

40 **SECTION 7A.9.(i)** It is the intent of the General Assembly that the monthly salary  
 41 maximums that follow shall apply to superintendents for the 2024-2025 fiscal year, beginning  
 42 July 1, 2024:

		<b>2024-2025 Fiscal Year</b>
		<b>Maximum</b>
43		
44		
45	Superintendent I	\$10,727
46	Superintendent II	\$11,366
47	Superintendent III	\$12,049
48	Superintendent IV	\$12,773
49	Superintendent V	\$13,541

50  
 51 **NONCERTIFIED PERSONNEL SALARIES**

1           **SECTION 7A.10.(a)** For the 2023-2024 fiscal year, beginning July 1, 2023, the  
2 annual salary for noncertified public school employees whose salaries are supported from State  
3 funds shall be increased as follows:

- 4           (1) For permanent, full-time employees on a 12-month contract, by four percent  
5           (4%).
- 6           (2) For the following employees, by an equitable amount based on the amount  
7           specified in subdivision (1) of this subsection:
  - 8           a. Permanent, full-time employees on a contract for fewer than 12  
9           months.
  - 10           b. Permanent, part-time employees.
  - 11           c. Temporary and permanent hourly employees.

12           **SECTION 7A.10.(b)** Of the funds appropriated in this act to the Department of  
13 Public Instruction for the 2023-2024 fiscal year, the sum of four million seven hundred sixteen  
14 thousand nine hundred thirty-two dollars (\$4,716,932) in recurring funds shall be allocated to  
15 local boards of education to increase the average rates of pay for school bus drivers. These funds  
16 shall be allocated on an equitable basis among all school bus drivers in the local school  
17 administrative unit. Compensation increases received by school bus drivers pursuant to this  
18 subsection shall be in addition to the increases provided for noncertified personnel pursuant to  
19 subsection (a) of this section.

20           **SECTION 7A.10.(c)** For the 2024-2025 fiscal year, beginning July 1, 2024, it is the  
21 intent of the General Assembly to increase the annual salary for noncertified public school  
22 employees whose salaries are supported from State funds as follows:

- 23           (1) For permanent, full-time employees on a 12-month contract, by three percent  
24           (3%).
- 25           (2) For the following employees, by an equitable amount based on the amount  
26           specified in subdivision (1) of this subsection:
  - 27           a. Permanent, full-time employees on a contract for fewer than 12  
28           months.
  - 29           b. Permanent, part-time employees.
  - 30           c. Temporary and permanent hourly employees.

## 31 32 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

### 33 34 **UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS**

35           **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
36 2023-2025 fiscal biennium for student financial aid shall be allocated in accordance with  
37 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
38 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
39 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
40 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
41 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
42 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
43 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
44 of the Escheat Fund income for that fiscal year.

45           **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
46 conduct periodic evaluations of expenditures of the student financial aid programs administered  
47 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
48 education and to meet the goals of the respective programs. The Authority may make  
49 recommendations for redistribution of funds to the President of The University of North Carolina  
50 and the President of the Community College System regarding their respective student financial

1 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
2 year.

#### 3 4 **UNC BUILDING RESERVE STUDY**

5 **SECTION 8.2.(a)** For purposes of this section, the following definitions shall apply:

- 6 (1) Building. – A building that is operated or maintained by The University of  
7 North Carolina or a constituent institution of The University of North  
8 Carolina.  
9 (2) Building reserve model. – The formula used by The University of North  
10 Carolina System Office to determine the operating and maintenance costs for  
11 buildings once construction of those buildings is complete.

12 **SECTION 8.2.(b)** No later than April 1, 2024, the Board of Governors of The  
13 University of North Carolina shall study and report to the Joint Legislative Education Oversight  
14 Committee and the Fiscal Research Division on the building reserve model. At a minimum, the  
15 report shall include the following information:

- 16 (1) For all buildings, disaggregated by constituent institution and fund source, the  
17 following:  
18 a. Expenditures related to operation and maintenance costs for the  
19 2022-2023 fiscal year, including expenditures disaggregated on the  
20 basis of at least the following building reserve model outputs and  
21 expenses:  
22 1. Personnel and fringe benefits.  
23 2. Utilities and insurance.  
24 3. Custodial and supplies.  
25 4. Facilities and maintenance.  
26 5. Information technology.  
27 b. The number of full-time equivalent positions for building operation  
28 and maintenance used in the 2022-2023 fiscal year, including at least  
29 positions that align with the following building reserve model outputs  
30 and expenses:  
31 1. Building environmental service technician and supervisor.  
32 2. Building environmental service supervisor.  
33 3. Facilities maintenance technician mechanical.  
34 4. Public safety officer.  
35 5. Environmental health and safety professional.  
36 6. Information technology networking analyst.  
37 7. Information technology networking technician.  
38 8. Facilities maintenance technician trades.  
39 c. Recurring expenditures generated by the current building reserve  
40 model, taking into account all gross square feet and building types, for  
41 at least the outputs and expenses identified in sub-subdivision a. of this  
42 subdivision.  
43 d. The number of full-time positions generated by the current building  
44 reserve model, taking into account all gross square feet and building  
45 types, for at least the outputs and expenses identified in  
46 sub-subdivision b. of this subdivision.  
47 (2) An analysis of the findings in subdivision (1) of this subsection, including at  
48 least the following information:  
49 a. Any instances where the current building reserve model aligns or  
50 misaligns with full-time equivalent positions and actual expenditures  
51 of the constituent institutions.

- b. Any substantial differences among constituent institutions in actual operating and maintenance expenditures compared to projected expenditures under the building reserve model.
- c. Recommendations to improve the process of providing operation and maintenance funds for buildings.

## 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:

- (1) Elizabeth City State University.
- (2) Fayetteville State University.
- (3) North Carolina Agricultural and Technical State University.
- (4) North Carolina Central University.
- (5) The University of North Carolina at Asheville.
- (6) The University of North Carolina at Greensboro.
- (7) The University of North Carolina at Pembroke.
- (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:

- (1) A student enrolled in a Program established by this section may receive up to one thousand dollars (\$1,000) per academic year under that Program to pay for the costs of continuing attendance and earning necessary credit hours at the eligible constituent institution.
- (2) A student shall be eligible to receive funds under a Program if the student meets at least the following requirements:
  - a. Needs financial assistance to remain enrolled at the eligible constituent institution and earn credits necessary to graduate on time.
  - b. Is a resident for tuition purposes, as provided in G.S. 116-143.1.
  - c. Meets satisfactory academic progress, as determined by the Board.
  - d. Has completed or is on track to complete at least 60 academic credit hours by the end of the semester in which the funds are provided.
  - e. Has completed the Free Application for Federal Student Aid (FAFSA) for the academic year in which the funds are provided.
  - f. Has an unpaid balance with the eligible constituent institution. This may include an unpaid balance for tuition, fees, room, board, or other expenses of attendance.

**SECTION 8.3.(c)** The Board of Governors of The University of North Carolina shall report on each Completion Assistance Program established pursuant to this section to the Joint Legislative Education Oversight Committee no later than March 15, 2025. The report shall include, at a minimum, an analysis of the impact of each Program on the following:

- (1) On-time graduation rates.
- (2) Student debt at graduation.

**SECTION 8.3.(d)** Of the nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal biennium for Completion Assistance Programs, the Board shall allocate funds to each eligible constituent institution of The University of North Carolina proportional to the number of undergraduate students enrolled at each eligible constituent institution who are residents of North Carolina and recipients of a federal Pell Grant.

1 **NC AHEC TO ESTABLISH TEAM-BASED CARE CLINICAL TEACHING HUBS AND**  
2 **STUDY IMPEDIMENTS TO THE AVAILABILITY OF COMMUNITY-BASED**  
3 **PRECEPTORS**

4 **SECTION 8.4.(a)** Of the nonrecurring funds appropriated in this act from the ARPA  
5 Temporary Savings Fund in the 2023-2024 fiscal year and the recurring funds appropriated in  
6 this act from the General Fund in the 2024-2025 fiscal year to the Board of Governors of The  
7 University of North Carolina to be allocated to the University of North Carolina at Chapel Hill  
8 for the North Carolina Area Health Education Centers Program (NC AHEC) to create team-based  
9 teaching sites, NC AHEC shall contract with up to five rural community-based medical teaching  
10 practices for at least one hundred fifty thousand dollars (\$150,000) per teaching practice per year  
11 to establish and maintain up to five outpatient, clinical, team-based healthcare teaching sites  
12 across the rural areas of the State. At least one site shall be located in each of the three regions  
13 of the State. For purposes of this subsection, the regions of the State are the Western region, the  
14 Piedmont region, and the Eastern region. The teaching sites shall serve as team-based locations  
15 for medical students to learn alongside nurse practitioners or physician assistants in rural clinical  
16 primary care rotations. Community-based medical teaching practices receiving funds pursuant to  
17 this subsection shall contract with clinical preceptors to provide instruction, including significant  
18 time devoted to clinical instruction, to medical students and student nurse practitioners or student  
19 physician assistants. In establishing and maintaining these teaching sites, NC AHEC shall  
20 provide technical assistance to the teaching sites and consult, as appropriate, with schools within  
21 institutions of higher education that provide instruction for medical students, nurse practitioner  
22 students, and physician assistant students. No later than March 15 of each year funds are provided  
23 under this subsection, NC AHEC shall study the impact of the teaching sites and report at least  
24 the following information to the Joint Legislative Education Oversight Committee and the Joint  
25 Legislative Oversight Committee on Health and Human Services:

- 26 (1) The identity of the community-based medical teaching practices receiving  
27 funds.  
28 (2) An analysis of the financial impact of providing these services on a  
29 community-based medical teaching practice.  
30 (3) The impact of the teaching sites on (i) the learning and success of students and  
31 (ii) the health and well-being of the respective service areas for each site.

32 **SECTION 8.4.(b)** 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), NC AHEC may  
37 use up to two hundred fifty thousand dollars (\$250,000) in each year of the 2023-2025 fiscal  
38 biennium to study (i) the availability of community preceptors in North Carolina and nearby  
39 states and (ii) the demand for those preceptors, including factors that influence the supply and  
40 barriers that community-based outpatient clinicians face in teaching healthcare professional  
41 students. NC AHEC shall provide an interim report with its findings to the Joint Legislative  
42 Education Oversight Committee and the Joint Legislative Oversight Committee on Health and  
43 Human Services no later than April 1, 2024, and a final report no later than September 1, 2024.  
44 NC AHEC shall consult with other healthcare professional organizations and boards, including,  
45 but not limited to, the North Carolina Nurses Association, the North Carolina Academy of Family  
46 Physicians, the North Carolina Academy of Physician Assistants, the North Carolina Healthcare  
47 Association, the North Carolina Independent Colleges and Universities, the North Carolina  
48 Medical Society, the North Carolina Pediatric Society, The University of North Carolina, the  
49 North Carolina Board of Nursing, and the North Carolina Medical Board. As part of its study,  
50 NC AHEC shall do at least the following:



- 1 (1) Survey other states to identify the best innovative and effective approaches to  
2 address preceptor shortages for medical students, nurse practitioner students,  
3 physician assistant students, and prelicensure nursing students.
- 4 (2) Research and report on the current approaches to identifying, engaging,  
5 financing, and evaluating clinical training sites and how schools use tuition  
6 funding to cover their students' costs related to clinical placements and  
7 training. As part of this component of the study, NC AHEC shall consult with  
8 the Board of Governors of The University of North Carolina, the State Board  
9 of Community Colleges, and the North Carolina Independent Colleges and  
10 Universities.
- 11 (3) Assess the capacity of North Carolina and nearby states for clinical training  
12 sites, in consultation with the North Carolina Healthcare Association  
13 (NCHA), the North Carolina Community Health Center Association, and  
14 clinically integrated networks, including the following information:
- 15 a. The number and percentage of independent and health system  
16 practices that are currently clinical training sites in this State.
- 17 b. The number and percentage of independent and health system  
18 practices that could become clinical training sites in this State.
- 19 c. The impacts on the efficiency of clinical practices when or if they  
20 become clinical training sites.
- 21 d. The financial impact on an independent or health system practice if it  
22 precepts students in clinical rotations.
- 23

24 **ESTABLISH THE SCHOOL OF CIVIC LIFE AND LEADERSHIP AT THE**  
25 **UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

26 **SECTION 8.5.(a)** The Board of Trustees of the University of North Carolina at  
27 Chapel Hill, in consultation with the Board of Governors of The University of North Carolina,  
28 the Provost of the University of North Carolina at Chapel Hill, and faculty and administration  
29 officials at the University of North Carolina at Chapel Hill, shall establish the School of Civic  
30 Life and Leadership at the University of North Carolina at Chapel Hill (the School). The School  
31 shall meet at least the following requirements:

- 32 (1) Provide course opportunities for students. Courses may focus on the  
33 development of democratic competencies informed by American history and  
34 the American political tradition, with the purpose of fostering public discourse  
35 and civil engagement necessary to promote democracy and benefit society.
- 36 (2) Subject to approval of the Provost and the inaugural dean of the School, house  
37 the Program on Public Discourse.
- 38 (3) Develop programming to address the topics identified in subdivision (1) of  
39 this subsection and provide resources to students, faculty, and the general  
40 public, as needed.
- 41 (4) Hire at least 10 and no more than 20 faculty members from outside the  
42 University of North Carolina at Chapel Hill. These faculty members shall be  
43 hired with permanent tenure or be eligible to receive permanent tenure in  
44 accordance with policies adopted by The Board of Governors of The  
45 University of North Carolina and the University of North Carolina at Chapel  
46 Hill. The School shall not hire any faculty member without approval of the  
47 dean of the School. Faculty members may hold joint or courtesy appointments  
48 with other existing units of the University of North Carolina at Chapel Hill.

49 **SECTION 8.5.(b)** If the nonrecurring funds appropriated in this act to the Board of  
50 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated  
51 to the University of North Carolina at Chapel Hill for the School of Civic Life and Leadership

1 are insufficient to establish the School pursuant to subsection (a) of this section, the University  
2 of North Carolina at Chapel Hill shall expend sufficient additional funds to achieve that purpose.

3 **SECTION 8.5.(c)** No later than December 31, 2023, the Provost of the University  
4 of North Carolina at Chapel Hill shall name the inaugural dean of the School, subject to the  
5 approval of the Board of Trustees.

6 **SECTION 8.5.(d)** No later than March 15, 2024, the Board of Trustees of the  
7 University of North Carolina at Chapel Hill shall report to the Joint Legislative Education  
8 Oversight Committee and the Fiscal Research Division on progress made toward establishing the  
9 School of Civic Life and Leadership and factors affecting the long-term sustainability of the  
10 School.

11  
12 **REDUCE NUMBER OF REQUIRED UNC LABORATORY SCHOOLS FROM NINE TO**  
13 **EIGHT**

14 **SECTION 8.6.(a)** G.S. 116-239.5(a) reads as rewritten:

15 "(a) The Board of Governors, upon recommendation by the President, shall designate  
16 constituent institutions to submit proposals to establish at least ~~nine~~eight laboratory schools in  
17 total to serve public school students in accordance with the provisions of this Article. The Board  
18 of Governors shall select constituent institutions with high-quality educator preparation programs  
19 as demonstrated by the annual performance measures reported by the constituent institutions in  
20 accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory  
21 Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~  
22 eight of the proposals to establish laboratory schools. The Subcommittee may select a constituent  
23 institution to operate more than one laboratory school. The Subcommittee shall oversee the  
24 operations of those laboratory schools to meet the purposes set forth in this Article."

25 **SECTION 8.6.(b)** G.S. 116-239.7(a1) reads as rewritten:

26 "(a1) Approval of Laboratory Schools. – The Board of Governors, upon the  
27 recommendation of the President, shall designate constituent institutions to establish and operate  
28 a total of at least ~~nine~~eight laboratory schools. The chancellor of each constituent institution  
29 shall adopt and submit to the Subcommittee a proposal to operate one or more laboratory schools  
30 in one or more local school administrative units that meet the minimum threshold for the number  
31 of low-performing schools located in a unit under G.S. 116-239.6(4). The proposal shall include  
32 the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals  
33 for approval or disapproval by considering the design components and the strategic focus of the  
34 laboratory school and any other standards developed by the Subcommittee to be applicable to all  
35 laboratory schools. The Subcommittee shall also consider the location of each laboratory school  
36 so that, to the extent possible, there is a geographically diverse distribution of the laboratory  
37 schools throughout the State. From the proposals submitted to the Subcommittee, the  
38 Subcommittee shall approve the establishment of at least ~~nine~~eight laboratory schools."

39  
40 **FUNDS FOR ATHLETIC DEPARTMENTS WITH APPROVED PLANS TO PROVIDE**  
41 **ECONOMIC BENEFITS**

42 **SECTION 8.7.(a)** For each fiscal year funds are provided pursuant to subsection (b)  
43 of this section, the athletic department for each of the following constituent institutions shall  
44 develop and submit to the President of The University of North Carolina a plan to provide an  
45 economic benefit to the constituent institution and the service region of the constituent institution  
46 in that fiscal year:

- 47 (1) Elizabeth City State University.
- 48 (2) Fayetteville State University.
- 49 (3) North Carolina Agricultural and Technical State University.
- 50 (4) North Carolina Central University.
- 51 (5) The University of North Carolina at Asheville.

- 1 (6) The University of North Carolina at Greensboro.
- 2 (7) The University of North Carolina at Pembroke.
- 3 (8) The University of North Carolina at Wilmington.
- 4 (9) Western Carolina University.
- 5 (10) Winston-Salem State University.

6 **SECTION 8.7.(b)** Of the nonrecurring funds appropriated in this act to the Board of  
7 Governors of The University of North Carolina for each fiscal year of the 2023-2025 fiscal  
8 biennium for athletic department operating support, if the President of The University of North  
9 Carolina approves a plan submitted under subsection (a) of this section, the Board of Governors  
10 shall allocate one tenth of the funds provided in the fiscal year in which the plan is approved to  
11 that constituent institution to support its athletic department.

### 12 **EDUCATIONAL OPPORTUNITIES PROGRAM**

13 **SECTION 8.8.(a)** Program; Purpose. – The Board of Governors of The University  
14 of North Carolina shall establish a College of Educational Opportunities Program (Program) for  
15 eligible students with intellectual and developmental disabilities. North Carolina State University  
16 shall develop and operate the Program beginning in the 2023-2024 fiscal year. North Carolina  
17 Central University shall adapt and operate the Program as developed by North Carolina State  
18 University for use beginning in the 2024-2025 fiscal year. The purpose of the Program is to  
19 provide postsecondary opportunities for eligible students, including the following:

- 20 (1) A person-centered planning process.
- 21 (2) The opportunity to pursue educational credentials, including degrees,  
22 certificates, and other nondegree credentials.
- 23 (3) Inclusive academic enrichment, socialization, independent living skills, and  
24 integrated work experiences to develop career skills that can lead to gainful  
25 employment.
- 26 (4) Individual supports and services for academic and social inclusion in  
27 academic courses, extracurricular activities, and other aspects of campus life.

28 **SECTION 8.8.(b)** Definition. – For purposes of this section, the term "eligible  
29 student" refers to a person who meets all of the following:

- 30 (1) Is 22 years of age or older.
- 31 (2) Is an adult with intellectual and developmental disabilities.

32 **SECTION 8.8.(c)** Funds. – Funds appropriated to the Board of Governors of The  
33 University of North Carolina in this act for the Program shall meet the following criteria:

- 34 (1) The funds may be used for any of the following purposes:
  - 35 a. Administrative staff, including a director of the Program, and  
36 programmatic staff, including instructors and peer mentors.
  - 37 b. Training for university faculty.
  - 38 c. Improvements to existing assistive technologies and other academic  
39 support services offered by the university.
  - 40 d. Scholarships for tuition and fees for economically disadvantaged  
41 students.
  - 42 e. Additional supports, including counseling, mentoring, and  
43 transportation.
  - 44 f. Outreach, including website design and recruitment.
- 45 (2) The funds shall be allocated in the below fiscal years as follows:
  - 46 a. For the 2023-2024 fiscal year, three million dollars (\$3,000,000) in  
47 recurring funds shall be allocated to North Carolina State University  
48 to develop and operate the Program.
  - 49 b. Beginning in the 2024-2025 fiscal year, the following amounts in  
50 recurring funds shall be allocated:  
51

- 1 1. Three million dollars (\$3,000,000) to North Carolina State
- 2 University to operate the Program.
- 3 2. Three million dollars (\$3,000,000) to North Carolina Central
- 4 University to adapt and operate the Program.

5 **SECTION 8.8.(d)** Report. – No later than May 15, 2024, and annually thereafter,  
6 the Board of Governors shall report to the Joint Legislative Education Oversight Committee on  
7 the impact of the Program, including the impact of the Program on the performance of eligible  
8 students.

## 9 10 **CTE GRANTS FOR AGRICULTURE**

11 **SECTION 8.9.(a)** Of the funds appropriated in this act to the Board of Governors of  
12 The University of North Carolina for each year of the 2023-2025 fiscal biennium to be allocated  
13 to North Carolina State University, the Agriculture Extension shall use up to two million dollars  
14 (\$2,000,000) in nonrecurring funds for the North Carolina Future Farmers of America (FFA) to  
15 provide and administer grants for the 2023-2024 and 2024-2025 academic years to fund items  
16 necessary for the agriculture education program operated as a part of the Career and Technical  
17 Education (CTE) program at a given middle or high school within a public school unit. For  
18 purposes of these grants, items necessary to the agriculture education program of a CTE program  
19 include greenhouses, animals and livestock, and power tools. FFA shall provide a full list of  
20 items that are eligible to be purchased with funds received pursuant to this program and make  
21 the list publicly available on its website. FFA may consult with the Department of Agriculture  
22 and Consumer Services when evaluating a grant for selection that includes the purchase of  
23 animals. A public school unit or a regional partnership of more than one public school unit may  
24 apply to receive funds. When awarding grants under this subsection, FFA shall prioritize public  
25 school units (i) located, in whole or in part, in a county with at least one local school  
26 administrative unit that received low-wealth supplemental funding in the previous fiscal year and  
27 (ii) that have a high population of at-risk students or students with disabilities. Grant recipients  
28 may make items purchased with grant funds available to any students within the public school  
29 unit or partnership regardless of whether the student is identified as at-risk or a student with a  
30 disability. Funds provided pursuant to this section shall not revert to the General Fund but shall  
31 remain available for this purpose until June 30, 2025.

32 **SECTION 8.9.(b)** FFA shall create and make available an application for grants  
33 under this section no later than 30 days of this act becoming law. Applicants shall submit their  
34 application to receive grant funds to FFA no later than June 15, 2024. FFA shall approve or deny  
35 each application within 30 days of receipt.

36 **SECTION 8.9.(c)** All recipients of grants under this section for each school year  
37 shall submit a report to FFA no later than October 15, 2024, on the outcomes of any programs  
38 funded by grants received under this section, including data collection methods for reporting on  
39 student outcomes, impacts of the program, and use of State funds. FFA shall then submit a report  
40 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the  
41 overall outcomes of the grant program no later than December 15, 2024.

42 **SECTION 8.9.(d)** Of the funds allocated by this section for grants as provided by  
43 subsection (a) of this section, up to fifty thousand dollars (\$50,000) in each fiscal year of the  
44 2023-2025 biennium may be retained by FFA to be used for administrative costs associated with  
45 the grant program.

## 46 47 **BOARD OF GOVERNORS STUDY NEW TEACHER SUPPORT** 48 **PROGRAM/ELIZABETH CITY STATE**

49 **SECTION 8.10.** No later than December 15, 2023, the Board of Governors shall  
50 report to the Joint Legislative Education Oversight Committee on the advisability and feasibility

1 of incorporating additional constituent institutions, including Elizabeth City State University, as  
2 administrators of the New Teacher Support Program.

### 4 **COLLABORATORY REPORT ON RECOVERY COURT STUDY RESULTS**

5 **SECTION 8.11.(a)** Of the funds appropriated in this act from the Opioid Abatement  
6 Reserve established pursuant to Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of  
7 S.L. 2022-74, to the Board of Governors of The University of North Carolina to be allocated to  
8 the University of North Carolina at Chapel Hill for the North Carolina Collaboratory  
9 (Collaboratory), the Collaboratory shall study existing judicially managed accountability and  
10 recovery courts (JMARC)s, including those drug treatment courts and JMARC)s partially or fully  
11 exempted from Article 62 of Chapter 7A of the General Statutes under G.S. 7A-802. These funds  
12 shall not revert at the end of the 2023-2024 fiscal year but shall remain available until expended.

13 **SECTION 8.11.(b)** No later than October 1, 2024, the Collaboratory shall report on  
14 the results of the study required by subsection (a) of this section to the following entities:

- 15 (1) The Joint Legislative Oversight Committee on Health and Human Services.
- 16 (2) The Joint Legislative Oversight Committee on Justice and Public Safety.
- 17 (3) The Joint Legislative Education Oversight Committee.
- 18 (4) The chairs of the House and Senate Appropriations Committees on Health and  
19 Human Services.
- 20 (5) The chairs of the House and Senate Appropriations Committees on Justice and  
21 Public Safety.
- 22 (6) The chairs of the House and Senate Appropriations Committees on Education.

23 **SECTION 8.11.(c)** The report required by subsection (b) of this section shall  
24 include, at a minimum, each of the following:

- 25 (1) Executive summary of the study and its findings.
- 26 (2) Summary of each JMARC's operating model.
- 27 (3) Summary of each JMARC's funding sources.
- 28 (4) Analysis of demand and capacity for each JMARC.
- 29 (5) Summary of need and local interest for additional JMARC)s.
- 30 (6) Feasibility of JMARC)s operating across counties and across judicial districts.
- 31 (7) Proposed JMARC expansion plan.
- 32 (8) List of funding sources to support the expansion plan outlined in subdivision  
33 (7) of this subsection.

34 **SECTION 8.11.(d)** This section is effective when it becomes law.

### 36 **REQUIRE COMPREHENSIVE TRANSITION POSTSECONDARY PROGRAMS** 37 **REPORT AND ESTABLISH CTP PROGRAM AT UNC-W**

38 **SECTION 8.12.(a)** Article 35A of Chapter 116 of the General Statutes is amended  
39 by adding a new section to read:

#### 40 **"§ 116-298. Report.**

41 The University of North Carolina System Office shall report to the Joint Legislative  
42 Education Oversight Committee by March 15 of each year on the impact on participants of CTP  
43 Programs at constituent institutions of The University of North Carolina. At a minimum, the  
44 report shall include the following information for each CTP Program at a constituent institution:

- 45 (1) Admissions requirements.
- 46 (2) Number of participants.
- 47 (3) Participant outcomes, including credits earned toward a degree, diploma, or  
48 certificate and job placements for participants and graduates."

49 **SECTION 8.12.(b)** Of the recurring funds appropriated in this act to the Board of  
50 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated  
51 to the University of North Carolina at Wilmington (UNC-W), UNC-W shall establish a certificate

1 accomplishment program to be approved by the United States Department of Education as a  
2 Comprehensive Transition Postsecondary (CTP) Program (Program) for students with  
3 intellectual disabilities in accordance with the Higher Education Opportunity Act of 2008, 20  
4 U.S.C. §§ 1140f through 1140i.

5 **SECTION 8.12.(c)** No later than March 15, 2025, UNC-W shall report to the Joint  
6 Legislative Education Oversight Committee and the Fiscal Research Division on its progress in  
7 establishing the Program pursuant to subsection (b) of this section. The report shall include at  
8 least the following information:

- 9 (1) Steps taken and steps remaining to establish the Program.
- 10 (2) Proposed or actual admissions requirements for the Program.
- 11 (3) Support services to be provided by the Program, including the eligibility of  
12 participants to receive college credits.
- 13 (4) Actual or estimated number of participants in the Program.
- 14 (5) Estimated additional costs to provide scholarships to students participating in  
15 the Program under the Comprehensive Transition Postsecondary Scholarship  
16 Program established pursuant to Article 35A of Chapter 116 of the General  
17 Statutes.
- 18 (6) Whether the Program has been approved by the United States Department of  
19 Education and, if not, a time line for approval.

#### 20 21 **AGRICULTURE ANALYTICS PLATFORM INITIATIVE**

22 **SECTION 8.13.(a)** Of the recurring funds appropriated in this act to the Board of  
23 Governors of The University of North Carolina to be allocated to North Carolina State University  
24 (NC State) and North Carolina Agricultural and Technical State University (NC A&T) to deploy  
25 an analytics platform for agriculture initiatives, NC State and NC A&T shall each contract with  
26 SAS Institute, Inc., to establish or maintain a software platform to use data collection and  
27 analytics to improve agricultural systems and agricultural profitability. Funds shall be used for  
28 software, equipment installation, cloud hosting, and technical support. NC State and NC A&T  
29 shall collaborate in the creation and use of these platforms as much as practicable.

30 **SECTION 8.13.(b)** No later than August 15, 2025, NC State and NC A&T shall  
31 jointly report to the Joint Legislative Education Oversight Committee on the impact of the  
32 Initiative on the following:

- 33 (1) The sustainability and profitability of agricultural systems in the State,  
34 including any improved efficiencies.
- 35 (2) Research grants secured by each constituent institution.
- 36 (3) Student and faculty recruitment and retention.
- 37 (4) Engagement and collaboration with private farmers in the State.
- 38 (5) Faculty research on agriculture.
- 39 (6) Collaboration between NC State and NC A&T.

#### 40 41 **UNIVERSITY OF NORTH CAROLINA SYSTEM FACULTY REALIGNMENT** 42 **INCENTIVE PROGRAM**

43 **SECTION 8.14.(a)** For purposes of this section, the term "identified faculty  
44 member" means a full-time, tenured faculty member employed by a constituent institution of The  
45 University of North Carolina who meets all of the following criteria:

- 46 (1) Is at least 55 years of age.
- 47 (2) Meets either of the following criteria:
  - 48 a. Is eligible to commence retirement with an early or service retirement  
49 allowance under the Teachers' and State Employees' Retirement  
50 System (TSERS).

1           b.     Is vested in the Optional Retirement Program (ORP) for The  
2                     University of North Carolina.

3           (3)     Does not receive disability or workers' compensation benefits.

4           **SECTION 8.14.(b)** For the 2023-2025 fiscal biennium, the Board of Governors of  
5 The University of North Carolina shall establish a Faculty Realignment Incentive Pilot Program  
6 (Program) for constituent institutions of The University of North Carolina to award severance  
7 payments to identified faculty members to provide long-term cost-savings and improved  
8 operational efficiencies for The University of North Carolina. Funds for the Program shall be  
9 distributed among constituent institutions based on criteria established by the President of The  
10 University of North Carolina. The Program shall meet at least the following requirements:

11          (1)     An identified faculty member shall be selected to receive a payment under the  
12                     Program in the discretion of the constituent institution where the identified  
13                     faculty member is employed.

14          (2)     Severance payments shall be equivalent to the identified faculty member's  
15                     base salary from the prior academic year.

16          (3)     Severance payments shall be exempt from payroll deductions for retirement  
17                     contributions and shall not be considered compensation for purposes of the  
18                     supplemental plans administered by The University of North Carolina or plans  
19                     administered by the Supplemental Retirement Board of Trustees under  
20                     G.S. 135-96.

21          (4)     If an identified faculty member does not qualify for the full employer premium  
22                     contribution for retiree health coverage provided under TSERS or ORP, then  
23                     the constituent institution where the identified faculty member is employed  
24                     may provide the faculty member, in addition to a severance payment, an  
25                     amount equivalent to 12 months of the full employer contribution to the  
26                     employee health insurance premium.

27           **SECTION 8.14.(c)** By December 1, 2024, and annually thereafter, while funds are  
28 expended under the Program, the Board of Governors shall report at least the following  
29 information on the Program to the Joint Legislative Education Oversight Committee and the  
30 Fiscal Research Division, disaggregated by constituent institution:

31          (1)     The number of identified faculty members that received funds under the  
32                     Program.

33          (2)     The total amount paid out by the Program.

34           **SECTION 8.14.(d)** The nonrecurring funds appropriated to the Board of Governors  
35 of The University of North Carolina in this act for the 2023-2024 fiscal year for the University  
36 of North Carolina System Faculty Realignment Incentive Program, as enacted by this section,  
37 shall not revert to the General Fund at the end of the 2023-2024 fiscal year but shall remain  
38 available until expended.

## 39 **REVISE POSTSECONDARY ATTAINMENT GOAL REPORTING TIME**

40           **SECTION 8.15.** Section 1(c) of S.L. 2019-55 reads as rewritten:

41           "**SECTION 1.(c)** Beginning ~~September 1, 2020, March 1, 2024,~~ and every ~~September~~ March  
42 1 thereafter, the myFutureNC Commission, which is a statewide commission focusing on  
43 postsecondary educational attainment in North Carolina, shall report to the General Assembly,  
44 as provided by G.S. 120-29.5, and to the Joint Legislative Education Oversight Committee on  
45 the progress of the State reaching the postsecondary attainment goal set forth in G.S. 116C-10,  
46 as enacted by this act, and activities by the Commission to further North Carolina towards the  
47 postsecondary attainment goal."  
48

## 49 **WATER SAFETY ACT OF 2023**

1           **SECTION 8.16.(a)** Water Research Funding. – Funds appropriated in this act to the  
2 North Carolina Collaboratory (Collaboratory) for the 2023-2024 fiscal year for research and  
3 other programs related to per- and poly-fluoroalkyl substances (PFAS) and the Collaboratory's  
4 general research programs shall be allocated as follows:

- 5           (1) Twenty million dollars (\$20,000,000) in nonrecurring funds for programs  
6 related to management of aqueous film-forming foams (AFFF) containing  
7 PFAS used by local fire departments and for other PFAS-related research. For  
8 purposes of this act, "local fire department" means a fire department operated,  
9 regulated, or managed by one or more units of State or local government,  
10 including those located at or serving public airports. These funds are allocated  
11 to the Collaboratory for the following purposes:
- 12           a. To conduct a voluntary buyback program for stocks of  
13 PFAS-containing AFFF owned or stored by local fire departments.  
14 The program may also include the purchase and distribution of  
15 replacement PFAS-free foams.
  - 16           b. To develop, acquire, analyze, and deploy facilities and technologies to  
17 safely store and destroy PFAS-containing AFFF, including  
18 technologies available outside of the State.
  - 19           c. To provide competitive research grants for (i) human exposure and  
20 other studies intended to assess the long-term health risk to firefighters  
21 and other emergency response personnel and their family members  
22 from exposure to PFAS-containing AFFF and related  
23 PFAS-containing materials and (ii) other research related to PFAS in  
24 water and air, PFAS toxicology and human exposure, and the  
25 mitigation, removal, or destruction of PFAS and PFAS-containing  
26 materials.
  - 27           d. To fund upgrades to laboratory space at the Textile Protection and  
28 Comfort Center at North Carolina State University to accommodate  
29 aerosol studies that simulate airborne PFAS particulate exposure.
- 30           (2) Four million dollars (\$4,000,000) in recurring funds for other PFAS research  
31 projects. In its expenditure of the funds allocated by this subsection, the  
32 Collaboratory may prioritize funding of a multiyear human exposure study  
33 related to per- and poly-fluoroalkyl substances (PFAS) in North Carolina  
34 counties identified with higher than average PFAS exposure risks from  
35 inhalation, ingestion, and dermal exposure. Selection of study participants  
36 shall prioritize counties and communities (i) with a primary drinking water  
37 source from the Haw or the Cape Fear River, (ii) located near industrial  
38 processes that use or create PFAS or chemical precursors to PFAS that may  
39 become PFAS compounds once released, (iii) located within the Cape Fear  
40 and Lumber River Basins, and (iv) that may present a particularized risk,  
41 exposure, or other health factors deemed appropriate by the Collaboratory.  
42 The Collaboratory may also prioritize other discretionary PFAS-related  
43 research deemed important to the State by the Collaboratory. The  
44 Collaboratory may engage expertise from the Departments of Environmental  
45 Quality and Health and Human Services and may utilize the Office of  
46 Strategic Partnerships within the Office of State Budget and Management to  
47 assist in working with State and local agencies.
- 48           (3) Two million dollars (\$2,000,000) in recurring funds for water-related research  
49 for emerging compounds, water quality improvements, or other discretionary  
50 research deemed important to the State by the Collaboratory.



1           **SECTION 8.16.(b)** Report. – The Collaboratory shall include in the report required  
2 by G.S. 116-256 documentation of its use of the funds allocated by this section and updates  
3 regarding the research funded by this section.

4           **SECTION 8.16.(c)** HMSI Research Grants. – Section 8.9(a) of S.L. 2021-180 reads  
5 as rewritten:

6           "**SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established pursuant  
7 to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant program  
8 for the following constituent institutions of The University of North Carolina identified as  
9 Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville  
10 State University, North Carolina Agricultural and Technical State University, North Carolina  
11 Central University, the University of North Carolina at Pembroke, and Winston-Salem State  
12 University. The Collaboratory shall establish an application process and criteria for research  
13 grants that include a focus on areas within the Collaboratory's mission ~~of facilitating research~~  
14 ~~related to the environmental and economic components of the management of the natural~~  
15 ~~resources within the State and of new technologies for habitat, environmental, and water quality~~  
16 ~~improvements and other areas of public health as set forth in G.S. 116-255.~~

17           The Collaboratory may award one or more research grants each fiscal year to each of the six  
18 HMSI constituent institutions to be used to expand their research capacity while being in service  
19 to the needs of the State. Of the funds appropriated by this act for the research grant program, the  
20 Collaboratory shall determine the amount of the research grant for each HMSI constituent  
21 institution in a fiscal year."

22           **SECTION 8.16.(d)** Public Water Supply Fluoridation Study. – The Commission for  
23 Public Health shall perform a review of the National Toxicity Program's September 2022 draft  
24 report titled "Monograph on the State of the Science Concerning Fluoride Exposure and  
25 Neurodevelopmental and Cognitive Health Effects: A Systematic Review," as well as the studies  
26 reviewed in the report, and any other studies the Commission finds relevant to an assessment of  
27 the association between fluoride exposure and IQ in children. Based on this review, the  
28 Commission shall determine whether sufficient evidence exists for a link between fluoride in the  
29 public water supply and cognitive decline or any other neurological detriment in children.

30           **SECTION 8.16.(e)** The Commission shall make a report to the General Assembly  
31 on or before February 1, 2024, of its findings and recommendations, including a recommendation  
32 on whether the current standard for fluoride established in the Commission's rules (i) is protective  
33 of public health and (ii) should be lowered. If the Commission makes the determination regarding  
34 a link between fluoride in public water supplies and neurological impacts in children as described  
35 in subsection (a) of this section, then the Commission shall direct the Department of Health and  
36 Human Services to create a list of the private and public water utilities in the State, their fluoride  
37 concentration, the number of children or households to which they provide water, and any other  
38 information that it deems pertinent. The Department shall include with the list a ranking of the  
39 risk to children of the water supplied by each utility.

40           **SECTION 8.16.(f)** Revenue Sharing and Funding Availability. – G.S. 116-255(c)  
41 reads as rewritten:

42           "(c) Funding Conditions and Restrictions. – The following applies to funding received by  
43 the Collaboratory:

44           ...

45           (7) The Collaboratory may negotiate or impose data use, data management, and  
46 revenue sharing requirements for intellectual property developed through its  
47 research awards using State funds, including, but not limited to, contractual  
48 terms that provide for gross revenue distribution to the General Fund for future  
49 research and development projects.

50           (8) Funds appropriated by the General Assembly to the Collaboratory (i) shall not  
51 revert to the General Fund but shall remain available until expended and (ii)

1 shall not apply to the carryforward limitation imposed on constituent  
2 institutions of The University of North Carolina by G.S. 116-30.3."

3 **SECTION 8.16.(g)** Effective Date. – Subsections (a) and (b) of this section become  
4 effective July 1, 2023. The remainder of this section is effective when it becomes law.

5  
6 **UNC-W RESEARCH PROGRAMS IN CRITICAL WORKFORCE AREAS FUNDS AND**  
7 **REPORT**

8 **SECTION 8.17.** Of the recurring funds appropriated in this act to the Board of  
9 Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated  
10 to the University of North Carolina at Wilmington (UNC-W) for research programs, UNC-W  
11 shall expand research programs in critical research areas to maintain its classification in the  
12 Carnegie Classification of Institutions of Higher Education as R2 – High Research Activity.  
13 UNC-W shall use these funds only to expand relevant research programs in critical research areas  
14 and shall not supplant other funds already allocated for these purposes. By March 15, 2024, and  
15 every year thereafter in which these funds are provided, UNC-W shall report to the Joint  
16 Legislative Education Oversight Committee and the Fiscal Research Division on the use of the  
17 funds. The report shall include at least the following information:

- 18 (1) A detailed explanation of how the funds are used, including all expansions on  
19 research programs supported by these funds since the previous report and the  
20 nature of each expansion.
- 21 (2) All critical research areas at the university, as defined by UNC-W.
- 22 (3) The impact of the expansions identified in subdivision (1) of this section on  
23 the critical research areas identified in subdivision (2) of this section,  
24 including the extent to which the expansions support the continued  
25 classification of UNC-W as a High Research Activity institution.
- 26 (4) Recommended actions to maintain the classification of UNC-W as a High  
27 Research Activity institution or to improve that classification to R1 – Very  
28 High Research Activity.
- 29 (5) Any other matter UNC-W deems relevant to the efficient and effective  
30 expenditure of these funds.

31  
32 **REVISE DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND**

33 **SECTION 8.18.(a)** Part 4A of Article 1 of Chapter 116 of the General Statutes reads  
34 as rewritten:

35 "Part 4A. Distinguished Professors Endowment Trust Fund.

36 "~~§ 116-41.13. Distinguished Professors Endowment Trust Fund; purpose.~~**Purpose.**

37 The General Assembly of North Carolina recognizes that the public university system would  
38 be greatly strengthened by the addition of distinguished ~~scholars.~~ scholars for degree programs  
39 in STEM subject areas. It further recognizes that private as well as State support is preferred in  
40 helping to obtain distinguished scholars for the State universities and that private support will  
41 help strengthen the commitment of citizens and organizations in promoting excellence  
42 throughout all State universities. It is the intent of the General Assembly to establish a trust fund  
43 to provide the opportunity to each State university to receive and match challenge grants to create  
44 endowments for selected distinguished professors for degree programs in STEM subject areas to  
45 occupy chairs within the university. The associated foundations that serve the universities shall  
46 solicit and receive gifts from private sources to provide for matching funds to the trust fund  
47 challenge grants for the establishment of endowments for chairs for degree programs in STEM  
48 subject areas within universities.

49 "~~§ 116-41.13A. Distinguished Professors Endowment Trust Fund; definitions.~~**Definitions.**

50 The following definitions apply in this Part:

- 1 (1) ~~"Focused growth institution" means Focused growth institution. – Any of the~~  
 2 ~~following:~~  
 3 ~~a. Elizabeth City State University, University.~~  
 4 ~~b. Fayetteville State University, University.~~  
 5 ~~c. North Carolina Agricultural and Technical University, University.~~  
 6 ~~d. North Carolina Central University, University.~~  
 7 ~~e. The University of North Carolina at Pembroke, Pembroke.~~  
 8 ~~f. Western Carolina University, and University.~~  
 9 ~~g. Winston-Salem State University.~~  
 10 (2) ~~"Special needs institution" means the Special needs institution. – The North~~  
 11 ~~Carolina School of the Arts, redesignated effective August 1, 2008, as the~~  
 12 ~~"University of North Carolina School of the Arts," and The University of~~  
 13 ~~North Carolina at Asheville.~~  
 14 (3) ~~STEM subject area. – Any subject area in a field of scholarship related to~~  
 15 ~~science, technology, engineering, or mathematics. A subject area in a field of~~  
 16 ~~scholarship related to journalism or law is not a STEM subject area.~~

17 **"§ 116-41.14. ~~Distinguished Professors Endowment Trust Fund; establishment;~~**  
 18 **Establishment of the Fund; maintenance.**

19 There is established a Distinguished Professors Endowment Trust Fund to be maintained by  
 20 the Board to provide challenge grants to the constituent institutions. All appropriated funds  
 21 deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing  
 22 to that portion of the trust fund not matched shall increase the total funds available for challenge  
 23 grants.

24 **"§ 116-41.15. ~~Distinguished Professors Endowment Trust Fund; allocation; Allocation;~~**  
 25 **administration.**

26 (a) For constituent institutions other than focused growth institutions and special needs  
 27 institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

- 28 (1) According to one of the following:  
 29 ~~(1)a.~~ a. On the basis of one three hundred thirty-four thousand dollar  
 30 (\$334,000) challenge grant for each six hundred sixty-six thousand  
 31 dollars (\$666,000) raised from private ~~sources; or~~ sources.  
 32 ~~(2)b.~~ b. On the basis of one one hundred sixty-seven thousand dollar  
 33 (\$167,000) challenge grant for each three hundred thirty-three  
 34 thousand dollars (\$333,000) raised from private ~~sources; or~~ sources.  
 35 ~~(3)c.~~ c. On the basis of one challenge grant of up to six hundred sixty-seven  
 36 thousand dollars (\$667,000) for funds raised from private sources in  
 37 twice the amount of the challenge grant.  
 38 (2) If an institution chooses to pursue the use of the allocated challenge grant  
 39 funds described in either ~~subdivision (1), subdivision (2), sub-subdivision a.,~~  
 40 sub-subdivision b., or subdivision (3)-sub-subdivision c. of subdivision (1) of  
 41 this subsection, the challenge grant funds shall be matched by funds from  
 42 private sources on the basis of two dollars of private funds for every one dollar  
 43 of State funds.

44 (b) For focused growth institutions and special needs institutions, the amount  
 45 appropriated to the trust shall be allocated by the Board as follows:

- 46 (1) According to one of the following:  
 47 ~~(1)a.~~ a. On the basis of one five hundred thousand dollar (\$500,000) challenge  
 48 grant for each five hundred thousand dollars (\$500,000) raised from  
 49 private ~~sources; or~~ sources.

1            ~~(2)~~b. On the basis of one two hundred fifty thousand dollar (\$250,000)  
2 challenge grant for each two hundred fifty thousand dollars (\$250,000)  
3 raised from private ~~sources; or~~ sources.

4            ~~(3)~~c. On the basis of one challenge grant of up to one million dollars  
5 (\$1,000,000) for funds raised from private sources in the same amount  
6 as the challenge grant.

7            (2) If an institution chooses to pursue the use of the allocated challenge grant  
8 funds described in either ~~subdivision (1), subdivision (2), sub-subdivision a.,~~  
9 sub-subdivision b., or subdivision (3)-sub-subdivision c. of subdivision (1) of  
10 this subsection, the challenge grant funds shall be matched by funds from  
11 private sources on the basis of one dollar of private funds for every dollar of  
12 State funds.

13            (c) Matching funds shall come from contributions made after July 1, 1985, and pledged  
14 for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board  
15 of trustees shall establish its own Distinguished Professors Endowment Trust ~~Fund, Fund~~ and  
16 shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private  
17 contributions and for the State matching funds for the challenge grants. The State matching funds  
18 shall be transferred to the constituent institution's Endowment Fund upon notification that the  
19 institution has received and deposited the appropriate amount required by this section in its own  
20 Distinguished Professors Endowment Trust Fund. Only the net income from that account shall  
21 be expended in support of the distinguished professorship thereby created.

22 **"§ 116-41.16. ~~Distinguished Professors Endowment Trust Fund; contribution~~ Contribution**  
23 **commitments.**

24            (a) For constituent institutions other than focused growth institutions and special needs  
25 institutions, contributions may also be eligible for matching ~~if there is:~~ as follows:

26            (1) If there is one of the following:

27            ~~(1)~~a. A commitment to make a donation of at least six hundred sixty-six  
28 thousand dollars (\$666,000), as prescribed by G.S. 143C-4-5, and an  
29 initial payment of one hundred eleven thousand dollars (\$111,000) to  
30 receive a grant described in ~~G.S. 116-41.15(a)(1);~~  
31 ~~or~~ G.S. 116-41.15(a)(1)a.

32            ~~(2)~~b. A commitment to make a donation of at least three hundred thirty-three  
33 thousand dollars (\$333,000), as prescribed by G.S. 143C-4-5, and an  
34 initial payment of fifty-five thousand five hundred dollars (\$55,500)  
35 to receive a grant described in ~~G.S. 116-41.15(a)(2);~~  
36 ~~or~~ G.S. 116-41.15(a)(1)b.

37            ~~(3)~~c. All of the following:

38            1. A commitment to make a donation in excess of six hundred  
39 sixty-six thousand dollars (\$666,000), as prescribed by  
40 ~~G.S. 143-31.4, and an~~ G.S. 143C-4-5.

41            2. An initial payment of one-sixth of the committed amount to  
42 receive a grant described in ~~G.S. 116-41.15(a)(3); and if the~~  
43 G.S. 116-41.15(a)(1)c.

44            3. The initial payment is accompanied by a written pledge to  
45 provide the balance within five years after the date of the initial  
46 payment. Each payment on the balance shall be no less than  
47 the amount of the initial payment and shall be made on or  
48 before the anniversary date of the initial payment.

49            (2) Pledged contributions may not be matched prior to the actual collection of the  
50 total funds. Once the income from the institution's Distinguished Professors  
51 Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17,

1 the institution shall proceed to implement plans for establishing an endowed  
 2 ~~chair~~ chair in a STEM subject area.  
 3 (b) For focused growth institutions and special needs institutions, contributions may also  
 4 be eligible for matching ~~if there is~~ as follows:  
 5 (1) If all of the following occur:  
 6 a. One of the following occurs:  
 7 ~~(1)~~1. A commitment to make a donation of at least five hundred  
 8 thousand dollars (\$500,000), as prescribed by G.S. 143C-4-5,  
 9 and an initial payment of eighty-three thousand three hundred  
 10 dollars (\$83,300) to receive a grant described in  
 11 ~~G.S. 116-41.5(b)(1); or~~ G.S. 116-41.15(b)(1)a.  
 12 ~~(2)~~2. A commitment to make a donation of at least two hundred fifty  
 13 thousand dollars (\$250,000), as prescribed by G.S. 143C-4-5,  
 14 and an initial payment of forty-one thousand six hundred  
 15 dollars (\$41,600) to receive a grant described in  
 16 ~~G.S. 116-41.15(b)(2); or~~ G.S. 116-41.15(b)(1)b.  
 17 ~~(3)~~3. A commitment to make a donation in excess of five hundred  
 18 thousand dollars (\$500,000), as prescribed by ~~G.S. 143-31.4,~~  
 19 G.S. 143C-4-5, and an initial payment of one-sixth of the  
 20 committed amount to receive a grant described in  
 21 ~~G.S. 116-41.15(b)(3); and if the~~ G.S. 116-41.15(b)(1)c.  
 22 b. The initial payment is accompanied by a written pledge to provide the  
 23 balance within five years after the date of the initial payment. Each  
 24 payment on the balance shall be no less than the amount of the initial  
 25 payment.  
 26 (2) Pledged contributions may not be matched prior to the actual collection of the  
 27 total funds. Once the income from the institution's Distinguished Professors  
 28 Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17,  
 29 the institution shall proceed to implement plans for establishing an endowed  
 30 chair chair in a STEM subject area.

31 "**§ 116-41.17. Distinguished Professors Endowment Trust Fund; establishment**  
 32 **Establishment of chairs.**

33 (a) ~~When~~ The board of trustees may recommend to the Board, for its approval, the  
 34 establishment of an endowed chair or chairs in a STEM subject area when the sum of the  
 35 challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund  
 36 ~~reaches~~ reaches one of the following:

- 37 (1) One million dollars (\$1,000,000), if the sum of funds described in  
 38 ~~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  
 39 G.S. 116-41.15(b)(1)a.
- 40 (2) Five hundred thousand dollars (\$500,000), if the sum of funds described in  
 41 ~~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  
 42 G.S. 116-41.15(b)(1)b.
- 43 (3) An amount up to two million dollars (\$2,000,000), if the sum of funds  
 44 described in ~~G.S. 116-41.15(a)(3) or~~  
 45 G.S. 116-41.15(b)(3); G.S. 116-41.15(a)(1)c. or G.S. 116-41.15(b)(1)c.

46 ~~the board of trustees may recommend to the Board, for its approval, the establishment of an~~  
 47 ~~endowed chair or chairs.~~

48 (b) The Board, in considering whether to approve the ~~recommendation,~~ recommendation  
 49 made pursuant to subsection (a) of this section, shall include in its consideration the programs  
 50 already existing in The University of North Carolina. If the Board approves the recommendation,  
 51 the chair or chairs shall be established. The chair or chairs, the property of the constituent

1 institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the  
2 option of the board of trustees.

3 "~~§ 116-41.18. Distinguished Professors Endowment Trust Fund; selection~~ Selection of  
4 Distinguished Professors.

5 (a) Each constituent institution that receives, through private gifts and an allocation by  
6 the Board of Governors, funds for the purpose shall, under procedures established by rules of the  
7 Board of Governors and the board of trustees of the constituent institution, select a holder of the  
8 ~~Distinguished Professorship.~~ Professorship in a STEM area. Once given, that designation shall  
9 be retained by the distinguished professor as long as ~~he~~ the distinguished professor remains in  
10 the full-time service of the institution as a faculty member, or for more limited lengths of time  
11 when authorized by the Board of Governors and the board of trustees at the institution when the  
12 Distinguished Professorship is originally established or vacated. When a distinguished  
13 professorship becomes vacant, it shall remain assigned to the institution and another  
14 distinguished professor shall be selected under procedures established by rules of the Board of  
15 Governors and the board of trustees of the constituent institution.

16 (a1) No rule shall prevent the constituent institutions of The University of North Carolina  
17 from selecting holders of Distinguished Professorships from among existing faculty members or  
18 newly hired faculty members.

19 (b) The Board of Governors of The University of North Carolina shall promulgate rules  
20 to implement this section.

21 (c) There is appropriated from the General Fund to the Board of Governors of The  
22 University of North Carolina the sum of two million dollars (\$2,000,000) for fiscal year 1985-86,  
23 and the sum of two million dollars (\$2,000,000) for fiscal year 1986-87, to implement this  
24 section.

25 "~~§ 116-41.19. Distinguished Professors Endowment Trust Fund; promulgation of~~  
26 ~~rules.~~ Promulgation of rules; list of STEM subject areas.

27 (a) The Board of Governors of The University of North Carolina shall promulgate rules  
28 to implement this Part.

29 (b) No later than December 15, 2024, and annually thereafter, the Board of Governors  
30 shall identify and provide to the Joint Legislative Education Oversight Committee a list of degree  
31 programs in STEM subject areas and the number of distinguished professorships at each  
32 constituent institution funded pursuant to this Part in each STEM subject area. The Board of  
33 Governors shall make the list of degree programs in STEM subject areas available on its  
34 website."

35 **SECTION 8.18.(b)** The nonrecurring funds appropriated in this act to the  
36 Distinguished Professors Endowment Trust Fund for the 2023-2025 fiscal biennium shall be used  
37 to provide matching funds only for selected distinguished professors in STEM subject areas, as  
38 defined by the Board of Governors, in accordance with Part 4A of Article 1 of Chapter 116 of  
39 the General Statutes, as amended by this section.

40 **SECTION 8.18.(c)** Subsection (a) of this section is effective when this act becomes  
41 law and applies to distinguished professorships established on or after that date.

42  
43 **COLLABORATORY STUDY NEXT-GENERATION ENERGY AND RESEARCH**  
44 **DEVELOPMENT**

45 **SECTION 8.19.(a)** Of the nonrecurring funds appropriated in this act for each year  
46 of the 2023-2025 fiscal biennium to the Board of Governors of The University of North Carolina  
47 to be allocated to the University of North Carolina at Chapel Hill for the North Carolina  
48 Collaboratory (Collaboratory) for next-generation energy and research development, the  
49 Collaboratory shall develop academic research partnerships with North Carolina businesses  
50 working in the field of next-generation energies and shall leverage those partnerships to perform  
51 research and development on next-generation energy technologies, including, but not limited to,

1 lithium batteries; computer chip manufacturing; small modular- or micro-nuclear technologies;  
2 hydrogen storage, production, and transportation; and grid modeling across numerous scenarios  
3 for power generation, storage, and distribution. These funds shall not revert at the end of each  
4 year of the 2023-2025 fiscal biennium but shall remain available until expended.

5 **SECTION 8.19.(b)** The Collaboratory shall report on its activities pursuant to  
6 subsection (a) of this section by March 15, 2024, and annually thereafter while funds are  
7 expended under this section, to the Joint Legislative Education Oversight Committee. The report  
8 shall include, at a minimum, all academic research partnerships established pursuant to this  
9 section, the research and development projects undertaken alone or via those partnerships, and  
10 the results of those projects, if any.

11  
12 **REALLOCATION OF FUNDS BETWEEN PATRIOT STAR FAMILY SCHOLARSHIP**  
13 **NONPROFIT CORPORATIONS**

14 **SECTION 8.20.(a)** Of the recurring funds appropriated in S.L. 2021-180 from the  
15 General Fund to the Board of Governors of The University of North Carolina to be allocated to  
16 the Marine Corps Scholarship Foundation, Inc., in the 2021-2023 fiscal biennium for the Patriot  
17 Star Family Scholarship Program (Program) pursuant to Section 8.3 of S.L. 2021-180, the Marine  
18 Corps Scholarship Foundation shall transfer any unencumbered funds remaining at the end of the  
19 2022-2023 fiscal year to the Patriot Foundation in the 2023-2024 fiscal year to be used to award  
20 scholarships pursuant to the Program. The Board of Governors shall assist the Marine Corps  
21 Scholarship Foundation to facilitate the transfer as needed.

22 **SECTION 8.20.(b)** Of the three million dollars (\$3,000,000) in nonrecurring funds  
23 appropriated in S.L. 2021-180 from the State Fiscal Recovery Fund to the Board of Governors  
24 of The University of North Carolina to be allocated to the Marine Corps Scholarship Foundation,  
25 Inc., for the North Carolina Patriot Star Family Recovery Scholarship Program (Program)  
26 pursuant to Section 8.19 of S.L. 2021-180, the Board of Governors shall transfer any unexpended  
27 funds up to three million dollars (\$3,000,000) in the 2023-2024 fiscal year to the Patriot  
28 Foundation to award scholarships pursuant to the Program.

29 **SECTION 8.20.(c)** Subsection (a) of this section becomes effective June 30, 2023.  
30

31 **GREEN INDUSTRY ECONOMIC IMPACT STUDY/NCSU**

32 **SECTION 8.21.** Of the nonrecurring funds appropriated to the Board of Governors  
33 of The University of North Carolina in this act for the 2023-2024 fiscal year to be allocated to  
34 North Carolina State University for the College of Agriculture and Life Sciences (CALs), CALs  
35 shall study the statewide, regional, and county-level economic impact of the green industry in  
36 the State. CALs shall perform the study in consultation with the Department of Agriculture and  
37 Consumer Services and The North Carolina Green Industry Council and shall report the results  
38 of its study by January 15, 2025, to the Joint Legislative Oversight Committee on Agriculture  
39 and Natural and Economic Resources. For purposes of the study required pursuant to this section,  
40 the green industry refers to the production, design, installation, maintenance, and sale of plants,  
41 including trees, shrubs, flowers, sod, and related goods and services, to enhance, beautify, and  
42 protect human environments and to provide jobs and economic growth, including at least the  
43 following:

- 44 (1) Nursery and tree production.
- 45 (2) Turfgrass production.
- 46 (3) Horticulture input and equipment suppliers.
- 47 (4) Landscaping and landscape design services.
- 48 (5) Nursery, florists, garden center, and farm supply retailers.
- 49 (6) Composting.
- 50 (7) Urban forestry.
- 51 (8) Parks and airports.

- 1 (9) Christmas tree production.  
2 (10) Botanic gardens and arboretums.  
3

4 **CLARIFY DEFINITION OF ELIGIBLE PRIVATE INSTITUTIONS FOR PATRIOT**  
5 **SCHOLARSHIP PROGRAMS**

6 **SECTION 8.22.(a)** Section 8.3(c)(4) of S.L. 2021-180 reads as rewritten:

- 7 "(4) Eligible postsecondary institution. – A school that is any of the following:  
8 a. A constituent institution of The University of North Carolina.  
9 b. A community college under the jurisdiction of the State Board of  
10 Community Colleges.  
11 c. ~~A private educational institution as defined in G.S. 143B-1224.~~A  
12 junior college, senior college, or university that meets all of the  
13 following requirements:  
14 1. Is operated and governed by private interests not under the  
15 control of the federal government, the State, or any local  
16 government.  
17 2. Has a main permanent campus, as defined in G.S. 116-280(4),  
18 located within the State of North Carolina.  
19 3. Does not operate for profit.  
20 4. The curriculum is primarily directed toward the awarding of  
21 associate, baccalaureate, or graduate degrees.  
22 5. Meets one of the following requirements:  
23 I. Is a private educational institution, as defined in  
24 G.S. 143B-1224.  
25 II. Is accredited by an accrediting agency that is  
26 recognized by the United States Department of  
27 Education as a reliable authority concerning the quality  
28 of education or training offered by institutions of higher  
29 education.  
30 d. A private vocational institution, including Federal Aviation  
31 Administration certificated aviation training programs."

32 **SECTION 8.22.(b)** Section 8.19(c)(4) of S.L. 2021-180 reads as rewritten:

- 33 "(4) Eligible postsecondary institution. – A school that is any of the following:  
34 a. A constituent institution of The University of North Carolina.  
35 b. A community college under the jurisdiction of the State Board of  
36 Community Colleges.  
37 c. ~~A private educational institution as defined in G.S. 143B-1224.~~A  
38 junior college, senior college, or university that meets all of the  
39 following requirements:  
40 1. Is operated and governed by private interests not under the  
41 control of the federal government, the State, or any local  
42 government.  
43 2. Has a main permanent campus, as defined in G.S. 116-280(4),  
44 located within the State of North Carolina.  
45 3. Does not operate for profit.  
46 4. The curriculum is primarily directed toward the awarding of  
47 associate, baccalaureate, or graduate degrees.  
48 5. Meets one of the following requirements:  
49 I. Is a private educational institution, as defined in  
50 G.S. 143B-1224.



II. Is accredited by an accrediting agency that is recognized by the United States Department of Education as a reliable authority concerning the quality of education or training offered by institutions of higher education.

d. A private vocational institution, including Federal Aviation Administration certificated aviation training programs."

**SECTION 8.22.(c)** This section is effective when this act becomes law and applies to applications for scholarship awards submitted on or after that date.

**PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY**

**WASHINGTON CENTER INTERNSHIP SCHOLARSHIP PROGRAM**

**SECTION 8A.1.(a)** Scholarship Program Established. – Of the funds appropriated in this act for the 2023-2025 fiscal biennium to the Board of Governors of The University of North Carolina for the Washington Center Internship Scholarship Program, the State Education Assistance Authority (Authority) shall award scholarship grants to students who are residents of North Carolina and are enrolled in their second year or higher in a constituent institution of The University of North Carolina to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program at The Washington Center for Internships and Academic Seminars (Washington Center) located in Washington, D.C. The Authority shall administer the scholarship program pursuant to guidelines and procedures established by the Authority consistent with its practices for administering State-funded financial aid. The guidelines and procedures shall include an application process and schedule, notification and disbursement procedures, standards for reporting, and standards for return of funds when a student withdraws from the program. A student who meets the eligibility criteria of the Washington Center to attend a semester or summer term internship program or a shortened one- to four-week public policy and career readiness seminar program may apply to the Authority for a grant to cover costs related to the program. The Authority shall award grants to students in its discretion based on student demand. Grants awarded pursuant to the program shall be for the following amounts:

- (1) For semester term internships, up to ten thousand dollars (\$10,000).
- (2) For summer term internships, up to eight thousand dollars (\$8,000).
- (3) For shortened seminar programs, up to four thousand dollars (\$4,000).

**SECTION 8A.1.(b)** Limitations on Grant Amount. – If a student who is eligible for a grant pursuant to this section also receives a scholarship or other grant covering the cost of attendance for the program, then the amount of the State grant shall be reduced by an appropriate amount determined by the Authority. The Authority shall reduce the amount of the grant so that the sum of all grants and scholarship aid covering the cost of attendance shall not exceed the cost of attendance for the program, including program fees, housing, and incidental costs. The cost of attendance shall be established by the Authority in accordance with information provided to the Authority by the Washington Center.

**SECTION 8A.1.(c)** Internship Activities. – A student participating in the Washington Center's program shall (i) intern four days a week with a nonprofit corporation, private company, federal agency, or a member of the United States Congress, (ii) take an academic class taught by the Washington Center's faculty, (iii) participate in career readiness training programs, and (iv) be responsible for a final portfolio project outlining work completed during the program. Students from all academic majors can participate and benefit from the program.

**SECTION 8A.1.(d)** Academic Credit. – No later than December 1, 2023, the Board of Governors of The University of North Carolina shall develop and promulgate guidance to

1 constituent institutions on a process for awarding up to three academic credit hours for  
2 participation in an internship in accordance with the scholarship program.

3 **SECTION 8A.1.(e)** Funds for the Program. – Any funds that are unencumbered for  
4 the program at the end of each fiscal year shall not revert to the General Fund but shall remain  
5 available for the purposes of this section. The Authority may use up to one percent (1%) of the  
6 funds appropriated each fiscal year for the program for administrative costs.

7 **SECTION 8A.1.(f)** Reporting. – By September 1, 2024, and each year thereafter in  
8 which grants are received under the program, the Authority, in consultation with the Washington  
9 Center, shall report to the Joint Legislative Education Oversight Committee and the Fiscal  
10 Research Division on the implementation of the scholarship program, including the number of  
11 participating students and the amount of awards for each semester or summer term or shortened  
12 seminar program by constituent institution.

13 **SECTION 8A.1.(g)** This section applies beginning with the award of scholarship  
14 grants in the 2023-2024 academic year.

15  
16 **STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S**  
17 **SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS**

18 **SECTION 8A.2.(a)** G.S. 116-204 reads as rewritten:

19 **"§ 116-204. Powers of Authority.**

20 The Authority is hereby authorized and empowered:

21 ...

22 (11a) To be responsible for the disbursement and accounting of funds for the State's  
23 Scholarships for Children of Wartime Veterans established by Part 2 of Article  
24 14 of Chapter 143B of the General Statutes.

25 ...."

26 **SECTION 8A.2.(b)** G.S. 116B-7 reads as rewritten:

27 **"§ 116B-7. Distribution of fund.**

28 ...

29 (b) An amount specified in the Current Operations Appropriations Act shall be  
30 transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~  
31 Board of Governors of The University of North Carolina to be allocated to the State Education  
32 Assistance Authority to partially fund the program of Scholarships for Children of War Veterans  
33 established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be  
34 used only for residents of this State who (i) are worthy and needy as determined by the  
35 Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher  
36 education of this State."

37 **SECTION 8A.2.(c)** G.S. 143B-1211 reads as rewritten:

38 **"§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

39 It shall be the duty of the Department of Military and Veterans Affairs to do all of the  
40 following:

41 ...

42 (11) Manage and maintain the State's Scholarships for Children of Wartime  
43 Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the  
44 General Statutes and in support of the Veterans' Affairs  
45 ~~Commission~~Commission; provided, however, the disbursement of  
46 scholarships to the children of wartime veterans shall be performed by the  
47 State Education Assistance Authority established pursuant to Article 23 of  
48 Chapter 116 of the General Statutes.

49 ...."

50 **SECTION 8A.2.(d)** G.S. 143B-1220 reads as rewritten:

51 **"§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

1 There is hereby created the Veterans' Affairs Commission of the Department of Military and  
2 Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and  
3 duties, as delegated by the Secretary of Military and Veterans Affairs:

4 ...

5 (3) To promulgate rules and regulations concerning the awarding of scholarships  
6 for children of North Carolina veterans as provided by this Article. The  
7 Commission shall make rules and regulations consistent with the provisions  
8 of this Article. All rules and regulations not inconsistent with the provisions  
9 of this Chapter heretofore adopted by the State Board of Veterans' Affairs  
10 shall remain in full force and effect unless and until repealed or superseded by  
11 action of the Veterans' Affairs Commission. All rules and regulations adopted  
12 by the Commission shall be enforced by the Department of Military and  
13 Veterans Affairs; Affairs and, in the disbursement of scholarships, the  
14 Authority, as directed by the Department on behalf of the Commission; and

15 ...."

16 **SECTION 8A.2.(e)** G.S. 143B-1224 reads as rewritten:

17 **"§ 143B-1224. Definitions.**

18 As used in this Part the terms defined in this section shall have the following meaning:

19 ...

20 (2a) "Authority" means the State Education Assistance Authority established  
21 pursuant to Article 23 of Chapter 116 of the General Statutes.

22 ...."

23 **SECTION 8A.2.(f)** G.S. 143B-1225 reads as rewritten:

24 **"§ 143B-1225. Scholarship.**

25 ...

26 (b) The Veterans' Affairs Commission shall select recipients for scholarships and notify  
27 the Authority of the recipients for the disbursement of scholarships in accordance with the  
28 provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans'  
29 Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies  
30 from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall  
31 notify the recipient by May 1st of the year in which the recipient enrolls in college."

32 **SECTION 8A.2.(g)** G.S. 143B-1227 reads as rewritten:

33 **"§ 143B-1227. Administration and funding.**

34 (a) The administration of the scholarship program shall be vested in the Department of  
35 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a  
36 the responsibility of the Department of Military and Veterans Affairs Authority. The Veterans'  
37 Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients,  
38 establish the effective date of scholarships, and may notify the Authority of the need to suspend  
39 or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not  
40 comply with the registration requirements of the Selective Service System or does not maintain  
41 an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the  
42 seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the  
43 peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain  
44 the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such  
45 rules and regulations not inconsistent with the other provisions of this Part as it deems necessary  
46 for the orderly administration of the program. It may require of State or private educational  
47 institutions, as defined in this Part, such reports and other information as it may need to carry out  
48 the provisions of this Part. The Department of Military and Veterans Affairs Authority shall  
49 disburse scholarship payments for recipients certified eligible by the Department of Military and  
50 Veterans Affairs upon certification of enrollment by the enrolling institution.

1 (b) Funds for the support of this program shall be appropriated to the ~~Department of~~  
2 ~~Military and Veterans Affairs Board of Governors of The University of North Carolina to be~~  
3 allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition,  
4 and other charges, and shall be placed in a separate budget code from which disbursements shall  
5 be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as  
6 provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of  
7 this State who are enrolled in public institutions of higher education of this State. ~~In the event the~~  
8 ~~said appropriation for any year is insufficient to pay the full amounts allocable under the~~  
9 ~~provisions of this Part, such supplemental sums as may be necessary shall be allocated from the~~  
10 ~~Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated  
11 for payments under the provisions of this section shall be in accordance with those standards and  
12 procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

13 (c) Allowances for room and board in State educational institutions shall be at such rate  
14 as established by the Secretary of the Department of Military and Veterans Affairs.

15 (d) Scholarship recipients electing to attend a private educational institution shall be  
16 granted a monetary allowance for each term or other academic period attended under their  
17 respective scholarship awards. All recipients under Class I-B scholarship shall receive an  
18 allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III  
19 and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course  
20 or institution. The amount of ~~said the~~ allowances shall be determined by the Director of the  
21 Budget and made known prior to the beginning of each fall quarter or semester; provided that the  
22 Director of the Budget may change the allowances at intermediate periods when in his or her  
23 judgment such changes are necessary. Disbursements by the State shall be to the private  
24 institution concerned, for credit to the account of each recipient attending ~~said the~~ institution.  
25 The manner of payment to any private institution shall be as prescribed by the ~~Department of~~  
26 ~~Military and Veterans Affairs Authority.~~ The participation by any private institution in the  
27 program shall be subject to the applicable provisions of this Part and to examination by State  
28 auditors of the accounts of scholarship recipients attending or having attended private  
29 institutions. The ~~Veterans' Affairs Commission Authority~~ may defer making an award or may  
30 suspend an award in any private institution which does not comply with the provisions of this  
31 Part relating to ~~said the~~ institutions.

32 (e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~  
33 Authority may prescribe special procedures for adjusting the accounts of scholarship recipients  
34 who for reasons of illness, physical inability to attend class or for other valid reason satisfactory  
35 to the ~~Veterans' Affairs Commission Authority~~ may withdraw from State or private educational  
36 institutions prior to the completion of the term, semester, quarter or other academic period being  
37 attended at the time of withdrawal. Such procedures may include, but shall not be limited to,  
38 paying the recipient the dollar value of his or her unused ~~entitlements scholarship~~  
39 academic period being attended, with a corresponding deduction of this period from his or her  
40 remaining scholarship eligibility time.

41 (f) From the funds appropriated from the General Fund each fiscal year to support the  
42 program, the Authority may use up to one hundred fifty thousand dollars (\$150,000) each fiscal  
43 year for administrative costs for the disbursement and accounting activities for the program."

44 **SECTION 8A.2.(h)** This section applies beginning with scholarships awarded for  
45 the 2024-2025 academic year.

46  
47 **PERMIT NCSSM AND UNCSA TUITION SCHOLARSHIPS TO BE USED FOR**  
48 **SUMMER TUITION AND ESTABLISH INSTITUTIONAL TRUST FUND**

49 **SECTION 8A.3.(a)** Part 6 of Article 23 of Chapter 116 of the General Statutes reads  
50 as rewritten:

1 "Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and  
2 Mathematics and the University of North Carolina School of the Arts.

3 "**§ 116-209.89. Definitions.**

4 The following definitions apply in this Part:

5 (1) Academic term. – Any of the following:

6 a. One fall semester.

7 b. One spring semester.

8 c. One summer term.

9 (2) Summer term. – All instruction received in one summer between academic  
10 years.

11 "**§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

12 (a) Within the funds available, a high school graduate from the North Carolina School of  
13 Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts  
14 (UNCSA) in each school year who meets the following conditions shall be eligible for a tuition  
15 grant awarded under this Part:

16 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1  
17 and in accordance with the coordinated and centralized residency  
18 determination process administered by the Authority.

19 (2) Enrolls as a full-time student in a constituent institution of The University of  
20 North Carolina in the next academic year after graduation.

21 (b) Students who receive initial tuition grants as a cohort of a high school graduating class  
22 of NCSSM or UNCSEA shall also be eligible to apply for tuition grants for subsequent academic  
23 ~~years-terms~~ for up to a total of ~~four-eight~~ academic years, terms, provided that tuition grants are  
24 only used for undergraduate tuition.

25 (b1) A student must be continuously enrolled in an undergraduate program at a constituent  
26 institution of The University of North Carolina after the award of the initial tuition grant to be  
27 eligible for tuition grants in subsequent academic ~~years-terms.~~ The Authority shall have the  
28 discretion to waive this requirement if the student is able to demonstrate that any of the following  
29 have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service  
30 obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other  
31 extraordinary hardship.

32 (c) The amount of the tuition grant to each graduate shall be determined and distributed  
33 as provided in G.S. 116-209.91.

34 "**§ 116-209.91. Administration of tuition grants.**

35 (a) The Authority shall administer the tuition grants provided for in this Part pursuant to  
36 guidelines and procedures established by the Authority consistent with its practices for  
37 administering State-funded financial aid. The guidelines and procedures shall include an  
38 application process and schedule, notification and disbursement procedures, standards for  
39 reporting, and standards for return of tuition grants when a student withdraws. The Authority  
40 shall not approve any grant until it receives proper certification from the appropriate constituent  
41 institution that the student applying for the grant is an eligible student. Upon receipt of the  
42 certification, the Authority shall remit, at the times it prescribes, the tuition grant to the  
43 constituent institution on behalf, and to the credit, of the student. In the event a student on whose  
44 behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a  
45 minimum academic load as of the tenth classroom day following the beginning of the school  
46 term for which the tuition grant was paid, the constituent institution shall refund the full amount  
47 of the tuition grant to the Authority.

48 (b) Except as otherwise provided in this section, the amount of the grant awarded to a  
49 student shall cover the tuition cost at the constituent institution in which the student is enrolled.  
50 No tuition grant awarded to a student under this section shall exceed the cost of attendance at a  
51 constituent institution for which the student is enrolled.

1 (c) If a student, who is eligible for a tuition grant under this section, also receives a  
 2 scholarship or other grant covering the cost of attendance at the constituent institution for which  
 3 the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an  
 4 appropriate amount determined by the Authority so that the total amount of scholarships and  
 5 grants received by the student does not exceed the cost of attendance for the institution. The cost  
 6 of attendance shall be determined by the Authority for each constituent institution.

7 (c1) The Authority shall place all funds appropriated to, or otherwise received by, the  
 8 Authority for the award of tuition grants under this Part into an institutional trust fund established  
 9 in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also  
 10 be placed in the institutional trust fund established pursuant to this subsection. The monies in the  
 11 institutional trust fund may be used only for the purposes set forth in this Part.

12 (d) In the event there are not sufficient funds to provide each eligible student who has  
 13 applied in accordance with the application process and the schedule established by the Authority  
 14 with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata  
 15 share of funds available for the academic ~~year~~term covered by the appropriation in the preceding  
 16 fiscal year.

17 (e) The Authority may use up to five percent (5%) of the funds appropriated each year  
 18 for tuition grants under this Part for administrative costs."

19 **SECTION 8A.3.(b)** G.S. 116-209.90(a), as amended by subsection (a) of this  
 20 section, reads as rewritten:

21 "(a) Within the funds available, an eligible graduate in each school year who meets the  
 22 following conditions shall qualify for a tuition grant awarded under this Part:

- 23 (1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1  
 24 and in accordance with the coordinated and centralized residency  
 25 determination process administered by the Authority.
- 26 (2) Enrolls as a full-time student in an eligible institution of higher education in  
 27 the next academic year after graduation.
- 28 (3) Submits a completed Free Application for Federal Student Aid (FAFSA)  
 29 form."

30 **SECTION 8A.3.(c)** G.S. 116-209.91(c1), as enacted by subsection (a) of this  
 31 section, becomes effective June 30, 2023. Subsection (b) of this section applies beginning with  
 32 graduates from the 2023-2024 school year. Except as otherwise provided, this section is effective  
 33 when it becomes law and applies beginning with graduates of the North Carolina School of  
 34 Science and Mathematics and the University of North Carolina School of the Arts from the  
 35 2022-2023 school year.

### 37 **REVISE TEACHING FELLOWS PROGRAM**

38 **SECTION 8A.4.(a)** Part 3 of Article 23 of Chapter 116 of the General Statutes reads  
 39 as rewritten:

40 "Part 3. North Carolina Teaching Fellows Program.

#### 41 **"§ 116-209.60. Definitions.**

42 The following definitions apply in this Part:

- 43 (1) Commission. – The North Carolina Teaching Fellows Commission.
- 44 (2) Director. – The Director of the North Carolina Teaching Fellows Program.
- 45 (3) Forgivable loan. – A forgivable loan made under the Program.
- 46 (4) Program. – The North Carolina Teaching Fellows Program.
- 47 (5) Public school. – An elementary or secondary school located in North Carolina  
 48 that is governed by a local board of education, charter school board of  
 49 directors, regional school board of directors, or University of North Carolina  
 50 laboratory school board of trustees.

- 1           (5a) Qualifying licensure area. – A teacher licensure area in one of the following
- 2           subjects:
- 3           a.       Either of the following, as identified pursuant to G.S. 116-209.62(h):
- 4                 1.       Special education.
- 5                 2.       STEM.
- 6           b.       Elementary education (K-6).
- 7           (5b) Qualifying teacher. – A teacher in a North Carolina public school who meets
- 8           the following criteria:
- 9           a.       Received a forgivable loan under the Program.
- 10          b.       Graduated within 10 years from an educator preparation program
- 11               leading to teacher licensure, excluding any authorized deferment for
- 12               extenuating circumstances.
- 13          (6)     STEM. – Science, technology, engineering, and mathematics.
- 14          (7)     Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

15 ...  
 16 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

17       (a)     Program. – There is established the North Carolina Teaching Fellows Program to be  
 18 administered by the System Office of The University of North Carolina, in conjunction with the  
 19 Authority and the Commission. The purpose of the Program is to recruit, prepare, and support  
 20 students residing in or attending institutions of higher education located in North Carolina for  
 21 preparation as highly effective ~~STEM or special education~~ teachers in qualifying licensure areas  
 22 in the State's public schools. The Program shall be used to provide a forgivable loan to individuals  
 23 interested in preparing to teach in the public schools of the State in ~~STEM or special education~~  
 24 ~~licensure areas.~~ qualifying licensure areas.

25       (b)     Trust Fund. – There is established the North Carolina Teaching Fellows Program  
 26 Trust Fund to be administered by the Authority, in conjunction with the System Office of The  
 27 University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program  
 28 for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans,  
 29 and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the  
 30 Trust Fund is to provide financial assistance to qualified students for completion of teacher  
 31 education and licensure programs to fill ~~STEM or special education~~ qualifying licensure areas in  
 32 the public schools of the State.

33       (c)     Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only  
 34 for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the  
 35 Program, including recruitment and recovery of funds advanced under the Program, (iii)  
 36 mentoring and coaching support to forgivable loan recipients, and (iv) extracurricular  
 37 enhancement activities of the Program in accordance with the following:

- 38           (1)     The Authority shall transfer the greater of six hundred thousand dollars
- 39               (\$600,000) or ten percent (10%) of the available funds from the Trust Fund to
- 40               ~~the General Administration of The University of North Carolina~~ The
- 41               University of North Carolina System Office at the beginning of each fiscal
- 42               year for the Program's administrative costs, the salary of the Director of the
- 43               Program and other Program staff, expenses of the Commission, and to provide
- 44               the Commission with funds to use for the extracurricular enhancement
- 45               activities of the Program.

46 ...  
 47       (d)     Director of the Program. – The Board of Governors of The University of North  
 48 Carolina shall appoint a Director of the Program. The Director shall appoint staff to the  
 49 Commission and shall be responsible for recruitment and coordination of the Program, including  
 50 proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities  
 51 shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher

1 recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human  
2 resources, elected officials, and other community leaders throughout the State, and (iii) attracting  
3 candidates in ~~STEM and special education~~ qualifying licensure areas to the Program. The  
4 Director shall report to the President of The University of North Carolina. The Authority shall  
5 provide office space and clerical support staff, as necessary, to the Director for the Program.

6 (e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt  
7 stringent standards for awarding forgivable loans based on multiple measures to ensure that only  
8 the strongest applicants receive them, including the following:

- 9 (1) Grade point averages.
- 10 (2) Performance on relevant career and college readiness assessments.
- 11 (3) Experience, accomplishments, and other criteria demonstrating qualities  
12 positively correlated with highly effective teachers, including excellent verbal  
13 and communication skills.
- 14 (4) Demonstrated commitment to serve in a ~~STEM or special education~~  
15 qualifying licensure area in North Carolina public schools.

16 (f) Program Selection Criteria. – The Authority shall administer the Program in  
17 cooperation with up to ~~eight~~ 10 institutions of higher education with approved educator  
18 preparation programs selected by the Commission that represent a diverse selection of both  
19 postsecondary constituent institutions of The University of North Carolina and private  
20 postsecondary institutions operating in the State. The Commission shall adopt stringent standards  
21 for selection of the most effective educator preparation programs, including the following:

- 22 (1) Demonstrates high rates of educator effectiveness on value-added models and  
23 teacher evaluations, including using performance-based, subject-specific  
24 assessment and support systems, such as edTPA or other metrics of evaluating  
25 candidate effectiveness that have predictive validity.
- 26 (2) Demonstrates measurable impact of prior graduates on student learning,  
27 including impact of graduates teaching in ~~STEM or special education~~  
28 qualifying licensure areas.
- 29 (3) Demonstrates high rates of graduates passing exams required for teacher  
30 licensure.
- 31 (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
32 learning for diverse learners, and promotes community engagement,  
33 classroom management, and reflection and assessment.
- 34 (5) Requires at least a minor concentration of study in the subject area that the  
35 candidate may teach.
- 36 (6) Provides early and frequent internship or practical experiences, including the  
37 opportunity for participants to perform practicums in diverse school  
38 environments.
- 39 (7) Is approved by the State Board of Education as an educator preparation  
40 program.
- 41 (8) For an educator preparation program enrolling loan recipients in a program of  
42 study leading to licensure in elementary education (K-6), provides training  
43 that is aligned with the Science of Reading in accordance with  
44 G.S. 115C-269.20. The Commission shall contract with a third-party entity to  
45 biennially evaluate whether a program identified in this subdivision is  
46 providing training that is aligned with the Science of Reading.

47 (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected  
48 students to be used at up to ~~eight~~ 10 selected institutions for completion of a program leading to  
49 initial teacher licensure as follows:



- 1 (1) North Carolina high school seniors. – Forgivable loans of up to ~~four thousand~~  
2 ~~one hundred twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per  
3 semester for up to eight semesters.
- 4 (2) Students applying for transfer to a selected educator preparation program at  
5 an institution of higher education. – Forgivable loans of up to ~~four thousand~~  
6 ~~one hundred twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per  
7 semester for up to six semesters.
- 8 (3) Individuals currently holding a bachelor's degree seeking preparation for  
9 teacher licensure. – Forgivable loans of up to ~~four thousand one hundred~~  
10 ~~twenty five dollars (\$4,125)~~ five thousand dollars (\$5,000) per semester for  
11 up to four semesters.
- 12 (4) Students matriculating at institutions of higher education who are changing to  
13 an approved program of study at a selected educator preparation program. –  
14 Forgivable loans of up to ~~four thousand one hundred twenty five dollars~~  
15 ~~(\$4,125)~~ five thousand dollars (\$5,000) per semester for up to four semesters.

16 Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to  
17 obtaining licensure.

18 (h) Identification of STEM and Special Education Licensure Areas. – The Superintendent  
19 of Public Instruction shall identify and provide to the Commission and the Authority a list of  
20 STEM and special education licensure areas and shall annually provide to the Commission the  
21 number of available positions in each qualifying licensure area relative to the number of current  
22 and anticipated teachers in that area of licensure. The Commission shall make the list of STEM  
23 and special education licensure areas readily available to applicants.

24 ...

25 (j) Annual Report. – The Commission, in coordination with the Authority, the  
26 Department of Public Instruction, and the selected educator education programs participating in  
27 the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint  
28 Legislative Education Oversight Committee regarding the following:

- 29 (1) Forgivable loans awarded from the Trust Fund, including the following:  
30 a. Demographic information regarding recipients.  
31 b. Number of recipients by institution of higher education and program.  
32 c. Information on number of recipients by anticipated ~~STEM and special~~  
33 ~~education-qualifying~~ licensure area.
- 34 (2) Placement and repayment rates, including the following:  
35 a. Number of graduates who have been employed in a ~~STEM or special~~  
36 ~~education-qualifying~~ licensure area within two years of program  
37 completion.  
38 b. Number of graduates who accepted employment at a low-performing  
39 school identified under G.S. 115C-105.37 as part of their years of  
40 service.  
41 c. Number of graduates who have elected to do loan repayment and their  
42 years of service, if any, prior to beginning loan repayment.  
43 d. Number of graduates employed in a ~~STEM or special education~~  
44 ~~qualifying~~ licensure area who have received an overall rating of at least  
45 accomplished and have met expected growth on applicable standards  
46 of the teacher evaluation instrument.  
47 e. Aggregate information on student growth and proficiency in courses  
48 taught by graduates who have fulfilled service requirements through  
49 employment in a ~~STEM or special education-qualifying~~ licensure area.

50 ...

51 "§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.

1 (a) Notes. – All forgivable loans shall be evidenced by notes made payable to the  
2 Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the  
3 Authority and beginning on the first day of September after the completion of the program  
4 leading to teacher licensure or 90 days after graduation, whichever is later. If a forgivable loan is  
5 terminated, the note shall be made payable to the Authority 90 days after termination of the  
6 forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the  
7 Program or by the recipient's failure to meet the standards set by the Commission.

8 (b) Forgiveness. – ~~The Authority shall forgive the loan and any interest accrued on the~~  
9 ~~loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive~~  
10 ~~of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a~~  
11 ~~STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year the~~  
12 ~~teacher was awarded the forgivable loan, in any combination of the following:~~ For every year a  
13 qualifying teacher remains a qualifying teacher, the Authority shall forgive the loan amount  
14 received over one year of enrollment in an educator preparation program and any interest accrued  
15 on that amount.

16 (1) ~~One year at a North Carolina public school identified as low performing under~~  
17 ~~G.S. 115C-105.37 at the time the teacher accepts employment at the school~~  
18 ~~or, if the teacher changes employment during this period, at another school~~  
19 ~~identified as low performing.~~

20 (2) ~~Two years at a North Carolina public school not identified as low performing~~  
21 ~~under G.S. 115C-105.37.~~

22 The Authority shall also forgive the loan if it finds that it is impossible for the recipient to  
23 work for up to eight years, within 10 years after completion of the program leading to teacher  
24 licensure, at a North Carolina public school because of the death or permanent disability of the  
25 recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be  
26 repaid within 10 years after completion of the program leading to teacher licensure supported by  
27 the forgivable loan. If the recipient completes a program leading to teacher licensure, payment  
28 of principal and interest shall begin no later than the first day of September after the completion  
29 of the program. Should a recipient present extenuating circumstances, the Authority may extend  
30 the period to repay the loan in cash to no more than a total of 12 years."

31 **SECTION 8A.4.(b)** Educator preparation programs enrolling loan recipients in a  
32 program of study leading to licensure in elementary education (K-6) shall be determined to  
33 provide training that is aligned with the Science of Reading according to the following time line:

34 (1) Notwithstanding G.S. 116-209.62(f)(8), as enacted by this section, for  
35 programs selected prior to August 1, 2024, the program shall be deemed to  
36 provide training that is aligned with the Science of Reading for the 2024-2025  
37 academic year if the program meets either of the following requirements:

38 a. Is rated "strong" or "good" on the February 15, 2023, report of the  
39 Board of Governors of The University of North Carolina on the  
40 Science of Reading Educator Preparation Programs Coursework  
41 Implementation required by Section 8.4 of S.L. 2021-180.

42 b. Received a grade of "A" or higher in reading foundations on the June  
43 2023 report on Strengthening Elementary Reading Instruction of the  
44 National Council on Teacher Quality.

45 (2) In accordance with G.S. 116-206.62(f)(8), the third-party entity selected by  
46 the Commission shall determine whether a program is providing training that  
47 is aligned with the Science of Reading for the 2025-2027 academic years and  
48 each subsequent two academic years thereafter.

49 **SECTION 8A.4.(c)** This section applies to applications for the award of funds  
50 beginning in the 2024-2025 academic year.

1 **EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS, REQUIRE A**  
2 **SEQUENCE OF COURSES FOR EARLY HIGH SCHOOL GRADUATION, AND**  
3 **ESTABLISH THE EARLY GRADUATE SCHOLARSHIP PROGRAM**

4 **SECTION 8A.6.(a)** G.S. 115C-562.1(3), (3c), and (5c) are repealed.

5 **SECTION 8A.6.(b)** G.S. 115C-562.1 is amended by adding a new subdivision to

6 read:

7 "(3a) Eligible student. – A student residing in North Carolina who has not yet  
8 received a high school diploma and who meets all of the following  
9 requirements:

10 a. Is eligible to attend a North Carolina public school pursuant to Article  
11 25 of this Chapter. A child who is the age of 4 on or before April 16 is  
12 eligible to attend the following school year if the principal, or  
13 equivalent, of the school in which the child seeks to enroll finds that  
14 the student meets the requirements established by the Authority  
15 pursuant to G.S. 115C-562.2(d) and those findings are submitted to the  
16 Authority.

17 b. Has not been enrolled in a postsecondary institution as a full-time  
18 student taking at least 12 hours of academic credit.

19 c. Has not been placed in a nonpublic school or facility by a public  
20 agency at public expense."

21 **SECTION 8A.6.(c)** G.S. 115C-562.2 reads as rewritten:

22 **"§ 115C-562.2. Scholarship grants.**

23 (a) The Authority shall make available no later than February 1 annually applications to  
24 eligible students for the award of scholarship grants to attend any nonpublic ~~school.~~ school on a  
25 full- or part-time basis. Information about scholarship grants and the application process shall be  
26 made available on the Authority's Web site. Beginning March 15, the Authority shall begin  
27 awarding scholarship grants ~~according to the following criteria:~~ to students who have applied by  
28 March 1 in the following order:

29 (1) ~~First priority shall be given to eligible~~ Eligible students who received a  
30 scholarship grant for the school year prior to the school year for which the  
31 students are ~~applying if those students have applied by March 1.~~ applying.

32 (2) ~~After scholarship grants have been awarded to prior recipients as provided in~~  
33 ~~subdivision (1) of this subsection, scholarships shall be awarded with~~  
34 ~~remaining funds as follows:~~ Eligible students qualifying for a scholarship grant  
35 in the amount provided under subdivision (1) of subsection (b2) of this  
36 section.

37 a. At least fifty percent (50%) of the remaining funds shall be used to  
38 award scholarship grants to eligible students residing in households  
39 with an income level not in excess of the amount required for the  
40 student to qualify for the federal free or reduced-price lunch program.

41 b. Repealed by Session Laws 2020-97, s. 3.3(a), effective September 4,  
42 2020.

43 e. Any remaining funds shall be used to award scholarship grants to all  
44 other eligible students.

45 (3) Eligible students qualifying for a scholarship grant in the amount provided  
46 under subdivision (2) of subsection (b2) of this section.

47 (4) Eligible students qualifying for a scholarship grant in the amount provided  
48 under subdivision (3) of subsection (b2) of this section.

49 (5) All other students.

50 (b) ~~Scholarship grants awarded to eligible students residing in households with an income~~  
51 ~~level not in excess of the amount required for the student to qualify for the federal free or~~

~~1 reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety  
2 percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of  
3 the average State per pupil allocation for average daily membership in the prior fiscal year.  
4 Scholarship grants awarded to eligible students residing in households with an income level in  
5 excess of the amount required for the student to qualify for the federal free or reduced-price lunch  
6 program shall be for amounts of not more than ninety percent (90%) of the required tuition and  
7 fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a  
8 part-time student for the nonpublic school the eligible child will attend. Tuition and fees for a  
9 nonpublic school may include tuition and fees for books, transportation, equipment, or other  
10 items required by the nonpublic school. No scholarship grant shall exceed, per year per eligible  
11 student, an amount equal to ninety percent (90%) for a full-time student or forty-five percent  
12 (45%) for a part-time student of the average State per pupil allocation for average daily  
13 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition  
14 and fees for the nonpublic school the eligible student will attend.~~

15 (b1) Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.

16 (b2) Scholarship grants shall be awarded to eligible students as follows:

17 (1) For students residing in households with an income level not in excess of the  
18 amount required for the student to qualify for the federal free or reduced-price  
19 lunch program, per year per eligible student, an amount of up to one hundred  
20 percent (100%) of the average State per pupil allocation for average daily  
21 membership in the prior fiscal year.

22 (2) For students residing in households with an income level between the amount  
23 required for the student to qualify for the federal free or reduced-price lunch  
24 program and not in excess of two hundred percent (200%) of that amount, per  
25 year per eligible student, an amount of up to ninety percent (90%) of the  
26 average State per pupil allocation for average daily membership in the prior  
27 fiscal year.

28 (3) For students residing in households with an income level of between two  
29 hundred percent (200%) of the amount required for the student to qualify for  
30 the federal free or reduced-price lunch program and not in excess of four  
31 hundred fifty percent (450%) of that amount, per year per eligible student, an  
32 amount of up to sixty percent (60%) of the average State per pupil allocation  
33 for average daily membership in the prior fiscal year.

34 (4) For all students, per year per eligible student, an amount of up to forty-five  
35 percent (45%) of the average State per pupil allocation for average daily  
36 membership in the prior fiscal year, unless the student qualifies for a higher  
37 amount under this subsection.

38 (b3) Tuition and fees for a nonpublic school may include tuition and fees for books,  
39 transportation, equipment, or other items required by the nonpublic school.

40 (b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to  
41 one hundred percent (100%) of the average State per pupil allocation for average daily  
42 membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition  
43 and fees for the nonpublic school the eligible student will attend.

44 (b5) In addition to the amount of the scholarship grant, for any student receiving a  
45 scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school  
46 an amount equal to the cost of the nationally standardized test required to be administered as  
47 provided in G.S. 115C-562.5.

48 ...."

49 SECTION 8A.6.(d) G.S. 115C-562.3 reads as rewritten:

50 "§ 115C-562.3. Verification of eligibility; information from other State agencies.

(a) To verify that the domicile requirements of G.S. 115C-366 are met for State residency, the Authority shall establish a domicile determination system and shall establish rules for determination of domicile within the State in accordance with this subsection. The Division of Motor Vehicles of the Department of Transportation, the Department of Public Instruction, the Department of Commerce, the Department of Health and Human Services, the Department of Revenue, the State Board of Elections, and the State Chief Information Officer each shall expeditiously cooperate with the Authority in verifying electronically, or by other similarly effective and efficient means, evidence submitted to the Authority for the purposes of establishing the domicile required by G.S. 115C-366 for State residency. The Authority shall accept any of the following as evidence of domicile within the State:

- (1) Verified State drivers license or State identification card.
- (2) Verified State voter registration.
- (3) Verified receipt of public benefits from a State agency.
- (4) Verified filing of State income taxes for the year prior to application.
- (5) Verified enrollment in a North Carolina public school at the time of application.
- (6) An electronically submitted copy of one of the following current documents that show the name of the parent and an address within the State:
  - a. A utility bill.
  - b. A bank statement.
  - c. A government check.
  - d. A paycheck.
  - e. Any other government document.

(a1) ~~The~~ In addition to the requirements of subsection (a) of this section, the Authority may seek verification of information on any application for scholarship grants from eligible students. The Authority shall select and verify ~~six percent (6%)~~ four percent (4%) of applications for scholarship grant funds awarded under G.S. 115C-562.2(b2)(1) through (b2)(3) annually, including those with apparent errors on the face of the application. The Authority shall establish rules for the verification process and may use the federal verification requirements process for free and reduced-price lunch applications as guidance for those rules. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of the scholarship grant to the eligible student.

(b) Household members of applicants for scholarship grants shall authorize the Authority to access information needed for verification efforts conducted under this section held by other State agencies, including the Department of Revenue, the Department of Health and Human Services, and the Department of Public Instruction. ~~The Department of Public Instruction shall provide the Authority with public school enrollment information to establish eligibility pursuant to G.S. 115C-562.1(3)a., as needed.~~

(c) By December 1 of each year, the Department of Public Instruction shall provide the Authority the average State per pupil allocation for that fiscal year to determine the maximum scholarship amount for eligible students to be awarded in the following fiscal year in accordance with ~~G.S. 115C-562.2(b)~~ G.S. 115C-562.2(b2)."

**SECTION 8A.6.(e)** G.S. 115C-562.5 reads as rewritten:

**"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving scholarship grants.**

(a) A nonpublic school that accepts eligible students receiving scholarship grants shall comply with the following:

- ...
- (4) Administer, at least once in each school year, tests as provided in this subdivision. Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this

subdivision is not a public record under Chapter 132 of the General Statutes. Tests shall be administered to all eligible students enrolled in grades three and higher whose tuition and fees are paid in whole or in part with a scholarship grant as follows:

- a. The nationally standardized test designated by the Authority in grades three and eight.
- b. The ACT in grade 11.
- c. ~~a~~A nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school ~~to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher. in all other grades four and higher.~~ For grades ~~three~~ four through ~~eight, seven,~~ the nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics. For grades ~~nine through 12, nine, 10, and 12,~~ the nationally standardized test or other equivalent measurement selected must measure either (i) achievement in the areas of English grammar, reading, spelling, and mathematics or (ii) competencies in the verbal and quantitative areas. ~~Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes.~~

...

(b) A nonpublic school that accepts students receiving scholarship grants shall not require any additional fees based on the status of the student as a scholarship grant recipient.

(c) A nonpublic school enrolling more than 25 students in any grade whose tuition and fees are paid in whole or in part with a scholarship grant ~~shall report~~ shall provide and retain information on student test performance in each grade with more than 25 students, as follows:

- (1) Report to the Authority on the aggregate standardized test performance of eligible ~~students.~~ students in grades three, eight, and 11. Aggregate test performance data reported to the Authority which does not contain personally identifiable student data shall be a public record under Chapter 132 of the General Statutes. Test performance data may be shared with public or private institutions of higher education located in North Carolina and shall be provided to an independent research organization selected by the Authority for research purposes as permitted by the Federal Education Rights and Privacy Act, 20 U.S.C. § 1232g.
- (2) Retain standardized test performance data for eligible students in all other grades and annually certify to the Authority compliance with the requirements of subdivision (4) of subsection (a) of this section.

...."

**SECTION 8A.6.(f)** G.S. 115C-562.7 reads as rewritten:

**"§ 115C-562.7. Authority reporting requirements.**

...

(b) The Authority shall report annually, no later than October 15, to the Joint Legislative Education Oversight Committee on the following information from the prior school year:

- (1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship grants.
- (2) Total amount of scholarship grant funding awarded.

- 1           (3) ~~Number of students previously enrolled in local school administrative units or~~  
 2 ~~charter schools in the prior semester by the previously attended local school~~  
 3 ~~administrative unit or charter school.~~
- 4           (4) Nonpublic schools in which scholarship grant recipients are enrolled,  
 5 including numbers of scholarship grant students at each nonpublic school.
- 6           (5) Nonpublic schools deemed ineligible to receive scholarships.
- 7       (c) The Authority shall report annually, no later than December 1, to the Department of  
 8 Public Instruction and the Joint Legislative Education Oversight Committee on the following:
- 9           (1) Learning gains or losses of students receiving scholarship grants. The report  
 10 shall include learning gains or losses of participating students on a statewide  
 11 basis and shall compare, to the extent possible, the learning gains or losses of  
 12 eligible students by nonpublic school to the statewide learning gains or losses  
 13 of public school students with similar socioeconomic backgrounds, using  
 14 aggregate standardized test performance data provided to the Authority by  
 15 nonpublic schools and by the Department of Public Instruction. The report  
 16 shall, at a minimum, analyze the aggregate performance of students receiving  
 17 scholarship grants in grades three, eight, and 11 on the designated nationally  
 18 standardized test in comparison to national outcomes for that test.
- 19           (2) Competitive effects on public school performance ~~on standardized tests~~ as a  
 20 result of the scholarship grant program. The report shall analyze the impact of  
 21 the availability of scholarship grants on public school performance ~~on~~  
 22 ~~standardized tests~~ by local school administrative units to the extent possible,  
 23 and shall provide comparisons of the impact by geographic region and  
 24 between rural and urban local school administrative units.

25       This report shall be conducted by an independent research organization to be selected by the  
 26 Authority, which may be a public or private entity or university. The independent research  
 27 organization shall report to the Authority on the results of its research. The Joint Legislative  
 28 Education Oversight Committee shall review reports from the Authority and shall make ongoing  
 29 recommendations to the General Assembly as needed regarding improving administration and  
 30 accountability for nonpublic schools accepting students receiving scholarship grants.

31       (d) For any fiscal year in which the Authority uses funds from the Reserve as provided  
 32 under G.S. 115C-562.8(e), the Authority shall report to the Joint Legislative Education Oversight  
 33 Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal  
 34 year on at least the following:

- 35           (1) The methodology used by the Authority for determining the awards for the  
 36 school year, including the number of eligible students and the amount of  
 37 scholarship grants that were awarded under G.S. 115C-562.2.
- 38           (2) The actual number of eligible students and the amount of scholarship grants  
 39 received by eligible students for that school year.
- 40           (3) The amount of funds used from the Reserve, as permitted under  
 41 G.S. 115C-562.8(e), to fully fund the awards.
- 42           (4) Any legislative recommendations, including funding amounts, for the  
 43 scholarship grant program for the next fiscal year."

44       **SECTION 8A.6.(g)** G.S. 115C-562.8 reads as rewritten:

45       **"§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

46       (a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be  
 47 administered by the Board of Governors of The University of North Carolina for the purpose of  
 48 allocating funds to the Authority for the award of scholarship grants in accordance with this Part.  
 49 The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the  
 50 General Assembly and any interest accrued to it thereon. These funds shall be used to award  
 51 scholarship grants to eligible students for the school year that begins in the fiscal year following

1 the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall  
 2 only use monies in the Reserve in accordance with the purposes set forth in this section. Funds  
 3 appropriated in a particular fiscal year to be used for the award of scholarships in the following  
 4 fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds  
 5 were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d)  
 6 of this section, if applicable. After funds are used for this purpose, any unexpended funds from  
 7 the funds appropriated in a particular fiscal year to be used for the award of scholarships in the  
 8 following fiscal year shall be carried forward for one fiscal year and may be used for the purposes  
 9 set forth in this section. Funds carried forward pursuant to this section that have not been spent  
 10 within one fiscal year shall revert to the General Fund.

11 (b) The General Assembly finds that, due to the critical need in this State to provide  
 12 opportunity for school choice for North Carolina students, it is imperative that the State provide  
 13 an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore,  
 14 there is appropriated from the General Fund to the Reserve the following amounts for each fiscal  
 15 year to be used for the purposes set forth in this section:

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$176,540,000
2024-2025	\$191,540,000
2025-2026	<del>\$206,540,000</del> \$415,540,000
2026-2027	<del>\$221,540,000</del> \$430,540,000
2027-2028	<del>\$236,540,000</del> \$445,540,000
2028-2029	<del>\$251,540,000</del> \$460,540,000
2029-2030	<del>\$266,540,000</del> \$475,540,000
2030-2031	<del>\$281,540,000</del> \$490,540,000
2031-2032	<del>\$296,540,000</del> \$505,540,000

32 For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the  
 33 General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand~~  
 34 ~~dollars (\$311,540,000)~~ five hundred twenty million five hundred forty thousand dollars  
 35 (\$520,540,000) to be used for the purposes set forth in this section. When developing the base  
 36 budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director  
 37 of the Budget shall include the appropriated amount specified in this subsection for that fiscal  
 38 year.

39 (c) Of the funds allocated to the Authority to award scholarship grants under this Part,  
 40 the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each  
 41 fiscal year for administrative costs associated with the scholarship grant program.

42 (d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a  
 43 particular fiscal year to be used for the award of scholarships in the following fiscal year shall be  
 44 used as follows:

- 45 (1) Up to ~~five hundred thousand dollars (\$500,000)~~ one million dollars  
 46 (\$1,000,000) may be used by the Authority to contract with ~~a nonprofit~~  
 47 ~~corporation~~ one or more nonprofit corporations representing parents and  
 48 families for outreach and scholarship education and application assistance for  
 49 parents and students pursuant to Part 4A of this Article.
- 50 (2) Any remaining funds shall be carried forward for one fiscal year pursuant to  
 51 subsection (a) of this section.



1       (e) The Authority shall make reasonable efforts to ensure the amount of scholarship  
2 grants awarded for a school year do not exceed the funds that are available for the awards to  
3 eligible students in each fiscal year. However, notwithstanding subsection (a) of this section, to  
4 ensure that as many eligible students receive scholarship grants in a timely manner as possible,  
5 the Authority may use up to thirty percent (30%) of the unencumbered cash balance in the  
6 Reserve in a fiscal year if the funds required to award scholarship grants to eligible students for  
7 a school year exceed the funds available for the distribution of those awards. If the Authority  
8 expends funds in excess of those available in the Reserve for a particular school year, the  
9 Authority shall submit the report required by G.S. 115C-562.7(b1)."

10       **SECTION 8A.6.(h)** Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as  
11 part of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter  
12 115C of the General Statutes for the 2024-2025 school year, a parent shall certify to the State  
13 Education Assistance Authority that the domicile requirements of G.S. 115C-562.1(3a), as  
14 enacted by this act, are met for eligibility purposes in lieu of submitting evidence electronically  
15 to the State Education Assistance Authority through a domicile determination system. The State  
16 Education Assistance Authority shall select six percent (6%) of the applications for the  
17 2024-2025 school year to verify the domicile requirements are met for the award of a scholarship  
18 grant to an eligible student. As evidence of domicile, the State Education Assistance Authority  
19 may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a  
20 parent fails to cooperate with verification efforts under this section, the State Education  
21 Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In  
22 addition, if the State Education Assistance Authority determines that the certification of the  
23 parent contains falsified information, the parent may be subject to administrative, civil, or  
24 criminal penalties. The State Education Assistance Authority shall include a notice of the  
25 potential for the imposition of penalties when requesting certification as part of the application  
26 process.

27       **SECTION 8A.6.(i)** The Superintendent of Public Instruction shall study and report  
28 the following to the Joint Legislative Education Oversight Committee by March 1, 2024:

- 29       (1) For the purpose of comparing student performance, recommendations for a  
30 nationally standardized test for use in third grade and a nationally standardized  
31 test for use in eighth grade that would be appropriate for administering to (i)  
32 students in nonpublic schools who are receiving Opportunity Scholarships  
33 beginning with the 2024-2025 school year and (ii) students attending schools  
34 in public school units.
- 35       (2) Alignment between the nationally standardized test selected pursuant to  
36 subdivision (1) of this subsection and the standard course of study for third  
37 grade and eighth grade, respectively, including a crosswalk between the  
38 standards assessed by the nationally standardized test and the standard course  
39 of study.
- 40       (3) Feasibility of developing a through-grade assessment for third and eighth  
41 grade that would meet the following criteria:
- 42           a. Assess mastery of the standard course of study.
- 43           b. Consist of multiple testing events throughout the year that are  
44 aggregated into a summative score.
- 45           c. Replace the current end-of-grade assessments for third and eighth  
46 grade.
- 47           d. Yield data that can be used with the Education Value-Added  
48 Assessment System (EVAAS).
- 49           e. Comply with federal law.

50       **SECTION 8A.6.(j)** The State Education Assistance Authority shall designate as the  
51 nationally standardized assessment to be administered by nonpublic schools, in accordance with

1 G.S. 115C-562.5(a)(4), the tests recommended by the Superintendent of Public Instruction for  
2 use in third grade and eighth grade in accordance with subsection (i) of this section.

3 **SECTION 8A.6.(k)** G.S. 115C-12(9d)a. reads as rewritten:

4 "a. The Board may develop exit standards that shall be required for high  
5 school graduation. The Board shall develop a sequence of courses that  
6 shall be available in all local school administrative units to allow a  
7 student to complete the credits required for graduation in a three-year  
8 period. The Board shall indicate on a student's transcript if the student  
9 graduates from a public high school within three years of entering the  
10 ninth grade. A local board of education shall not require any additional  
11 credits beyond those mandated by the Board for high school  
12 graduation. The Board shall require the following for high school  
13 graduation:

- 14 1. Successful completion of instruction in cardiopulmonary  
15 resuscitation as provided in G.S. 115C-81.25(c)(10).
- 16 2. A passing grade in the semester course on the Founding  
17 Principles of the United States of America and the State of  
18 North Carolina described in G.S. 115C-81.45(d)(1)."

19 **SECTION 8A.6.(l)** G.S. 115C-12(9d)b.2. reads as rewritten:

20 "2. The Board shall not require any student to prepare a high  
21 school graduation project as a condition of graduation from  
22 high school; ~~local boards of education may, however, require~~  
23 ~~their students to complete a high school graduation as provided~~  
24 ~~in G.S. 115C-47(54a).school."~~

25 **SECTION 8A.6.(m)** G.S. 115C-47(54a) is repealed.

26 **SECTION 8A.6.(n)** G.S. 115C-12(32) reads as rewritten:

27 "(32) Duty to Encourage Early Entry of Motivated Students into Four-Year College  
28 Programs. –

- 29 a. The State Board of Education, in cooperation with the Education  
30 Cabinet, shall work with local school administrative units, the  
31 constituent institutions of The University of North Carolina, local  
32 community colleges, and private colleges and universities to (i)  
33 encourage early entry of motivated students into two-year or four-year  
34 college-postsecondary programs and to (ii) ensure that there are  
35 opportunities at two-year and four-year institutions for academically  
36 talented high school students to get an early start on college  
37 coursework, either at nearby institutions or through distance learning.
- 38 b. The State Board of Education shall also adopt policies directing school  
39 guidance counselors in all public school units to make ninth grade  
40 students aware of the potential to complete the high school courses  
41 required for college entry in a three-year ~~period~~.period and for the  
42 availability of early graduate scholarships under Part 7 of Article 23  
43 of Chapter 116 of the General Statutes for those students."

44 **SECTION 8A.6.(o)** G.S. 115C-47 is amended by adding a new subdivision to read:

45 "(53a) To Encourage Early High School Graduation. – Local boards of education  
46 shall offer a sequence of courses in accordance with G.S. 115C-12(9d) and to  
47 advise students using this sequence to graduate within three years of entering  
48 the ninth grade of the availability of early graduate scholarships under Part 7  
49 of Article 23 of Chapter 116 of the General Statutes."

50 **SECTION 8A.6.(p)** G.S. 115C-218.85(a) is amended by adding a new subdivision

51 to read:

1           "(6) A charter school may offer a sequence of courses in accordance with  
2           G.S. 115C-12(9d) and shall advise students using this sequence to graduate  
3           within three years of entering the ninth grade of the availability of early  
4           graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General  
5           Statutes."

6           **SECTION 8A.6.(q)** G.S. 115C-238.66(1) is amended by adding a new  
7 sub-subdivision to read:

8           "f. The board of directors may offer a sequence of courses in accordance  
9           with G.S. 115C-12(9d) and shall advise students using this sequence  
10           to graduate within three years of entering the ninth grade of the  
11           availability of early graduate scholarships under Part 7 of Article 23  
12           of Chapter 116 of the General Statutes."

13           **SECTION 8A.6.(r)** Governing bodies of other public school units that offer a  
14 sequence of courses in accordance with G.S. 115C-12(9d) and all local boards of education shall  
15 report to the Department of Public Instruction on the number of rising eleventh graders utilizing  
16 the sequence of courses to complete the credits required for graduation in a three-year period by  
17 May 15, 2025, and May 15, 2026. The Department of Public Instruction shall report the total  
18 number of rising eleventh graders utilizing the sequence of courses to complete the credits  
19 required for graduation in a three-year period by public school unit to the Fiscal Research  
20 Division by June 1, 2025, and June 1, 2026.

21           **SECTION 8A.6.(s)** The State Board of Education shall adopt an emergency rule no  
22 later than November 1, 2023, to establish the graduation requirements and sequence of courses  
23 required by this section. Governing bodies of public school units shall advise students beginning  
24 with the 2023-2024 school year of this sequence, the option to graduate within three years of  
25 entering the ninth grade, and the availability of early graduate scholarships. Students enrolled in  
26 the tenth grade during the 2023-2024 school year who complete the sequence of courses required  
27 for graduation in a three-year period shall be eligible to graduate in the 2024-2025 school year.

28           **SECTION 8A.6.(t)** Article 23 of Chapter 116 of the General Statutes is amended by  
29 adding a new Part to read:

30           "Part 7. The Early Graduate Scholarship Program.

31 **"§ 116-209.100. Definitions.**

32           The following definitions apply to this Part:

33           (1) Eligible postsecondary institution. – A school that is:

34           a. A constituent institution of The University of North Carolina as  
35           defined in G.S. 116-2(4).

36           b. A community college as defined in G.S. 115D-2(2).

37           c. A nonprofit postsecondary institution as defined in G.S. 116-280(3).

38           (2) Matriculated status. – Being recognized as a student in a defined program of  
39           study leading to a degree, diploma, or certificate at an eligible postsecondary  
40           institution.

41           (3) Program. – The Early Graduate Scholarship Program.

42           (4) Reserve Fund. – Reserve Fund for Early Graduate Scholarships.

43           (5) Scholarship. – An Early Graduate Scholarship for education awarded under  
44           this Part.

45 **"§ 116-209.101. Eligibility requirements for a scholarship and duration of scholarship.**

46           (a) In order to be eligible to receive a scholarship under this Part, a student seeking a  
47           degree, diploma, or certificate at an eligible postsecondary institution must meet all of the  
48           following requirements:

49           (1) Graduate from a State public high school within three years of entering the  
50           ninth grade. The Department of Public Instruction shall indicate on a student's

1 transcript provided to the Authority that the student is an early graduate  
2 pursuant to this section.

3 (2) Qualify as a resident for tuition purposes under the criteria set forth in  
4 G.S. 116-143.1 and in accordance with the coordinated and centralized  
5 residency determination process administered by the Authority.

6 (3) Meet enrollment standards by being admitted, enrolled, and classified as a  
7 student in a matriculated status at an eligible postsecondary institution.

8 (4) Submit a Free Application for Federal Student Aid (FAFSA).

9 (b) A student is eligible to receive the scholarship for no more than two semesters in the  
10 two academic years immediately following the student's graduation from high school.

11 **"§ 116-209.102. Scholarship amounts; amounts dependent on availability of funds.**

12 (a) The amount of a scholarship awarded under this Part to a student at an eligible  
13 postsecondary institution shall be determined annually by the Authority using a payment  
14 schedule that is based upon a corresponding value of student financial need as defined by federal  
15 methodology to the income eligibility for a scholarship grant awarded under G.S. 115C-562.2.  
16 The Authority shall publish the payment schedule for the Program in an easily accessible and  
17 understandable format. No scholarship awarded to a student under this Part shall exceed the cost  
18 of attendance at the eligible postsecondary institution in which the student is enrolled.

19 (b) If a student who is eligible for a scholarship under this Part also receives a scholarship  
20 or other grant covering the cost of attendance at the eligible postsecondary institution for which  
21 the scholarship is awarded, then the amount of the scholarship shall be reduced by an appropriate  
22 amount determined by the Authority so that the total amount of scholarships and grants received  
23 by the student does not exceed the cost of attendance for the institution. The cost of attendance  
24 shall be determined by the Authority for each eligible postsecondary institution.

25 (c) In the event there are not sufficient funds to provide each eligible student who has  
26 applied in accordance with the application process and the schedule established by the Authority  
27 with a full scholarship as provided by this Part, the Authority shall first award scholarships to  
28 those students whose student financial need as defined by federal methodology corresponds to  
29 those eligible to be awarded scholarship grants in accordance with G.S. 115C-562.2(b2)(1) and  
30 (b2)(2).

31 **"§ 116-209.103. Scholarship administration; reporting requirements.**

32 (a) The scholarships provided for in this Part shall be administered by the Authority under  
33 rules adopted by the Authority in accordance with the provisions of this Part. The rules shall  
34 include an application process and schedule, notification and disbursement procedures, and  
35 standards for reporting.

36 (b) The Authority shall report no later than December 1, 2026, and annually thereafter to  
37 the Joint Legislative Education Oversight Committee. The report shall contain, for the previous  
38 academic year, the dollar amount of awards disbursed, the number of eligible students receiving  
39 funds, and a breakdown of the eligible postsecondary institutions that received the funds.

40 (c) Scholarship funds unexpended shall remain available for future scholarships to be  
41 awarded under this Part.

42 **"§ 116-209.104. Reserve Fund for Early Graduate Scholarships.**

43 (a) There is established the Reserve Fund for Early Graduate Scholarships as a reserve  
44 consisting of the following monies:

45 (1) Funds appropriated by the General Assembly for the Program from the  
46 General Fund in the Current Operations Appropriations Act for a fiscal year.

47 (2) All interest earned on these funds.

48 (b) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall  
49 remain available until expended for the purposes of this Part.

50 (c) The Authority may use up to one and one-half percent (1.5%) of the funds available  
51 in the Reserve Fund each fiscal year for administrative costs related to the Program."

1           **SECTION 8A.6.(u)** Subsections (a) through (j) of this section are effective July 1,  
2 2023, and apply to application and award of scholarship grants beginning with the 2024-2025  
3 school year. Subsection (t) of this section is effective when this act becomes law and applies to  
4 application and award of scholarships beginning with the 2025-2026 academic year. The  
5 remainder of this section is effective when this act becomes law.

#### 6 7 **LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT**

8           **SECTION 8A.7.(a)** Program Established. – Of the funds appropriated in this act to  
9 the Board of Governors of The University of North Carolina for each year of the 2023-2025 fiscal  
10 biennium to be allocated to the State Education Assistance Authority for the Longleaf  
11 Commitment Grant Program (Program) from the Escheat Fund and the General Fund, the  
12 Authority shall administer the Program for the 2023-2025 fiscal biennium to award grants to  
13 eligible students graduating from high school at the end of the 2022-2023 school year to cover  
14 tuition and fees at a community college for up to two years.

15           **SECTION 8A.7.(b)** Eligible Students. – A student shall be considered an eligible  
16 student to receive a grant under the Program if the student meets all of the following  
17 requirements:

- 18           (1) Graduates from high school during the 2022-2023 school year or receives a  
19 high school equivalency diploma during the 2022-2023 school year.
- 20           (2) Qualifies as a resident for tuition purposes under the criteria set forth in  
21 G.S. 116-143.1 and in accordance with the coordinated and centralized  
22 residency determination process administered by the Authority.
- 23           (3) Completes the Free Application for Federal Student Aid (FAFSA) for the  
24 2023-2024 academic year and, if applicable, renews the FAFSA for the  
25 2024-2025 academic year.
- 26           (4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars  
27 (\$15,000).
- 28           (5) Enrolls in the Fall 2023 semester and maintains enrollment in at least six credit  
29 hours per semester in curriculum courses at a community college.

30           **SECTION 8A.7.(c)** Award Amounts. – Grants awarded under the Program shall be  
31 for a minimum amount of seven hundred dollars (\$700.00) per eligible student with a maximum  
32 grant of up to two thousand eight hundred dollars (\$2,800) per eligible student per year for up to  
33 two years, which includes cost of tuition and a fee allowance.

34           **SECTION 8A.7.(d)** Administration. – The Authority may adopt rules for the  
35 administration of the Program. Of the funds appropriated in this act to the Board of Governors  
36 of The University of North Carolina for each year of the 2023-2025 fiscal biennium to be  
37 allocated to the State Education Assistance Authority for the Program from the General Fund,  
38 the Authority may use up to one percent (1%) of the total appropriations for the Program from  
39 all funding sources in each fiscal year for administrative costs related to the Program.

40           **SECTION 8A.7.(e)** Reports. – The Authority shall submit the following reports to  
41 the Joint Legislative Education Oversight Committee regarding the Program:

- 42           (1) By March 15, 2024, recommendations for a permanent community college  
43 grant program that incorporates the goals of the Longleaf Commitment Grant  
44 Program established in this section and the Need-Based Scholarship Program  
45 for Public Colleges and Universities established in Part 5 of Article 23 of  
46 Chapter 116 of the General Statutes.
- 47           (2) An initial report by September 1, 2024, and a final report by September 1,  
48 2025, on the implementation of the Program. These reports shall contain, for  
49 each academic year, the amount of grant funds disbursed and the number of  
50 eligible students receiving funds.

1 **CONFORM SEAA REQUIREMENTS WITH FEDERAL CHANGES TO FAFSA**  
 2 **SIMPLIFICATION ACT**

3 **SECTION 8A.9.(a)** G.S. 116-143.3(c) reads as rewritten:

4 "(c) Any dependent relative of a member of the Armed Forces who is abiding in this State  
 5 incident to active military duty, as defined by the Board of Governors of The University of North  
 6 Carolina and by the State Board of Community Colleges while sharing the abode of that member  
 7 shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for  
 8 admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). ~~The dependent~~  
 9 ~~relatives shall comply with the requirements of the Selective Service System, if applicable, in~~  
 10 ~~order to be accorded this benefit.~~ In the event the member of the Armed Forces is reassigned  
 11 outside of North Carolina or retires, the dependent relative shall continue to be eligible for the  
 12 in-State tuition rate and applicable mandatory fees so long as the dependent relative is  
 13 continuously enrolled in the degree or other program in which the dependent relative was enrolled  
 14 at the time the member is reassigned or retires. In the event the member of the Armed Forces  
 15 receives an Honorable Discharge from military service, the dependent relative shall continue to  
 16 be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent  
 17 relative establishes residency within North Carolina within 30 days after the discharge and is  
 18 continuously enrolled in the degree or other program in which the dependent relative was enrolled  
 19 at the time the member is discharged."

20 **SECTION 8A.9.(b)** G.S. 143B-421.1 reads as rewritten:

21 "**§ 143B-421.1. Selective Service registration, registration, State employment.**

22 (a) ~~A~~ ~~Any person who is required under~~ subject to 50 United States Code Appx. § 453  
 23 (Military Selective Service Act) ~~to present himself for and submit to registration and fails shall~~  
 24 register as required by that act. Any person who fails to do so in accordance with any  
 25 proclamation or any rule or regulation issued under this section, shall be ineligible for:

- 26 (1) ~~Employment for~~ employment by or service for the State, or a political  
 27 subdivision of the State, including all boards and commissions, departments,  
 28 agencies, institutions, and instrumentalities.  
 29 (2) ~~State-supported scholarships, programs for financial assistance for~~  
 30 ~~postsecondary education, or loans insured by any State agency, including~~  
 31 ~~educational assistance authorized under Article 23 of Chapter 116 of the~~  
 32 ~~General Statutes.~~

33 (b) It shall be the duty of all persons or officials having charge of and authority over either  
 34 the hiring of ~~employees or granting of educational assistance,~~ employees, as described in this  
 35 section, to adopt rules and regulations which shall require applicants to indicate on a form  
 36 whether they are in compliance with the registration requirements described in subsection (a).  
 37 Rules and regulations issued under the authority of this section shall provide that an applicant be  
 38 given not less than 30 days after notification of a proposed finding of ineligibility for employment  
 39 ~~or benefits~~ to provide the issuing official with information that he is in compliance with the  
 40 registration requirements described in subsection (a). The issuing official may afford such person  
 41 an opportunity for a hearing to establish his compliance or for any other purpose.

42 (c) A person may not be denied a right, privilege, or benefit under State law by reason of  
 43 failure to present himself for and submit to registration under 50 U.S.C.S. Appx. § 453 ~~if~~ if all of  
 44 the following apply:

- 45 (1) The requirement for the person to so register has terminated or become  
 46 inapplicable to the ~~person;~~ and person.  
 47 (2) The person shows by a preponderance of the evidence that the failure of the  
 48 person to register was not a knowing and willful failure to register."

49 **SECTION 8A.9.(c)** This section is effective when it becomes law and applies  
 50 beginning with the 2023-2024 academic year.  
 51

1 **CONFORM IN-STATE TUITION FOR MILITARY-RELATED INDIVIDUALS TO**  
2 **FEDERAL LAW**

3 **SECTION 8A.10.(a)** G.S. 115D-39(a) reads as rewritten:

4 "(a) The State Board of Community Colleges shall fix and regulate all tuition and fees  
5 charged to students for applying to or attending any institution pursuant to this Chapter.

6 The receipts from all student tuition and fees, other than student activity fees, shall be State  
7 funds and shall be deposited as provided by regulations of the State Board of Community  
8 Colleges.

9 The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and  
10 G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter;  
11 ~~provided, however, that when Chapter, except as follows:~~

12 (1) ~~When an employer other than the Armed Forces, employer of a qualifying~~  
13 ~~federal services member, as that term is defined in G.S. 116-143.3, pays~~  
14 ~~tuition for an employee to attend an institution operating pursuant to this~~  
15 ~~Chapter and when the employee works at a North Carolina business location,~~  
16 ~~the employer shall be charged the in-State tuition rate; provided further,~~  
17 ~~however, a rate.~~

18 (2) ~~A community college may charge in-State tuition to up to one percent (1%)~~  
19 ~~of its out-of-state students, rounded up to the next whole number, to~~  
20 ~~accommodate the families transferred by business, the families transferred by~~  
21 ~~industry, or the civilian families transferred by the Armed Forces, of~~  
22 ~~qualifying federal services member transferred to a permanent duty station,~~  
23 ~~consistent with the provisions of G.S. 116-143.3, into the State.~~

24 (3) ~~Notwithstanding these requirements, a A~~ refugee who lawfully entered the  
25 United States and who is living in this State shall be deemed to qualify as a  
26 domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for  
27 community college tuition purposes as defined in G.S. 116-143.1(a)(2).

28 (4) ~~Also, a A~~ nonresident of the United States who has resided in North Carolina  
29 for a 12-month qualifying period and has filed an immigrant petition with the  
30 United States Immigration and Naturalization Service shall be considered a  
31 State resident for community college tuition purposes."

32 **SECTION 8A.10.(b)** G.S. 116-143.3 reads as rewritten:

33 **"§ 116-143.3. Tuition of ~~Armed Forces personnel~~ qualifying federal services members and**  
34 **their spouses and dependents.**

35 (a) Definitions. – The following definitions apply in this section:

36 (1) ~~The term "abode" shall mean the Abode. – The place where a person actually~~  
37 ~~lives, whether temporarily or permanently; the term "abide" shall mean to live~~  
38 ~~in a given place.~~

39 (2) ~~The term "Armed Forces" shall mean the Armed Forces. – The United States~~  
40 ~~Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina~~  
41 ~~National Guard; and any reserve component of the foregoing.~~

42 (2a) Dependent. – A spouse or dependent child.

43 (3) Repealed by Session Laws 2007-484, s. 15, effective August 30, 2007.

44 (4) Qualifying federal services member. – Any of the following:

45 a. A member of the Armed Forces who is on active duty for a period of  
46 more than 30 days, as defined in 10 U.S.C. § 101.

47 b. A member of the Foreign Service, as defined in 22 U.S.C. § 3903, who  
48 is on active duty for a period of more than 30 days.

49 (b) ~~Any active duty member of the Armed Forces qualifying for admission~~ qualifying  
50 federal services member admitted to an institution of higher education ~~education,~~ as defined in  
51 ~~G.S. 116-143.1(a)(3)~~ G.S. 116-143.1(a)(3), but not qualifying as a resident for tuition purposes

1 under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for  
2 enrollments while the ~~member of the Armed Forces is abiding in this State incident to active~~  
3 ~~military duty~~ qualifying federal services member's permanent duty station is in this State. In the  
4 event the ~~active duty member of the Armed Forces~~ qualifying federal services member is  
5 reassigned outside of North Carolina or retires, the member shall continue to be eligible for the  
6 in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled  
7 in the degree or other program in which the member was enrolled at the time the member is  
8 reassigned. In the event the qualifying federal services member is an active duty member of the  
9 Armed Forces and receives an Honorable Discharge from military service, the member shall  
10 continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the  
11 member establishes residency in North Carolina within 30 days after the discharge and is  
12 continuously enrolled in the degree or other program in which the member was enrolled at the  
13 time the member is discharged.

14 (b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

15 (c) Any ~~dependent relative of a member of the Armed Forces who is abiding in this State~~  
16 ~~incident to active military duty, as defined by the Board of Governors of The University of North~~  
17 ~~Carolina and by the State Board of Community Colleges while sharing the abode of that member~~  
18 dependent of a qualifying federal services member with a permanent duty station in this State  
19 shall be eligible to be charged the in-State tuition rate, if the dependent ~~relative~~ qualifies for  
20 admission to an institution of higher ~~education~~ education, as defined in G.S. 116-143.1(a)(3).  
21 The dependent ~~relatives~~ shall comply with the requirements of the Selective Service System, if  
22 applicable, in order to be accorded this benefit. In the event the ~~member of the Armed Forces~~  
23 qualifying federal services member is reassigned outside of North Carolina or retires, the  
24 dependent ~~relative~~ shall continue to be eligible for the in-State tuition rate and applicable  
25 mandatory fees so long as the dependent ~~relative~~ is continuously enrolled in the degree or other  
26 program in which the dependent ~~relative~~ was enrolled at the time the member is reassigned or  
27 retires. In the event the qualifying federal services member is an active duty member of the  
28 Armed Forces and receives an Honorable Discharge from military service, the dependent ~~relative~~  
29 shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as  
30 the dependent ~~relative~~ establishes residency within North Carolina within 30 days after the  
31 discharge and is continuously enrolled in the degree or other program in which the dependent  
32 ~~relative~~ was enrolled at the time the member is discharged.

33 (c1) A dependent ~~relative~~ child who resides with a member of the Armed Forces who is  
34 reassigned outside of the State incident to active military duty shall remain eligible to be charged  
35 the in-State tuition rate if all of the following are met:

36 (1) At the time the dependent ~~relative~~ child applies for admission to the institution  
37 of higher education, as defined in G.S. 116-143.1(a)(3), the dependent ~~relative~~  
38 child both:

39 a. Is enrolled in a North Carolina high school.

40 b. Meets the requirements of subsection (c) of this section.

41 (2) Upon admission, the dependent ~~relative~~ child enrolls in the institution of  
42 higher education no later than the fall academic semester immediately  
43 following notice of admission and remains continuously enrolled.

44 (d) The person applying for the benefit of this section has the burden of proving  
45 entitlement to the benefit.

46 (e) A person charged less than the out-of-state tuition rate solely by reason of this section  
47 shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the  
48 benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (l)."

49 **SECTION 8A.10.(c)** G.S. 116-235(b)(1) reads as rewritten:

50 "(1) Admission of Students. – The School shall admit students in accordance with  
51 criteria, standards, and procedures established by the Board of Trustees. To be



1 eligible to be considered for admission, an applicant must be either a legal  
 2 resident of the State, as defined by G.S. 116-143.1(a)(1), or a ~~student whose~~  
 3 ~~parent is an active duty member of the Armed Forces, as defined by~~  
 4 ~~G.S. 116-143.3(2), who is abiding in this State incident to active military duty~~  
 5 ~~at the time the application is submitted, dependent of a qualifying federal~~  
 6 ~~services member eligible under G.S. 116-143.3, provided the student shares~~  
 7 the abode of that parent; eligibility to remain enrolled in the School shall  
 8 terminate at the end of any school year during which a student becomes a  
 9 nonresident of the State. The Board of Trustees shall ensure, insofar as  
 10 possible without jeopardizing admission standards, that an equal number of  
 11 qualified applicants is admitted to the program and to the residential summer  
 12 institutes in science and mathematics from each of North Carolina's  
 13 congressional districts. In no event shall the differences in the number of  
 14 qualified applicants offered admission to the program from each of North  
 15 Carolina's congressional districts be more than two and one-half percentage  
 16 points from the average number per district who are offered admission."

17 **SECTION 8A.10.(d)** This section is effective when it becomes law. Qualifying  
 18 federal services members and their spouses and dependent children shall be eligible to be charged  
 19 the in-State tuition rate beginning with the 2024-2025 academic year.  
 20

21 **ALLOW PREAPPROVAL OF PESA EXPENSES IN LIEU OF EXPENSE REPORTS, AS**  
 22 **RECOMMENDED BY THE INTERNAL AUDITOR**

23 **SECTION 8A.11.(a)** G.S. 115C-592(b2) reads as rewritten:

24 "(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
 25 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
 26 the scholarship funds in two equal amounts, one-half in each semester of the school year. The  
 27 first deposit of funds to a PESA shall be subject to the execution of the parental agreement  
 28 required by G.S. 115C-595. The parent shall then receive an electronic account with the prepaid  
 29 funds loaded in the electronic account at the beginning of the school year. ~~After the initial~~  
 30 ~~disbursement of funds, each subsequent, semester disbursement of funds shall be subject to the~~  
 31 ~~submission by the parent of an expense report. The expense report shall be submitted~~  
 32 ~~electronically and shall include documentation that the student received an education, as~~  
 33 ~~described in G.S. 115C-595(a)(1), for no less than 70 days of the applicable semester. Requests~~  
 34 ~~for qualifying educational expenses are subject to a preapproval process established by the~~  
 35 ~~Authority prior to the disbursement of funds from the electronic account. An expense report shall~~  
 36 ~~not be required for any expenses that have been preapproved by the Authority.~~ The electronic  
 37 account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for  
 38 recipients awarded scholarship funds in subsequent school years."

39 **SECTION 8A.11.(b)** G.S. 115C-595(a)(1) reads as rewritten:

40 "(1) Use at least a portion of the scholarship funds to provide an ~~education~~  
 41 ~~education, for no less than 70 days of each semester,~~ to the eligible student in,  
 42 at a minimum, the subjects of English language arts, mathematics, social  
 43 studies, and science."

44 **SECTION 8A.11.(c)** This section is effective when it becomes law.  
 45

46 **ALLOW CASH BASIS ACCOUNTING FOR SCHOOLS PARTICIPATING IN THE**  
 47 **OPPORTUNITY SCHOLARSHIP PROGRAM**

48 **SECTION 8A.12.(a)** G.S. 115C-562.5(a)(6) reads as rewritten:

49 "(6) Contract with a certified public accountant to perform a financial review,  
 50 consistent with generally accepted methods of accounting principles, or any  
 51 other comprehensive basis of accounting recognized by the American Institute

of Certified Public Accountants (AICPA) for each school year in which the school enrolls 70 or more students receiving scholarship grants or scholarship funds awarded by the Authority."

**SECTION 8A.12.(b)** This section is effective when it becomes law.

**PERSONAL EDUCATION STUDENT ACCOUNT UNEXPENDED FUNDS TO ESTABLISH AN INSTITUTIONAL TRUST FUND**

**SECTION 8A.13.(a)** G.S. 115C-600 reads as rewritten:

**"§ 115C-600. Funds for Personal Education Student Accounts.**

(a) The General Assembly finds that due to the continued growth and ongoing need in this State to provide opportunity for school choice for children with disabilities, it is imperative that the State provide an increase in funds of at least one million dollars (\$1,000,000) each fiscal year for 10 years for the Personal Education Student Accounts for Children with Disabilities Program. To that end, there is appropriated from the General Fund to the Board of Governors of The University of North Carolina the following amounts each fiscal year to be allocated to the Authority for the Program in accordance with this Article:

<b>Fiscal Year</b>	<b>Appropriation</b>
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
2031-2032	\$56,943,166
2032-2033 and each subsequent fiscal year thereafter	\$57,943,166

When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this section, the Director of the Budget shall include the appropriated amount specified in this section for that fiscal year.

(b) The Authority shall make reasonable efforts to ensure the amount of scholarship funds awarded for a school year do not exceed the funds that are available for awards to eligible students in each fiscal year. However, to ensure that as many eligible students receive scholarship funds in a timely manner as possible, at the end of each fiscal year, the Authority shall place any unexpended funds appropriated for the Program into an institutional trust fund established in accordance with the provisions of G.S. 116-36.1 to accrue a cash balance in the institutional trust fund of up to ten million dollars (\$10,000,000). The Authority shall use these funds to award scholarship funds in any fiscal year that the funds required to award scholarships to eligible students for a school year exceed the funds available for the distribution of those awards. All interest earned on these funds shall also be placed in the institutional trust fund established pursuant to this subsection. For any fiscal year in which funds are expended from the institutional trust fund, the Authority shall submit a report as required by G.S. 115C-598(b). In any fiscal year in which the cash balance of the institutional trust fund is greater than ten million dollars (\$10,000,000), any funds above ten million dollars (\$10,000,000) remaining at the end of the fiscal year from the funds appropriated for the Program shall revert to the General Fund."

**SECTION 8A.13.(b)** G.S. 115C-598 reads as rewritten:

**"§ 115C-598. Reporting requirements.**

(a) The Authority shall report annually, no later than October 15, to the Joint Legislative Education Oversight Committee on the following information from the prior school year:

- (1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.

- 1 (2) Total amount of scholarship funding awarded.  
 2 (3) Number of students previously enrolled in public schools in the prior semester  
 3 by the previously attended local education agency.  
 4 (4) Nonpublic schools in which scholarship recipients are enrolled, including  
 5 numbers of scholarship recipients at each nonpublic school.  
 6 (5) The number of substantiated cases of fraud by recipients and the number of  
 7 parents or students removed from the program for noncompliance with the  
 8 provisions of this Article.

9 (b) For any fiscal year in which the Authority uses funds as provided under  
 10 G.S. 115C-600(b), the Authority shall report to the Joint Legislative Education Oversight  
 11 Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal  
 12 year on at least the following:

- 13 (1) The methodology used by the Authority for determining the awards for the  
 14 school year, including the number of eligible students and the amount of  
 15 scholarship funds that were awarded under G.S. 115C-592.  
 16 (2) The actual number of eligible students and the amount of scholarship funds  
 17 received by eligible students for that school year.  
 18 (3) The amount of funds used pursuant to G.S. 115C-600(b) to fully fund the  
 19 awards.  
 20 (4) Any legislative recommendations, including funding amounts, for the  
 21 Program for the next fiscal year."

22 **SECTION 8A.13.(c)** G.S. 115C-597(a)(4) reads as rewritten:

23 "(4) Monitoring and control of spending scholarship funds deposited in a ~~personal~~  
 24 ~~education savings account.~~PESA."

25 **SECTION 8A.13.(d)** This section is effective June 30, 2023, and applies beginning  
 26 with the award of scholarship funds for the 2023-2024 school year.

## 27 28 **PRIMARY CARE MEDICINE AND PSYCHIATRY TARGETED ASSISTANCE** 29 **PROGRAM**

30 **SECTION 8A.14.(a)** G.S. 116-209.45 reads as rewritten:

31 **"§ 116-209.45. Forgivable Education Loans for Service Program and Fund.**

32 (a) Policy. – The General Assembly finds that it is in the public interest to provide  
 33 financial assistance in the form of forgivable loans for service to qualified students who are  
 34 committed to working in the State in order to respond to critical employment shortages.

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

- 36 (1) Eligible Institution. – Notwithstanding G.S. 116-201(b)(5) and  
 37 G.S. 116-201(b)(6) and for purposes of this section only, an institution of  
 38 higher education that is any of the following:  
 39 a. A postsecondary constituent institution of The University of North  
 40 Carolina as defined in G.S. 116-2(4).  
 41 b. A community college as defined in G.S. 115D-2(2).  
 42 c. through e. Repealed by Session Laws 2012-142, s. 9.2(a), effective  
 43 July 1, 2012.  
 44 f. Another public or nonprofit postsecondary institution offering a  
 45 program of study not otherwise available in North Carolina that is  
 46 deemed to be eligible under rules promulgated by the Authority.  
 47 g. An eligible private postsecondary institution as defined in  
 48 G.S. 116-280(3).

49 (1a) Eligible county. – A county designated as a development tier one or  
 50 development tier two area in the annual ranking performed by the Department  
 51 of Commerce pursuant to G.S. 143B-437.08.

- 1 (2) Fund. – The Forgivable Education Loans for Service Fund.  
2 (2a) Healthcare facility. – Any hospital, clinic, or other medical practice of any  
3 size that provides in-person healthcare services to patients in an eligible  
4 county. It is the intent of the General Assembly that a majority of the services  
5 provided by a healthcare facility are in-person services to residents of eligible  
6 counties.  
7 (3) Loan. – A forgivable loan made under the Program.  
8 (3a) Primary Care Medicine and Psychiatry Targeted Assistance Program. – A  
9 targeted assistance program administered through the Forgivable Education  
10 Loans for Service Program to provide forgivable loans to certain students who  
11 agree to practice primary care medicine or psychiatry on a full-time basis at  
12 healthcare facilities located in eligible counties, as set forth in subsection (c1)  
13 of this section.  
14 (4) Program. – The Forgivable Education Loans for Service Program.  
15 (c) Establish Forgivable Education Loans for Service Program. – There is established the  
16 Forgivable Education Loans for Service Program to be administered by the Authority. The  
17 purpose of the Program is to facilitate and promote the making, insuring, and collection of loans  
18 from the Forgivable Education Loans for Service Fund. The Program shall ~~initially~~ target future  
19 teachers, nurses, and allied health ~~professionals~~ professionals, including the professionals  
20 described in subsection (c1) of this section, to further the purposes of the Program in responding  
21 to high-need employment shortages in the State.  
22 (c1) Loans for Students in the Primary Care Medicine and Psychiatry Targeted Assistance  
23 Program. – The Primary Care Medicine and Psychiatry Targeted Assistance Program is  
24 established for the purpose of addressing the critical demand for physicians practicing primary  
25 care medicine and psychiatry in the rural and highest-need areas of the State through a forgivable  
26 loan for service program. Unless otherwise provided under this subsection, the Authority shall  
27 administer the Primary Care Medicine and Psychiatry Targeted Assistance Program in the same  
28 manner as the Forgivable Education Loans for Service Program as set forth in this section and in  
29 accordance with the following criteria:  
30 (1) Loan amount. – To the extent funds are made available for the Primary Care  
31 Medicine and Psychiatry Targeted Assistance Program, the Authority shall  
32 award loans to students as follows:  
33 a. Students enrolled in a medical school at an institution of higher  
34 education that is an eligible institution pursuant to sub-subdivision a.  
35 or g. of subdivision (1) of subsection (b) of this section for the purpose  
36 of obtaining licensure as a physician under Article 1 of Chapter 90 of  
37 the General Statutes to practice either primary care medicine or  
38 psychiatry may qualify for an award of loans in an amount of up to  
39 twenty-five thousand dollars (\$25,000) per academic year, per student,  
40 for a total amount of loans of up to one hundred thousand dollars  
41 (\$100,000) per student.  
42 b. The Authority shall give priority for the award of loans under this  
43 subsection to qualified applicants residing in eligible counties.  
44 c. To the extent funds provided for the Primary Care Medicine and  
45 Psychiatry Targeted Assistance Program are insufficient to award  
46 forgivable loans to qualified applicants, the Authority may establish a  
47 lottery process for selection of loan recipients in accordance with the  
48 requirements established by this subsection.  
49 (2) Repayment through service. – The Authority shall forgive a loan awarded  
50 under this subsection through service repayment according to the following:

- 1           a.     The total amount of any loan awarded in one academic year, and any  
2           interest accrued on the loan, shall be forgiven if the loan recipient  
3           serves in one year of full-time employment as a licensed physician  
4           practicing primary care medicine or psychiatry in a healthcare facility  
5           located in an eligible county. The Authority may verify compliance  
6           with all or a portion of the requirements of this sub-subdivision by  
7           requiring the loan recipient, his or her employer, or both to complete  
8           an attestation of qualifying employment.
- 9           b.     If the loan recipient is practicing primary care medicine or psychiatry  
10          in a healthcare facility located in a county that loses its status as an  
11          eligible county before the recipient completes his or her service  
12          obligation for the total amount of loans awarded under this subsection,  
13          the loan recipient's employment as a physician practicing primary care  
14          medicine or psychiatry shall continue to be deemed qualifying for the  
15          purposes of loan forgiveness in accordance with this section as long as  
16          the recipient is employed in a healthcare facility located in that county  
17          without a break in service.
- 18          c.     The Authority may provide for accelerated repayment and less than  
19          full-time employment options.

20          (d)     Establish Forgivable Loans for Service Fund. – There is established the Forgivable  
21          Education Loans for Service Fund to be administered by the Authority. The purpose of the Fund  
22          is to provide financial assistance to qualified students to enable them to obtain the requisite  
23          education beyond the high school level to work in North Carolina in certain high-need  
24          professions as identified by the General Assembly and to respond to current as well as future  
25          employment shortages in North Carolina. The Authority shall reserve any funds made available  
26          for the Primary Care Medicine and Psychiatry Targeted Assistance Program for the purpose of  
27          administering the award of loans pursuant to subsection (c1) of this section.

28          (e)     Eligibility for Loans. – The Authority shall establish the criteria for initial and  
29          continuing eligibility to participate in the Program. All loan recipients shall be residents of North  
30          Carolina and shall attend an eligible institution.

31          The Authority shall adopt standards deemed appropriate by the Authority to ensure that only  
32          qualified, potential recipients receive a loan under the Program. The standards may include  
33          minimum grade point average and satisfactory academic progress.

34          (f)     Loan Terms and Conditions. – ~~The~~ Except as otherwise provided in subsection (c1)  
35          of this section, following terms and conditions shall apply to each loan made pursuant to this  
36          section:

- 37               (1)     Promissory note. – All loans shall be evidenced by promissory notes made  
38               payable to the Authority.
- 39               (2)     Interest. – All promissory notes shall bear an interest rate established by the  
40               Authority that does not exceed ten percent (10%) and is in relation to the  
41               current interest rate for nonneed-based federal loans made pursuant to Title  
42               IV of the Higher Education Act of 1965, as amended. Interest shall accrue  
43               from the date of disbursement of the loan funds.
- 44               (3)     Loan amount. – The Authority shall establish the amount of the loan based on  
45               funds available and factors such as the recipient's educational program,  
46               enrollment status, and field of study.
- 47               (4)     Repayment. – The Authority shall establish the criteria for loan forgiveness  
48               for employment in a designated field in North Carolina. These criteria may  
49               provide for accelerated repayment and less than full-time employment  
50               options. The Authority shall collect cash repayments when service repayment  
51               is not completed. The Authority shall establish the terms for cash repayment,

1 including a minimum monthly repayment amount and maximum period of  
2 time to complete repayment.

3 (5) Death and disability. – The Authority may forgive all or part of a loan if it  
4 determines that it is impossible for the recipient to repay the loan in cash or  
5 service because of the death or disability of the recipient.

6 (6) Hardship. – The Authority may grant a forbearance, a deferment, or both in  
7 hardship circumstances when a good faith effort has been made to repay the  
8 loan in a timely manner.

9 (7) Other. – The Authority may establish other terms and conditions that are  
10 necessary or convenient to effectuate the Program.

11 (g) Advisory Group. – The Authority shall appoint an advisory group composed of, at  
12 minimum, appropriate representatives from higher education institutions and health and labor  
13 departments, agencies, or commissions to make recommendations to the Authority regarding the  
14 Authority's future apportionment and distribution of Program loans based on projected labor  
15 market shortages, higher education enrollment projections, and other relevant information.

16 (h) Use of Fund Monies. – All funds appropriated to or otherwise received by the  
17 Authority to provide loans through the Program, all funds received as repayment of loans, and  
18 all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for  
19 loans made pursuant to this section and for administrative costs of the Authority, including costs  
20 of administering the former Teaching Fellows Program transferred to the Authority under  
21 G.S. 116-209.27.

22 (i) ~~Rule-making~~ Rulemaking Authority. – The Authority may adopt rules necessary to  
23 implement, administer, and enforce the provisions of this section.

24 (j) Report to the General Assembly. – The Authority shall report no later than December  
25 1, 2013, and annually thereafter to the Joint Legislative Education Oversight Committee  
26 regarding the Fund and loans awarded from the Fund."

27 **SECTION 8A.14.(b)** The State Education Assistance Authority (Authority), in  
28 consultation with the Department of Health and Human Services, Office of Rural Health, shall  
29 report no later than January 15, 2025, to the Joint Legislative Education Oversight Committee  
30 and the Joint Legislative Oversight Committee on Health and Human Services on strategies to  
31 increase the pipeline of physicians practicing primary care medicine and psychiatry in the State.  
32 The report shall include recommendations for at least the following:

33 (1) Statewide and local options for programs and initiatives to do the following:

34 a. Complement the Primary Care Medicine and Psychiatry Targeted  
35 Assistance Program, as enacted by subsection (a) of this section.

36 b. Increase the number of physicians practicing primary care medicine  
37 and psychiatry in high-need areas of the State, including eligible  
38 counties, as defined in G.S. 116-209.45(b)(1a), as enacted by  
39 subsection (a) of this section.

40 (2) Any other matter the Authority deems relevant to the report.

41 **SECTION 8A.14.(c)** Of the nonrecurring funds appropriated from the ARPA  
42 Temporary Savings Fund to the Board of Governors of The University of North Carolina for the  
43 2023-2025 fiscal biennium to be allocated to the State Education Assistance Authority  
44 (Authority) for the Primary Care Medicine and Psychiatry Targeted Assistance Program  
45 (Program) to be administered through the Forgivable Education Loans for Service Program in  
46 accordance with G.S. 116-209.45, as amended by this section, the Authority shall use those funds  
47 to provide forgivable loans under the Program to qualifying students enrolled in a medical school  
48 at a qualifying institution of higher education beginning in the 2024-2025 academic year.

49  
50 **COMMON DIGITAL TRANSCRIPT**

51 **SECTION 8A.15.(a)** For purposes of this section, the following definitions apply:

- 1 (1) Authority. – State Education Assistance Authority.
- 2 (2) Eligible public education entity. – Any of the following:
- 3 a. A public school unit.
- 4 b. A community college.
- 5 c. A constituent institution of The University of North Carolina.

6 **SECTION 8A.15.(b)** Of the nonrecurring funds appropriated in this act for the  
7 2023-2024 fiscal year to the Board of Governors of The University of North Carolina to be  
8 allocated to the Authority for the creation of a common digital transcript, the Authority, in  
9 consultation with the Department of Public Instruction, the Community Colleges System Office,  
10 and The University of North Carolina System Office, shall contract with the College Foundation,  
11 Inc., to design, develop, and maintain a common digital transcript for students enrolled in eligible  
12 public education entities. The transcript shall meet at least the following criteria:

- 13 (1) Be available to all students.
- 14 (2) Be secure and confidential.
- 15 (3) Be compatible with data systems used by eligible public education entities.
- 16 (4) Be free of cost to students who are enrolled in or have been enrolled in an  
17 eligible public education entity.

18 **SECTION 8A.15.(c)** No later than March 15, 2024, the Authority shall report to the  
19 Joint Legislative Education Oversight Committee on the progress made by the College  
20 Foundation, Inc., in designing and developing the digital transcript, including at least the  
21 following:

- 22 (1) Any additional steps to be taken for this purpose and a time line for completing  
23 those steps and publishing the transcript to students.
- 24 (2) Estimates of additional costs needed to design, develop, and maintain the  
25 digital transcript, including operational costs.

## 26 **REVISE REPORTING REQUIREMENTS FOR SEAA AND DNPE**

27 **SECTION 8A.16.(a)** G.S. 115C-562.4 reads as rewritten:

28 **"§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant**  
29 **information.**

30 (a) The Division shall provide annually by ~~February 1~~ December 31 to the Authority a  
31 list of all nonpublic schools operating in the State that meet both of the requirements of Part 1 or  
32 Part 2 of this Article. ~~Article and the requirements of G.S. 115C-652.5(a)(7).~~ The Division shall  
33 notify the Authority of any schools included in the list that the Division has determined to be  
34 ineligible within five business days of the determination of ineligibility. The Division shall  
35 create, in collaboration with the Authority, a unique identifier for each nonpublic school and  
36 provide the unique identifiers to the Authority for all nonpublic schools that are registered with  
37 the Division.

38 (b) The Authority shall provide information about the scholarship grant program to the  
39 Division, including applications and the obligations of nonpublic schools accepting eligible  
40 students receiving scholarship grants. The Division shall ensure that information about the  
41 scholarship grant program is provided to all qualified nonpublic schools on an annual basis."

42 **SECTION 8A.16.(b)** G.S. 115C-562.5 reads as rewritten:

43 **"§ 115C-562.5. Obligations of nonpublic schools accepting eligible students receiving**  
44 **scholarship grants.**

45 (a) A nonpublic school that accepts eligible students receiving scholarship grants shall  
46 comply with the following:

47 ...

48 (8) Provide the following information annually to the Division:

- 49 a. Name and address of the school, including physical location address.
- 50 A school with more than one physical location shall establish a
- 51

1 separate notice of intent for each physical location and shall provide  
 2 all information required by this subdivision for each physical location.

3 b. The name of the owners and chief administrator.

4 c. Number of students in attendance at the school as of October 1.

5 ...

6 (e) If a nonpublic school terminates operation during the school's regular schedule and  
 7 fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed  
 8 to the Authority in a timely manner for students who received scholarship grants, any other  
 9 nonpublic school opened during that school year or subsequent school years by an owner or chief  
 10 administrator listed in the report submitted to the Division under subdivision (7) of subsection  
 11 (a) of this section for that closed school shall be ineligible to receive scholarship grants until such  
 12 time the Authority determines the obligation to return those funds has been satisfied."

13 **SECTION 8A.16.(c)** G.S. 115C-596 reads as rewritten:

14 "**§ 115C-596. Identification of nonpublic schools and distribution of personal education**  
 15 **student account information.**

16 (a) List of Nonpublic Schools. – The Division shall provide annually by ~~February 1~~  
 17 December 31 to the Authority a list of all nonpublic schools operating in the State that meet the  
 18 requirements of Part 1, 2, or 3 of Article 39 of this Chapter. The list shall include whether a Part  
 19 1 or 2 nonpublic school has met the requirements of G.S. 115C-562.5(a)(7).

20 (b) Information on PESAs to the Division. – The Authority shall provide information  
 21 about personal education student accounts to the Division. The Division shall provide  
 22 information about PESAs to all qualified nonpublic schools on an annual basis.

23 (c) Unique Identifier. – The Division shall create, in collaboration with the Authority, a  
 24 unique identifier for each nonpublic school and provide the unique identifiers to the Authority  
 25 for all nonpublic schools that are registered with the Division."

26  
 27 **ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM**  
 28 **OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT**  
 29 **ACCOUNTS**

30 **SECTION 8A.17.** Notwithstanding G.S. 115C-562.8(c) and G.S. 115C-597(d), for  
 31 the 2023-2024 fiscal year only, if the actual costs of administering the Personal Education  
 32 Student Accounts for Children with Disabilities Program exceed the funds authorized for  
 33 administration of that program pursuant to G.S. 115C-597(d), the Authority may allocate unused  
 34 funds set aside for administration costs from the Opportunity Scholarship Grant Fund Reserve  
 35 pursuant to G.S. 115C-562.8(c) for the additional administrative costs of the Personal Education  
 36 Student Accounts for Children with Disabilities Program.

37  
 38 **PART IX. HEALTH AND HUMAN SERVICES**

39  
 40 **PART IX-A. AGING AND ADULT SERVICES**

41  
 42 **CONFORMING PARITY CHANGES PERTAINING TO THE STATE-COUNTY**  
 43 **SPECIAL ASSISTANCE IN-HOME PROGRAM**

44 **SECTION 9A.1.** G.S. 108A-47.1(b) reads as rewritten:

45 "(b) All county departments of social services shall participate in the State-County Special  
 46 Assistance in-home program by making Special Assistance in-home slots available to individuals  
 47 who meet the eligibility requirements established by the Department pursuant to subsection (a)  
 48 of this section. ~~By February 15, 2013, the Department shall establish a formula to determine the~~  
 49 ~~need for additional State-County Special Assistance in-home slots for each county. Beginning~~  
 50 ~~July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as~~  
 51 ~~necessary."~~



**PART IX-B. CENTRAL MANAGEMENT AND SUPPORT****REPORTS BY NON-STATE ENTITIES ON THE USE OF DIRECTED GRANT FUNDS**

**SECTION 9B.1.** The Department of Health and Human Services shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division all reports received under 9 NCAC 03M .0205 from non-State entities, as defined in G.S. 143C-1-1, that are recipients of nonrecurring funds allocated in this Part as a directed grant according to the following schedule:

- (1) By November 1, 2024, all reports on the use of directed grant funds received under this Part for the 2023-2024 fiscal year.
- (2) By November 1, 2025, all reports on the use of directed grant funds received under this Part for the 2024-2025 fiscal year.

**COMMUNITY HEALTH GRANT PROGRAM**

**SECTION 9B.2.(a)** Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management, Office of Rural Health, for each year of the 2023-2025 fiscal biennium for the Community Health Grant Program shall be used to continue to administer the Community Health Grant Program as modified by Section 11A.8 of S.L. 2017-57.

**SECTION 9B.2.(b)** The Office of Rural Health shall make the final decision about awarding grants under this Program, but no single grant award shall exceed one hundred fifty thousand dollars (\$150,000) during the fiscal year. In awarding grants, the Office of Rural Health shall consider the availability of other funds for the applicant; the incidence of poverty in the area served by the applicant or the number of indigent clients served by the applicant; the availability of, or arrangements for, after-hours care; and collaboration between the applicant and a community hospital or other safety net organizations.

**SECTION 9B.2.(c)** Grant recipients shall not use these funds to do any of the following:

- (1) Enhance or increase compensation or other benefits of personnel, administrators, directors, consultants, or any other persons receiving funds for program administration; provided, however, funds may be used to hire or retain health care providers. The use of grant funds for this purpose does not obligate the Department of Health and Human Services to continue to fund compensation beyond the grant period.
- (2) Supplant existing funds, including federal funds traditionally received by federally qualified community health centers. However, grant funds may be used to supplement existing programs that serve the purposes described in subsection (a) of this section.
- (3) Finance or satisfy any existing debt.

**SECTION 9B.2.(d)** The Office of Rural Health may use up to two hundred thousand dollars (\$200,000) in recurring funds for each fiscal year of the 2023-2025 fiscal biennium for administrative purposes.

**SECTION 9B.2.(e)** By September 1 of each year, the Office of Rural Health shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on community health grants that includes at least all of the following information:

- (1) The identity and a brief description of each grantee and each program or service offered by the grantee.
- (2) The amount of funding awarded to each grantee.
- (3) The number of individuals served by each grantee and, for the individuals served, the types of services provided to each.

- 1 (4) Any other information requested by the Office of Rural Health as necessary  
2 for evaluating the success of the Community Health Grant Program.  
3

4 **FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY**  
5 **DENTAL CLINICS**

6 **SECTION 9B.3.** Funds appropriated in this act to the Department of Health and  
7 Human Services, Division of Central Management and Support, Office of Rural Health, and  
8 allocated as a directed grant to the NC Dental Society Foundation for its Missions of Mercy  
9 dental clinics shall not be spent for any purpose other than to provide direct services to patients  
10 and to purchase necessary dental supplies. None of these directed grant funds may be spent for  
11 administrative purposes.  
12

13 **EXPANSION OF THE NC LOAN REPAYMENT PROGRAM/INCENTIVES FOR THE**  
14 **RECRUITMENT AND RETENTION OF HEALTH PROVIDERS IN OUTPATIENT**  
15 **PRIMARY CARE SETTINGS IN RURAL, UNDERSERVED AREAS**

16 **SECTION 9B.4.(a)** Of the funds appropriated in this act from the ARPA Temporary  
17 Savings Fund to the Department of Health and Human Services, Division of Central Management  
18 and Support, Office of Rural Health (ORH), the sum of twenty-five million dollars (\$25,000,000)  
19 in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty-five million dollars  
20 (\$25,000,000) for the 2024-2025 fiscal year shall be allocated to the North Carolina Loan  
21 Repayment Program (NC LRP) to be used as follows:

- 22 (1) Expansion of current program. – The sum of nine million dollars (\$9,000,000)  
23 in nonrecurring funds for the 2023-2024 fiscal year and the sum of nine  
24 million dollars (\$9,000,000) in nonrecurring funds for the 2024-2025 fiscal  
25 year shall be allocated to support expansion of the current NC LRP.
- 26 (2) Primary care physicians initiative. – The sum of five million dollars  
27 (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum  
28 of five million dollars (\$5,000,000) in nonrecurring funds for the 2024-2025  
29 fiscal year shall be allocated to establish within the NC LRP a new primary  
30 care physicians initiative. The purpose of this initiative is to target the  
31 recruitment and retention of additional licensed allopathic or osteopathic  
32 primary care physicians in rural, underserved areas of the State who specialize  
33 in Family Medicine, General Internal Medicine, General Surgery (within  
34 critical access hospitals only), General Pediatrics, Obstetrics/Gynecology, or  
35 Psychiatry. For each year of the 2023-2025 fiscal biennium, at least two  
36 million dollars (\$2,000,000) of these allocated funds shall be used to target  
37 the recruitment and retention of at least an additional 15 licensed allopathic or  
38 osteopathic primary care physicians specializing in Family Medicine, General  
39 Pediatrics, or Psychiatry.
- 40 (3) Behavioral health providers initiative. – The sum of ten million dollars  
41 (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum  
42 of ten million dollars (\$10,000,000) in nonrecurring funds for the 2024-2025  
43 fiscal year shall be allocated to establish within the NC LRP a new behavioral  
44 health providers initiative targeting the recruitment and retention of additional  
45 licensed behavioral health providers in rural, medically underserved areas of  
46 the State to provide outpatient primary care services. For the purpose of this  
47 initiative, "licensed behavioral health providers" means any of the following  
48 providers specializing in mental or behavioral health, or both:
- 49 a. Licensed Clinical Addiction Specialists  
50 b. Licensed Clinical Mental Health Counselors (formerly known as  
51 Licensed Professional Counselors)

- c. Licensed Clinical Social Workers
  - d. Licensed Marriage and Family Therapists
  - e. Licensed Psychologists
  - f. Licensed Psychological Associates
- (4) Nurse initiative. – The sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one million dollars (\$1,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated for expansion of the NC LRP to include registered nurses and clinical nurse specialists providing outpatient primary care services in rural, medically underserved areas of the State.

**SECTION 9B.4.(b)** With respect to the new initiatives authorized by subdivisions (a)(2) through (a)(4) of this section:

- (1) For eligible providers with educational loan debt, the total amount of loan repayment incentives awarded shall not exceed the maximum amounts otherwise allowed under the current NC LRP.
- (2) Eligible providers without educational loan debt may not participate in any of these initiatives but may continue to apply for and participate in the current NC LRP.
- (3) Independent private practices located in rural, medically underserved areas of the State are deemed automatically eligible practice sites; provided, however, that such independent private practices meet all of the following criteria:
  - a. Are wholly owned and operated by physicians rather than by a hospital, health system, or other entity.
  - b. Have at least one provider enrolled in the North Carolina Medicaid program and accept patients who are Medicaid recipients.

**SECTION 9B.4.(c)** For each year of the 2023-2025 fiscal biennium, the ORH may use up to five percent (5%) of the total amount of funds allocated by this section for the following purposes:

- (1) For administrative costs related to the NC LRP, including costs related to establishing and administering the new initiatives authorized by subdivisions (a)(2) through (a)(4) of this section.
- (2) To enter into a contract with the North Carolina Area Health Education Center (AHEC) Program for the development and implementation of a plan to (i) target, recruit, and enroll additional NC LRP participants, as authorized by subsection (a) this section, and (ii) retain these providers in rural or medically underserved areas of the State following completion of their service commitments.

**SECTION 9B.4.(d)** The ORH shall collect and maintain data on the length of time each NC LRP participant remains employed within the same county as the practice site selected for his or her service commitment or in a county adjacent to the practice site selected for his or her service commitment.

**SECTION 9B.4.(e)** By January 15, 2025, and January 15, 2026, the ORH shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of funds allocated by subsection (a) of this section. The report shall include at least all of the following:

- (1) A list of expenditures funded by State appropriations.
- (2) The total number of additional licensed providers enrolled in the current NC LRP that received incentives funded by subdivision (a)(1) of this section, broken down by provider category, practice site, development tier designation of the county where the practice site is located, and the type and amount of incentive provided to each provider category.

- 1 (3) The total number of additional licensed providers enrolled in the NC LRP that  
2 received incentives funded by subdivision (a)(2) through (a)(4) of this section,  
3 broken down by provider category, practice site, development tier designation  
4 of the county where the practice site is located, and the type and amount of  
5 incentive provided to each provider category.
- 6 (4) The length of time each NC LRP participant remains employed at a practice  
7 site in a rural or medically underserved area.
- 8 (5) Recommendations for improving recruitment and retention efforts under the  
9 NC LRP.

10  
11 **EXPANSION OF THE MEDICAL ASSISTANT APPRENTICESHIP INITIATIVE**  
12 **PILOT PROGRAM**

13 **SECTION 9B.5.(a)** Of the funds appropriated in this act to the Department of Health  
14 and Human Services, Division of Central Management and Support, Office of Rural Health, the  
15 sum of one million seven hundred three thousand two hundred fifty dollars (\$1,703,250) in  
16 nonrecurring funds for the 2023-2024 fiscal year and the sum of one million seven hundred three  
17 thousand two hundred fifty dollars (\$1,703,250) in nonrecurring funds for the 2024-2025 fiscal  
18 year is allocated as a directed grant to the North Carolina Community Health Center Association  
19 (NCCHCA), a nonprofit organization, to fund expansion of its Medical Assistant Apprenticeship  
20 Initiative (MAAI) pilot program through the addition of a combined total of at least 50 new  
21 apprentice placements at the following sites:

- 22 (1) Rural Health Group, Inc., a community health center and nonprofit  
23 organization with existing MAAI pilot program sites located in Edgecombe,  
24 Granville, Halifax, Northampton, Vance, and Warren Counties.
- 25 (2) OIC Family Medical Center, a federally qualified health center that is a  
26 division of the nonprofit organization known as Opportunities  
27 Industrialization Center (OIC), Inc., which has existing MAAI pilot program  
28 sites located in Edgecombe and Nash Counties.
- 29 (3) New MAAI pilot program sites at additional community health centers,  
30 including each of the following community health centers:
  - 31 a. Cabarrus Rowan Community Health Centers, Inc., located in Cabarrus  
32 County and Rowan County.
  - 33 b. Kintegra Health located in Davidson County.
  - 34 c. United Health Centers located in Forsyth County.

35 **SECTION 9B.5.(b)** The NCCHCA shall include the following information in the  
36 two reports required under Section 9B.1 of this act:

- 37 (1) An itemized list of program expenditures funded by the grant, including the  
38 number and location of all apprentice placements and the number and location  
39 of all new pilot program sites.
- 40 (2) The number of medical assistant apprentices who successfully complete the  
41 program and attain certification.
- 42 (3) A description of any benefits derived by community health centers as a result  
43 of their participation in the MAAI pilot program.
- 44 (4) Any other information the NCCHCA deems relevant to evaluating the success  
45 of the MAAI pilot program.

46  
47 **TRANSFER OF POSITIONS TO THE DEPARTMENT OF PUBLIC INSTRUCTION**  
48 **FOR THE CARE AND MAINTENANCE OF GOVERNOR MOREHEAD SCHOOL**  
49 **FOR THE BLIND**

50 **SECTION 9B.6.** As part of the certification of the budget for the 2024-2025 fiscal  
51 year, the Department of Health and Human Services shall transfer to the Department of Public

1 Instruction for the care and maintenance of the Governor Morehead School for the Blind the  
 2 following full-time equivalent positions, and associated salaries and benefits, from Budget Code  
 3 14410 – Fund Code 1126 – Org. Unit Central Regional Maintenance, or their equivalent:

- 4 (1) 60038385 Grounds Supervisor I
- 5 (2) 60038381 General Utility Worker
- 6 (3) 60038441 Maintenance Mechanic V
- 7 (4) 60038395 Maintenance Mechanic IV
- 8 (5) 60038388 Maintenance Construction Technician III
- 9 (6) 60038389 Painter
- 10 (7) 60038396 Painter
- 11 (8) 60038442 Maintenance Mechanic V
- 12 (9) 60038486 Facility Maintenance Manager
- 13 (10) 60038458 Maintenance Mechanic I
- 14 (11) 60038386 Maintenance Mechanic II
- 15 (12) 60038437 Maintenance Mechanic IV
- 16 (13) 60038374 Maintenance Mechanic III
- 17 (14) 60038434 Maintenance Mechanic III
- 18 (15) 60038383 Boiler Operator
- 19 (16) 60038459 Maintenance Mechanic I

20  
 21 **FUNDS FOR TELEHEALTH INFRASTRUCTURE GRANT PROGRAM**

22 **SECTION 9B.7A.(a)** Of the funds appropriated in this act from the ARPA  
 23 Temporary Savings Fund to the Department of Health and Human Services, Division of Central  
 24 Management and Support, Office of Rural Health (ORH), the sum of five million dollars  
 25 (\$5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of fifteen million  
 26 dollars (\$15,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated for  
 27 the telehealth infrastructure grant program authorized by subsection (b) of this section.

28 **SECTION 9B.7A.(b)** The ORH shall establish a telehealth infrastructure grant  
 29 program to award grants on a competitive basis to rural healthcare providers to be used to  
 30 purchase equipment, high-speed internet access, and any other infrastructure necessary to  
 31 establish telehealth services, defined as the use of two-way, real-time interactive audio and video  
 32 where the healthcare provider and the patient can hear and see each other. In awarding grants  
 33 under this program, the ORH is subject to the following requirements and limitations:

- 34 (1) Priority shall be given to independent primary care practices and independent  
 35 obstetrics and gynecology practices.
- 36 (2) The maximum amount of a grant award is two hundred fifty thousand dollars  
 37 (\$250,000) per grantee.

38 **SECTION 9B.7A.(c)** By April 1, 2024, and by April 1, 2025, the ORH shall report  
 39 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
 40 Research Division on the grants awarded under this section. The report shall include at least all  
 41 of the following information:

- 42 (1) A list of grant recipients.
- 43 (2) The total amount of grant funds awarded to each recipient.

44  
 45 **MANAGEMENT FLEXIBILITY FOR THE DEPARTMENT OF HEALTH AND**  
 46 **HUMAN SERVICES TO EXPEND CERTAIN ARPA TEMPORARY SAVINGS**  
 47 **FUND APPROPRIATIONS FOR PURPOSES RELATED TO CHILD AND FAMILY**  
 48 **WELL-BEING**

49 **SECTION 9B.9.(a)** Of the funds appropriated in this act from the ARPA Temporary  
 50 Savings Fund to the Department of Health and Human Services, the sum of twenty million dollars  
 51 (\$20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of sixty million

1 dollars (\$60,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated and  
2 used to accomplish the following:

- 3 (1) To support families and other caregivers of children with high behavioral  
4 health or other special needs by expanding intensive supports in the  
5 community and increasing structured options for meeting the needs of these  
6 children.
- 7 (2) To strengthen specialized treatment options for children with complex  
8 behavioral health or other special needs.

9 **SECTION 9B.9.(b)** The Department of Health and Human Services may allocate  
10 these funds to the Division of Child Welfare and Family Well-Being; the Division of Mental  
11 Health, Developmental Disabilities, and Substance Use Services; and the Division of Social  
12 Services in the amounts and for the programs and initiatives the Department deems necessary, as  
13 long as such programs and initiatives are consistent with the purposes described in subdivisions  
14 (a)(1) and (a)(2) of this section.

## 15 **PART IX-C. CHILD AND FAMILY WELL-BEING**

## 16 **PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION**

### 17 **NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED** 18 **FACILITIES**

19 **SECTION 9D.1.(a)** Eligibility. – The Department of Health and Human Services,  
20 Division of Child Development and Early Education, shall continue implementing the  
21 prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4  
22 years of age on or before August 31 of the program year. In determining eligibility, the Division  
23 shall establish income eligibility requirements for the program not to exceed seventy-five percent  
24 (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have  
25 family incomes in excess of seventy-five percent (75%) of median income if those children have  
26 other designated risk factors. Furthermore, any age-eligible child who is a child of either of the  
27 following shall be eligible for the program: (i) an active duty member of the Armed Forces of the  
28 United States, including the North Carolina National Guard, State military forces, or a reserve  
29 component of the Armed Forces who was ordered to active duty by the proper authority within  
30 the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the  
31 Armed Forces of the United States, including the North Carolina National Guard, State military  
32 forces, or a reserve component of the Armed Forces who was injured or killed while serving on  
33 active duty. Eligibility determinations for NC Pre-K participants may continue through local  
34 education agencies and local North Carolina Partnership for Children, Inc., partnerships.

35 Other than developmental disabilities or other chronic health issues, the Division shall  
36 not consider the health of a child as a factor in determining eligibility for participation in the NC  
37 Pre-K program.

38 **SECTION 9D.1.(a1)** Staff-To-Child Ratio and Class Size. – The classroom shall not  
39 exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children,  
40 with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or  
41 less shall have at least one teacher. The Child Care Commission shall adopt any rules and the  
42 Division of Child Development and Early Education shall revise any rules or policies necessary  
43 to implement the provisions of this subsection.

44 **SECTION 9D.1.(b)** Multiyear Contracts. – The Division of Child Development and  
45 Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed  
46 private child care centers providing NC Pre-K classrooms.  
47  
48  
49

1           **SECTION 9D.1.(c)** Building Standards. – Notwithstanding G.S. 110-91(4), private  
 2 child care facilities and public schools operating NC Pre-K classrooms shall meet the building  
 3 standards for preschool students as provided in G.S. 115C-521.1.

4           **SECTION 9D.1.(d)** Programmatic Standards. – Except as provided in subsection (c)  
 5 of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies  
 6 prescribed by the Division of Child Development and Early Education regarding programmatic  
 7 standards and classroom requirements.

8           **SECTION 9D.1.(e)** NC Pre-K Committees. – Local NC Pre-K committees shall use  
 9 the standard decision-making process developed by the Division of Child Development and Early  
 10 Education in awarding NC Pre-K classroom slots and student selection.

11           **SECTION 9D.1.(f)** Reporting. – The Division of Child Development and Early  
 12 Education shall submit an annual report no later than March 15 of each year to the Joint  
 13 Legislative Oversight Committee on Health and Human Services, the Office of State Budget and  
 14 Management, and the Fiscal Research Division. The report shall include the following:

- 15           (1) The number of children participating in the NC Pre-K program by county.
- 16           (2) The number of children participating in the NC Pre-K program who have  
 17 never been served in other early education programs such as child care, public  
 18 or private preschool, Head Start, Early Head Start, or early intervention  
 19 programs.
- 20           (3) The expected NC Pre-K expenditures for the programs and the source of the  
 21 local contributions.
- 22           (4) The results of an annual evaluation of the NC Pre-K program.

23           **SECTION 9D.1.(g)** Audits. – The administration of the NC Pre-K program by local  
 24 partnerships shall be subject to the financial and compliance audits authorized under  
 25 G.S. 143B-168.14(b).  
 26

27 **CHILD CARE SUBSIDY RATES**

28           **SECTION 9D.3.(a)** The maximum gross annual income for initial eligibility,  
 29 adjusted annually, for subsidized child care services shall be determined based on a percentage  
 30 of the federal poverty level as follows:

31 <b>AGE</b>	32 <b>INCOME PERCENTAGE LEVEL</b>
33           0 – 5	200%
34           6 – 12	133%

35           The eligibility for any child with special needs, including a child who is 13 years of  
 36 age or older, shall be two hundred percent (200%) of the federal poverty level.

37           **SECTION 9D.3.(b)** Fees for families who are required to share in the cost of care  
 38 are established based on ten percent (10%) of gross family income. When care is received at the  
 39 blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment.  
 40 Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

41           **SECTION 9D.3.(c)** Payments for the purchase of child care services for low-income  
 42 children shall be in accordance with the following requirements:

- 43           (1) Religious sponsored child care facilities operating pursuant to G.S. 110-106  
 44 and licensed child care centers and homes that meet the minimum licensing  
 45 standards that are participating in the subsidized child care program shall be  
 46 paid the one-star county market rate or the rate they charge privately paying  
 47 parents unless prohibited by subsection (f) of this section.
- 48           (2) Licensed child care centers and homes with two or more stars shall receive the  
 49 market rate for that rated license level for that age group unless prohibited by  
 50 subsection (g) of this section.
- 51           (3) No payments shall be made for transportation services charged by child care  
 facilities.

1 (4) Payments for subsidized child care services for postsecondary education shall  
2 be limited to a maximum of 20 months of enrollment. This shall not be  
3 determined before a family's annual recertification period.

4 (5) The Department of Health and Human Services shall implement necessary  
5 rule changes to restructure services, including, but not limited to, targeting  
6 benefits to employment.

7 **SECTION 9D.3.(d)** Provisions of payment rates for child care providers in counties  
8 that do not have at least 50 children in each age group for center-based and home-based care are  
9 as follows:

10 (1) Except as applicable in subdivision (2) of this subsection, payment rates shall  
11 be set at the statewide or regional market rate for licensed child care centers  
12 and homes.

13 (2) If it can be demonstrated that the application of the statewide or regional  
14 market rate to a county with fewer than 50 children in each age group is lower  
15 than the county market rate and would inhibit the ability of the county to  
16 purchase child care for low-income children, then the county market rate may  
17 be applied.

18 **SECTION 9D.3.(e)** A market rate shall be calculated for child care centers and  
19 homes at each rated license level for each county and for each age group or age category of  
20 enrollees and shall be representative of fees charged to parents for each age group of enrollees  
21 within the county. The Division of Child Development and Early Education shall also calculate  
22 a statewide rate and regional market rate for each rated license level for each age category.

23 **SECTION 9D.3.(f)** The Division of Child Development and Early Education shall  
24 continue implementing policies that improve the quality of child care for subsidized children,  
25 including a policy in which child care subsidies are paid, to the extent possible, for child care in  
26 the higher quality centers and homes only. The Division shall define higher quality, and subsidy  
27 funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate  
28 number of four- and five-star-rated facilities, the Division shall continue a transition period that  
29 allows the facilities to continue to receive subsidy funds while the facilities work on the increased  
30 star ratings. The Division may allow exemptions in counties where there is an inadequate number  
31 of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

32 **SECTION 9D.3.(g)** Facilities licensed pursuant to Article 7 of Chapter 110 of the  
33 General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program  
34 that provides for the purchase of care in child care facilities for minor children of needy families.  
35 Except as authorized by subsection (f) of this section, no separate licensing requirements shall  
36 be used to select facilities to participate. In addition, child care facilities shall be required to meet  
37 any additional applicable requirements of federal law or regulations. Child care arrangements  
38 exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
39 meet the requirements established by other State law and by the Social Services Commission.

40 County departments of social services or other local contracting agencies shall not  
41 use a provider's failure to comply with requirements in addition to those specified in this  
42 subsection as a condition for reducing the provider's subsidized child care rate.

43 **SECTION 9D.3.(h)** Payment for subsidized child care services provided with  
44 Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations  
45 and policies issued by the Division of Child Development and Early Education for the subsidized  
46 child care program.

47 **SECTION 9D.3.(i)** Noncitizen families who reside in this State legally shall be  
48 eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions  
49 of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for  
50 child care subsidies only if at least one of the following conditions is met:



- 1 (1) The child for whom a child care subsidy is sought is receiving child protective  
2 services or foster care services.
- 3 (2) The child for whom a child care subsidy is sought is developmentally delayed  
4 or at risk of being developmentally delayed.
- 5 (3) The child for whom a child care subsidy is sought is a citizen of the United  
6 States.

7 **SECTION 9D.3.(j)** The Department of Health and Human Services, Division of  
8 Child Development and Early Education, shall require all county departments of social services  
9 to include on any forms used to determine eligibility for child care subsidy whether the family  
10 waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

11 **SECTION 9D.3.(k)** Department of Defense-certified child care facilities licensed  
12 pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that  
13 provides for the purchase of care in child care facilities for minor children in needy families,  
14 provided that funds allocated from the State-subsidized child care program to Department of  
15 Defense-certified child care facilities shall supplement and not supplant funds allocated in  
16 accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose  
17 Department of Defense-certified child care facilities and who are eligible to receive subsidized  
18 child care shall be as set forth in this section.

#### 19 **CHILD CARE ALLOCATION FORMULA**

20 **SECTION 9D.4.(a)** The Department of Health and Human Services, Division of  
21 Child Development and Early Education (Division), shall allocate child care subsidy voucher  
22 funds to pay the costs of necessary child care for minor children of needy families. The  
23 mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation  
24 under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy  
25 allocation. The Department of Health and Human Services shall use the following method when  
26 allocating federal and State child care funds, not including the aggregate mandatory thirty percent  
27 (30%) North Carolina Partnership for Children, Inc., subsidy allocation:  
28

- 29 (1) Funds shall be allocated to a county based upon the projected cost of serving  
30 children under age 11 in families with all parents working who earn less than  
31 the applicable federal poverty level percentage set forth in Section 9D.3(a) of  
32 this act.
- 33 (2) The Division may withhold up to two percent (2%) of available funds from  
34 the allocation formula for (i) preventing termination of services throughout  
35 the fiscal year and (ii) repayment of any federal funds identified by counties  
36 as overpayments, including overpayments due to fraud. The Division shall  
37 allocate to counties any funds withheld before the end of the fiscal year when  
38 the Division determines the funds are not needed for the purposes described  
39 in this subdivision. The Division shall submit a report to the Joint Legislative  
40 Oversight Committee on Health and Human Services and the Fiscal Research  
41 Division, which report shall include each of the following:
- 42 a. The amount of funds used for preventing termination of services and  
43 the repayment of any federal funds.
- 44 b. The date the remaining funds were distributed to counties.
- 45 c. As a result of funds withheld under this subdivision and after funds  
46 have been distributed, any counties that did not receive at least the  
47 amount the counties received the previous year and the amount by  
48 which funds were decreased.

49 The Division shall submit a report in each year of the 2023-2025 fiscal  
50 biennium 30 days after the funds withheld pursuant to this subdivision are  
51 distributed but no later than April 1 of each respective year.

- 1 (3) The Division shall set aside four percent (4%) of child care subsidy allocations  
2 for vulnerable populations, which include a child identified as having special  
3 needs and a child whose application for assistance indicates that the child and  
4 the child's family is experiencing homelessness or is in a temporary living  
5 situation. A child identified by this subdivision shall be given priority for  
6 receiving services until such time as set-aside allocations for vulnerable  
7 populations are exhausted.

8 **SECTION 9D.4.(b)** The Division may reallocate unused child care subsidy voucher  
9 funds in order to meet the child care needs of low-income families. Any reallocation of funds  
10 shall be based upon the expenditures of all child care subsidy voucher funding, including North  
11 Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service  
12 levels within the funds allocated to the counties. A county with a spending coefficient over one  
13 hundred percent (100%) shall submit a plan to the Division for managing the county's allocation  
14 before receiving any reallocated funds.

15 **SECTION 9D.4.(c)** When implementing the formula under subsection (a) of this  
16 section, the Division shall include the market rate increase in the formula process rather than  
17 calculate the increases outside of the formula process. Additionally, the Department shall do the  
18 following:

- 19 (1) Deem a county's initial allocation as the county's expenditure in the previous  
20 fiscal year or a prorated share of the county's previous fiscal year expenditures  
21 if sufficient funds are not available.  
22 (2) Effective immediately following the next new decennial census data release,  
23 implement (i) one-third of the change in a county's allocation in the year  
24 following the data release, (ii) an additional one-third of the change in a  
25 county's allocation beginning two years after the initial change under this  
26 subdivision, and (iii) the final one-third change in a county's allocation  
27 beginning the following two years thereafter.  
28

## 29 SMART START INITIATIVES

30 **SECTION 9D.5.(a)** Policies. – The North Carolina Partnership for Children, Inc.,  
31 and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s  
32 mission of improving child care quality in North Carolina for children from birth to 5 years of  
33 age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child  
34 care facilities with (i) improving quality, including helping one-, two-, and three-star-rated  
35 facilities increase their star ratings, and (ii) implementing prekindergarten programs. State  
36 funding for local partnerships shall also be used for evidence-based or evidence-informed  
37 programs for children from birth to 5 years of age that do the following:

- 38 (1) Increase children's literacy.  
39 (2) Increase the parents' ability to raise healthy, successful children.  
40 (3) Improve children's health.  
41 (4) Assist four- and five-star-rated facilities in improving and maintaining quality.

42 **SECTION 9D.5.(b)** Administration. – Administrative costs shall be equivalent to,  
43 on an average statewide basis for all local partnerships, not more than ten percent (10%) of the  
44 total statewide allocation to all local partnerships. For purposes of this subsection, administrative  
45 costs shall include costs associated with partnership oversight, business and financial  
46 management, general accounting, human resources, budgeting, purchasing, contracting, and  
47 information systems management. The North Carolina Partnership for Children, Inc., shall  
48 continue using a single statewide contract management system that incorporates features of the  
49 required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local  
50 partnerships are required to participate in the contract management system and, directed by the

1 North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with  
2 other local partnerships to increase efficiency and effectiveness.

3 **SECTION 9D.5.(c)** Salaries. – The salary schedule developed and implemented by  
4 the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds  
5 that may be used for the salary of the Executive Director of the North Carolina Partnership for  
6 Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for  
7 Children, Inc., shall base the schedule on the following criteria:

- 8 (1) The population of the area serviced by a local partnership.
- 9 (2) The amount of State funds administered.
- 10 (3) The amount of total funds administered.
- 11 (4) The professional experience of the individual to be compensated.
- 12 (5) Any other relevant factors pertaining to salary, as determined by the North  
13 Carolina Partnership for Children, Inc.

14 The salary schedule shall be used only to determine the maximum amount of State  
15 funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit  
16 a local partnership from using non-State funds to supplement an individual's salary in excess of  
17 the amount set by the salary schedule established under this subsection.

18 **SECTION 9D.5.(d)** Match Requirements. – The North Carolina Partnership for  
19 Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred  
20 percent (100%) of the total amount budgeted for the program in each fiscal year of the 2023-2025  
21 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local  
22 partnerships are required to match, contributions of cash shall be equal to at least thirteen percent  
23 (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total  
24 match requirement of nineteen percent (19%) for each year of the 2023-2025 fiscal biennium.  
25 The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of  
26 the required match for a fiscal year in order to meet the match requirement of the succeeding  
27 fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match  
28 requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the  
29 match requirement of this subsection. Volunteer services that qualify as professional services  
30 shall be valued at the fair market value of those services. All other volunteer service hours shall  
31 be valued at the statewide average wage rate as calculated from data compiled by the Division of  
32 Employment Security of the Department of Commerce in the Employment and Wages in North  
33 Carolina Annual Report for the most recent period for which data are available. Expenses,  
34 including both those paid by cash and in-kind contributions, incurred by other participating  
35 non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local  
36 partnerships also may be considered resources available to meet the required private match. In  
37 order to qualify to meet the required private match, the expenses shall:

- 38 (1) Be verifiable from the contractor's records.
- 39 (2) If in-kind, other than volunteer services, be quantifiable in accordance with  
40 generally accepted accounting principles for nonprofit organizations.
- 41 (3) Not include expenses funded by State funds.
- 42 (4) Be supplemental to and not supplant preexisting resources for related program  
43 activities.
- 44 (5) Be incurred as a direct result of the Early Childhood Initiatives Program and  
45 be necessary and reasonable for the proper and efficient accomplishment of  
46 the Program's objectives.
- 47 (6) Be otherwise allowable under federal or State law.
- 48 (7) Be required and described in the contractual agreements approved by the  
49 North Carolina Partnership for Children, Inc., or the local partnership.
- 50 (8) Be reported to the North Carolina Partnership for Children, Inc., or the local  
51 partnership by the contractor in the same manner as reimbursable expenses.

1 Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the  
2 2023-2025 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the  
3 Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be  
4 responsible for compiling information on the private cash and in-kind contributions into a report,  
5 to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows  
6 verification by the Department of Revenue. The same match requirements shall apply to any  
7 expansion funds appropriated by the General Assembly.

8 **SECTION 9D.5.(e)** Bidding. – The North Carolina Partnership for Children, Inc.,  
9 and all local partnerships shall use competitive bidding practices in contracting for goods and  
10 services on contract amounts as follows:

- 11 (1) For amounts of five thousand dollars (\$5,000) or less, the procedures specified  
12 by a written policy as developed by the Board of Directors of the North  
13 Carolina Partnership for Children, Inc.
- 14 (2) For amounts greater than five thousand dollars (\$5,000) but less than fifteen  
15 thousand dollars (\$15,000), three written quotes.
- 16 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than forty  
17 thousand dollars (\$40,000), a request for proposal process.
- 18 (4) For amounts of forty thousand dollars (\$40,000) or more, a request for  
19 proposal process and advertising in a major newspaper.

20 **SECTION 9D.5.(f)** Allocations. – The North Carolina Partnership for Children, Inc.,  
21 shall not reduce the allocation for counties with less than 35,000 in population below the  
22 2012-2013 funding level.

23 **SECTION 9D.5.(g)** Performance-Based Evaluation. – The Department of Health  
24 and Human Services shall continue to implement the performance-based evaluation system.

25 **SECTION 9D.5.(h)** Expenditure Restrictions. – Except as provided in subsection (i)  
26 of this section, the Department of Health and Human Services and the North Carolina Partnership  
27 for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and  
28 Development Initiatives for the 2023-2025 fiscal biennium shall be administered and distributed  
29 in the following manner:

- 30 (1) Capital expenditures are prohibited for the 2023-2025 fiscal biennium. For the  
31 purposes of this section, "capital expenditures" means expenditures for capital  
32 improvements as defined in G.S. 143C-1-1(d)(5).
- 33 (2) Expenditures of State funds for advertising and promotional activities are  
34 prohibited for the 2023-2025 fiscal biennium.

35 For the 2023-2025 fiscal biennium, local partnerships shall not spend any State funds  
36 on marketing campaigns, advertising, or any associated materials. Local partnerships may spend  
37 any private funds the local partnerships receive on those activities.

38 **SECTION 9D.5.(i)** Notwithstanding subsection (h) of this section, the North  
39 Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of  
40 State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall  
41 include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds  
42 for fundraising. The report shall include the following:

- 43 (1) The amount of funds expended on fundraising.
- 44 (2) Any return on fundraising investments.
- 45 (3) Any other information deemed relevant.

#### 46 47 **SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION** 48 **LIBRARY**

49 **SECTION 9D.6.(a)** A portion of the funds allocated in this act to the North Carolina  
50 Partnership for Children, Inc., from the Department of Health and Human Services, shall  
51 continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy

1 program that mails age-appropriate books on a monthly basis to children registered for the  
2 program.

3 **SECTION 9D.6.(b)** The North Carolina Partnership for Children, Inc., may use up  
4 to one percent (1%) of the funds for statewide program management and up to one percent (1%)  
5 of the funds for program evaluation. Funds allocated under this section shall not be subject to  
6 administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be  
7 subject to the child care services funding requirements under G.S. 143B-168.15(b), child care  
8 subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under  
9 Section 9D.5(d) of this act.

#### 10 11 **INCREASE PROVISION OF IN-HOME CHILD CARE/PILOT PROGRAM**

12 **SECTION 9D.8.** Of the funds appropriated in this act from the General Fund to the  
13 Department of Health and Human Services, Division of Child Development and Early Education  
14 (Division), the sum of five hundred twenty-five thousand dollars (\$525,000) in nonrecurring  
15 funds for each year of the 2023-2025 fiscal biennium shall be used to establish a pilot program  
16 that provides business and financial assistance in creating new in-home child care programs and  
17 sustaining existing in-home child care programs in this State. By January 15, 2024, the Division  
18 shall issue a request for application (RFA) for an organization to contract with the Division to  
19 administer the pilot program. The Division shall submit a report to the Joint Legislative Oversight  
20 Committee on Health and Human Services and the Fiscal Research Division of the General  
21 Assembly by January 31, 2025, on the number of child care programs created through the pilot  
22 program, by county, and any other information the Division deems relevant.

#### 23 24 **TRI-SHARE CHILD CARE PILOT PROGRAM**

25 **SECTION 9D.9.(a)** Of the funds appropriated in this act to the Department of Health  
26 and Human Services, Division of Child Development and Early Education, to be allocated to the  
27 North Carolina Partnership for Children, Inc., the sum of nine hundred thousand dollars  
28 (\$900,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used  
29 to provide the State portion of funding for the Tri-Share Child Care pilot program established by  
30 this section. Funds provided under this section shall be divided evenly in each fiscal year among  
31 the regional facilitator hubs, as described in subsection (c) of this section, selected to participate  
32 in the pilot program. Upon completion of the pilot program, any unexpended funds shall revert  
33 to the General Fund.

34 **SECTION 9D.9.(b)** The Division of Child Development and Early Education  
35 (Division), in collaboration with the North Carolina Partnership for Children, Inc. (NCPC), shall  
36 establish a two-year pilot program to implement the Tri-Share Child Care program, a program  
37 that creates a public/private partnership to share the cost of child care equally between employers,  
38 eligible employees, and the State to:

- 39 (1) Make high-quality child care affordable and accessible for working families.
- 40 (2) Help employers retain and attract employees.
- 41 (3) Help stabilize child care businesses across the State.

42 **SECTION 9D.9.(c)** The Division and NCPC shall select up to three local  
43 partnerships to serve as regional facilitator hubs to implement and administer the pilot program  
44 and act as regional intermediaries between employers, families, child care providers, and the  
45 State. The Division and NCPC shall select local partnerships to participate in the pilot program  
46 from geographically diverse areas across the State, with one selected from a tier one county. For  
47 purposes of this section, a tier one county shall have the same designation as that established by  
48 the North Carolina Department of Commerce's 2023 County Tier Designations.

49 **SECTION 9D.9.(d)** The local partnerships selected to serve as regional facilitator  
50 hubs shall establish and determine program eligibility. For purposes of this pilot program, an  
51 employee is eligible to participate in the program if the employee (i) is employed by a

1 participating employer, (ii) has a household income between one hundred eighty-five percent  
 2 (185%) and three hundred percent (300%) of the federal poverty level, and (iii) is not otherwise  
 3 eligible for subsidized child care in this State. An eligible employee may reside outside of the  
 4 designated region for the respective facilitator hub. Additionally, the regional facilitator hubs  
 5 shall develop and implement other criteria for the child care program, including, but not limited  
 6 to, each of the following:

- 7 (1) Ensuring payment for the cost of child care is divided equally between an  
 8 employer, an eligible employee, and the State.
- 9 (2) Soliciting participating employers.
- 10 (3) Ensuring participating employers agree to (i) identify and recruit eligible  
 11 employees, (ii) provide the employer portion of each participating employee's  
 12 child care costs, and (iii) maintain communication with the regional facilitator  
 13 hub regarding each eligible employee's continued employment and eligibility.
- 14 (4) Verifying that child care providers seeking to participate in the program are  
 15 licensed in this State.
- 16 (5) Upon determining an employee's eligibility, ensuring payment by the  
 17 employee of the employee's portion of the cost of child care.
- 18 (6) Coordinating payments between employers and licensed child care providers.

19 **SECTION 9D.9.(e)** For purposes of this section, child care includes part-time and  
 20 full-time care, before and after school care, and summer day camps.

21 **SECTION 9D.9.(f)** A regional facilitator hub may use up to nine percent (9%) of its  
 22 allocation for administrative costs.

23 **SECTION 9D.9.(g)** Within six months after completion of the pilot program, the  
 24 Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human  
 25 Services and the Fiscal Research Division. The report shall include, at a minimum, each of the  
 26 following:

- 27 (1) The number of children served, by age and county.
- 28 (2) Total pilot program costs, including any administrative costs.
- 29 (3) The amount of funds needed to expand the program statewide.
- 30 (4) The list of employers participating in the pilot program.
- 31 (5) Any other relevant information deemed appropriate.

### 32 **INCREASE CAPACITY/FAMILY CHILD CARE HOMES**

33 **SECTION 9D.10.(a)** G.S. 110-86(3) reads as rewritten:

34 "(3) Child care facility. – Includes child care centers, family child care homes, and  
 35 any other child care arrangement not excluded by G.S. 110-86(2), that  
 36 provides child care, regardless of the time of day, wherever operated, and  
 37 whether or not operated for profit.

38 a. A child care center is an arrangement where, at any one time, there are  
 39 three or more preschool-age children or nine or more school-age  
 40 children receiving child care.

41 b. A family child care home is a child care arrangement located in a  
 42 residence where, at any one time, more than two children, but less than  
 43 ~~nine~~ 10 children, receive child care, provided the arrangement is  
 44 in accordance with G.S. 110-91(7)b."

45 **SECTION 9D.10.(b)** G.S. 110-91(7)b. reads as rewritten:

46 "b. Family Child Care Home Capacity. – ~~Of the children present at any~~  
 47 ~~one time in a family child care home, no more than five children shall~~  
 48 ~~be preschool aged, including the operator's own preschool-age~~  
 49 ~~children.~~ A family child care home is allowed to provide care for one  
 50 of the following groups of children, including the operator's own  
 51

- 1 preschool-age children and excluding the operator's own school-age  
 2 children up to 13 years of age:  
 3 1. A maximum of eight children, with no more than five children  
 4 who are from birth to 5 years of age, plus three school-age  
 5 children.  
 6 2. A maximum of three children from birth to 24 months of age,  
 7 plus three children from 2 to 5 years of age and three  
 8 school-age children up to 13 years of age, for a total of nine  
 9 children.  
 10 3. A maximum of 10 children if all children are older than 24  
 11 months of age."  
 12

13 **EXTEND COMPENSATION GRANTS FOR CHILD CARE PROGRAMS**

14 **SECTION 9D.11.** Section 9L.2(b) of S.L. 2021-180, as amended by Section 9L.2(a)  
 15 of S.L. 2022-74, reads as rewritten:

16 "SECTION 9L.2.(b) Of the funds appropriated in this act from federal Child Care and  
 17 Development Block Grant funds received pursuant to ARPA to the Department of Health and  
 18 Human Services, Division of Child Development and Early Education, the sum of five hundred  
 19 ~~two—three~~ million seven hundred ~~seventy-sevenninety-three~~ thousand seven hundred  
 20 ~~eighty-nineeleven~~ dollars (~~\$502,777,789~~)(~~\$503,793,711~~) in nonrecurring funds shall be allocated  
 21 for the following in response to the COVID-19 pandemic:

- 22 (1) Up to two hundred seventy-four million dollars (\$274,000,000) of the funds  
 23 shall be used as follows:  
 24 a. A minimum of two hundred six million dollars (\$206,000,000) but no  
 25 more than two hundred fifteen million dollars (\$215,000,000) to (i)  
 26 reduce the waitlist for children eligible for subsidized child care who  
 27 are in foster care and (ii) after addressing the waitlist under item (i) of  
 28 this sub-subdivision, work toward reducing the waitlist for children  
 29 eligible for subsidized child care. Additionally, the Division shall use  
 30 a portion of these funds to ~~temporarily increase the child care subsidy~~  
 31 ~~reimbursement rates to those recommended in the 2018 Child Care~~  
 32 ~~Market Rate Study until the funds expire on September 30,~~  
 33 ~~2024.~~ extend the compensation grants portion of the child care  
 34 stabilization grants, as authorized under Section 3.2(a) of S.L.  
 35 2021-25, until these funds are exhausted.  
 36 ...  
 37 (3) Up to two hundred seven million seven hundred seventy-seven thousand  
 38 seven hundred eighty-nine dollars (\$207,777,789) of the funds ~~shall~~ may be  
 39 used to build the supply of qualified child care teachers with staff bonuses and  
 40 other teacher pipeline programs, including apprenticeships, stackable courses,  
 41 and fast-track programs. ~~The Division of Child Development and Early~~  
 42 ~~Education shall provide staff bonuses under this subdivision based on the~~  
 43 ~~number of months the teacher or staff person has worked at the child care~~  
 44 ~~facility with the maximum bonus being provided to a teacher or staff person~~  
 45 ~~who has worked at least 12 months at the teacher or staff person's current child~~  
 46 ~~care facility."~~

47 **PART IX-E. HEALTH BENEFITS**

48 **CONTINUE MEDICAID ANNUAL REPORT**  
 49  
 50

1           **SECTION 9E.1.** The Department of Health and Human Services, Division of Health  
2 Benefits (DHB), shall continue the publication of the Medicaid Annual Report and  
3 accompanying tables. DHB shall publish the report and tables on its website no later than  
4 December 31 following each State fiscal year.

#### 5 6 **VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT**

7           **SECTION 9E.2.** The Department of Health and Human Services, Division of Health  
8 Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for  
9 services, medical equipment, supplies, and appliances by implementation of volume purchase  
10 plans, single source procurement, or other contracting processes in order to improve cost  
11 containment.

#### 12 13 **DURATION OF MEDICAID PROGRAM MODIFICATIONS**

14           **SECTION 9E.3.** Except for statutory changes or where otherwise specified, the  
15 Department of Health and Human Services shall not be required to maintain, after June 30, 2025,  
16 any modifications to the Medicaid program required by this Subpart.

#### 17 18 **ADMINISTRATIVE HEARINGS FUNDING**

19           **SECTION 9E.4.** Of the funds appropriated in this act to the Department of Health  
20 and Human Services, Division of Health Benefits, for administrative contracts and interagency  
21 transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one  
22 million dollars (\$1,000,000) for the 2023-2024 fiscal year and the sum of one million dollars  
23 (\$1,000,000) for the 2024-2025 fiscal year to the Office of Administrative Hearings (OAH).  
24 These funds shall be allocated by OAH for mediation services provided for Medicaid applicant  
25 and recipient appeals and to contract for other services necessary to conduct the appeals process.  
26 OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services  
27 provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals  
28 process. Upon receipt of invoices from OAH for covered services rendered in accordance with  
29 the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

#### 30 31 **ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE**

32           **SECTION 9E.5.(a)** The Department of Health and Human Services, Division of  
33 Health Benefits (DHB), receivables reserved at the end of the 2023-2024 and 2024-2025 fiscal  
34 years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The  
35 treatment under this section of any revenue derived from federal programs shall be in accordance  
36 with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

37           **SECTION 9E.5.(b)** For the 2023-2024 fiscal year, the Department of Health and  
38 Human Services shall deposit from its revenues one hundred sixty-four million five hundred  
39 thousand dollars (\$164,500,000) with the Department of State Treasurer to be accounted for as  
40 nontax revenue. For the 2024-2025 fiscal year, the Department of Health and Human Services  
41 shall deposit from its revenues eighty-eight million four hundred thousand dollars (\$88,400,000)  
42 with the Department of State Treasurer to be accounted for as nontax revenue. These deposits  
43 shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund  
44 balances, or other resources from State-owned and State-operated hospitals that are used to  
45 provide indigent and nonindigent care services. The return from State-owned and State-operated  
46 hospitals to the Department of Health and Human Services shall be made from nonfederal  
47 resources in the following manner:

- 48           (1) The University of North Carolina Hospitals at Chapel Hill shall make the  
49 following deposits:  
50           a. For the 2023-2024 fiscal year, the amount of thirty-one million three  
51 hundred sixty-five thousand three hundred five dollars (\$31,365,305).



- b. For the 2024-2025 fiscal year, the amount of thirty-one million three hundred sixty-five thousand three hundred five dollars (\$31,365,305).
- (2) All State-owned and State-operated hospitals, other than the University of North Carolina Hospitals at Chapel Hill, that specialize in psychiatric care shall annually deposit an amount equal to the amount of the payments from DHB for uncompensated care.

**LME/MCO INTERGOVERNMENTAL TRANSFERS**

**SECTION 9E.6.(a)** The local management entities/managed care organizations (LME/MCOs) shall make intergovernmental transfers to the Department of Health and Human Services, Division of Health Benefits (DHB), in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) in the 2023-2024 fiscal year and in an aggregate amount of eighteen million twenty-eight thousand two hundred seventeen dollars (\$18,028,217) for the 2024-2025 fiscal year. The due date and frequency of the intergovernmental transfer required by this section shall be determined by DHB. The amount of the intergovernmental transfer that each individual LME/MCO is required to make in each fiscal year shall be as follows:

	<b>2023-2024</b>	<b>2024-2025</b>
Alliance Behavioral Healthcare	\$4,907,800	\$4,907,800
Eastpointe	\$1,631,348	\$1,631,348
Partners Health Management	\$3,362,071	\$3,362,071
Sandhills Center	\$2,673,494	\$2,673,494
Trillium Health Resources	\$2,594,140	\$2,594,140
Vaya Health	\$2,859,364	\$2,859,364

**SECTION 9E.6.(b)** In the event that a county disengages from an LME/MCO and realigns with another LME/MCO during the 2023-2025 fiscal biennium, DHB shall have the authority to reallocate the amount of the intergovernmental transfer that each affected LME/MCO is required to make under subsection (a) of this section, taking into consideration the change in catchment area and covered population, provided that the aggregate amount of the transfers received from all LME/MCOs in each year of the fiscal biennium is achieved.

**ENSURING CERTAIN MEDICAID RECEIPTS**

**SECTION 9E.7.(a)** For purposes of calculating the public hospital modernized assessments and the private hospital modernized assessments under Part 2 of Article 7B of Chapter 108A of the General Statutes, for the assessment quarter in which this subsection becomes effective, any reference to "total modernized nonfederal receipts" in that Part shall be to the calculation in this subsection, notwithstanding the calculation under G.S. 108A-146.5(b). The amount of the total modernized nonfederal receipts shall be calculated by adding all of the following:

- (1) One-fourth of the State's annual Medicaid payment as defined in G.S. 108A-145.3.
- (2) The managed care component under G.S. 108A-146.7.
- (3) The fee-for-service component under G.S. 108A-146.9.
- (4) The modernized HASP component under G.S. 108A-146.10.
- (5) The GME component under G.S. 108A-146.11.
- (6) The postpartum coverage component under G.S. 108A-146.12.
- (7) Forty-three million dollars (\$43,000,000).

**SECTION 9E.7.(b)** Notwithstanding the limitation on the use of funds under G.S. 108A-146.15, as amended by Section 1.7(j) of S.L. 2023-7, the Department of Health and Human Services may use up to forty-three million dollars (\$43,000,000) of the receipts collected

1 under Part 2 of Article 7B of Chapter 108A of the General Statutes during the 2023-2024 fiscal  
2 year for the Medicaid program.

3 **SECTION 9E.7.(c)** Subsections (a) and (b) of this section are effective on the later  
4 of the following dates: (i) the first day of the next assessment quarter after this act becomes law  
5 or (ii) the first day of the next assessment quarter after the Centers for Medicare and Medicaid  
6 Services (CMS) approve a 42 C.F.R. § 438.6(c) preprint submitted in accordance with  
7 G.S. 108A-148.1 authorizing healthcare access and stabilization program (HASP) hospital  
8 reimbursements for the 2022-2023 fiscal year that are greater than four hundred million dollars  
9 (\$400,000,000).

10 **SECTION 9E.7.(d)** If subsections (a) and (b) of this section do not become effective  
11 by April 1, 2024, then subsections (a), (b), and (c) of this section expire on that date.

12 **SECTION 9E.7.(e)** If subsections (a) and (b) of this section do not become effective  
13 by April 1, 2024, then, of any federal disproportionate share adjustment receipts received in the  
14 2023-2024 fiscal year arising from certified public expenditures for the 2022-2023 fiscal year,  
15 the first forty-three million dollars (\$43,000,000) shall not be deposited into the Hospital  
16 Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department  
17 of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.  
18

### 19 **MEDICAID REBASE TRACKING, TRANSPARENCY, AND PREDICTABILITY**

20 **SECTION 9E.8.(a)** Due to the uncertainty of the timing and rate of disenrollments  
21 for individuals who will lose their Medicaid coverage as a result of the unwinding of the public  
22 health emergency related to the COVID-19 pandemic, among other factors, the General  
23 Assembly intends to closely monitor the expenditures for the Medicaid program throughout the  
24 2023-2025 fiscal biennium using the reports required by this section. In the event that the  
25 Medicaid program experiences, during either year of the 2023-2025 fiscal biennium, a shortfall  
26 of funding needed to maintain the existing scope of the Medicaid program, as modified by this  
27 act and any other act of the 2023 General Assembly, it is the intent of the General Assembly to  
28 appropriate funds from the Medicaid Contingency Reserve to the Division of Health Benefits, in  
29 accordance with the conditions described in G.S. 143C-4-11.

30 **SECTION 9E.8.(b)** The Department of Health and Human Services, Division of  
31 Health Benefits (DHB), shall, on the schedule outlined in subsection (c) of this section, report to  
32 the Office of State Budget Management, the Joint Legislative Oversight Committee on Medicaid,  
33 and the Fiscal Research Division on the following information:

- 34 (1) For the initial report, Medicaid enrollment projections for the 2023-2025 fiscal  
35 biennium. For each subsequent report, the actual enrollment relative to those  
36 projections.
- 37 (2) The year-to-date General Fund expenditures for Medicaid through the most  
38 recent month for which there is complete data.
- 39 (3) Projections on Medicaid General Fund expenditures needed for the remaining  
40 months in the 2023-2025 fiscal biennium.
- 41 (4) Any Medicaid-related budget challenges identified by DHB for the 2023-2025  
42 fiscal biennium and the 2025-2027 fiscal biennium, and the estimated cost  
43 related to those challenges. Challenges that have been identified in a  
44 previously submitted report for which there are no updates need not be  
45 identified in subsequent reports.
- 46 (5) Changes to the Medicaid program that are planned to be implemented at any  
47 time in the future under the authority granted under G.S. 108A-54(e)(1), the  
48 predicted impact of those changes to the Medicaid budget for the 2023-2025  
49 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated  
50 implementation time line for those changes. Planned changes that have been

1 identified in a previously submitted report for which there are no updates need  
2 not be identified in subsequent reports.

3 (6) Changes to the Medicaid program required under federal or State law that will  
4 be implemented, the predicted impact of those changes to the Medicaid budget  
5 for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the  
6 anticipated implementation time line for those changes. Changes that have  
7 been identified in a previously submitted report for which there are no updates  
8 need not be identified in subsequent reports.

9 (7) Any unanticipated costs to the Medicaid program that were not accounted for  
10 in either the model used to create Governor Cooper's Recommended Budget  
11 for the 2023-2025 fiscal biennium, or the projection contained in any prior  
12 report submitted under this section. Any unanticipated costs that have been  
13 identified in a previously submitted report for which there are no updates need  
14 not be identified in subsequent reports.

15 (8) The amount, if any, of funds DHB is requesting to be transferred out of the  
16 Medicaid Contingency Reserve, as established under G.S. 143C-4-11, and as  
17 much information as possible that meets the requirements under  
18 G.S. 143C-4-11(b)(3).

19 **SECTION 9E.8.(c)** The reports required under subsection (b) of this section shall be  
20 due on the following schedule:

21 (1) November 1, 2023.

22 (2) February 1, 2024.

23 (3) April 1, 2024.

24 (4) November 1, 2024.

25 (5) February 1, 2025.

26 (6) April 1, 2025.

27 **SECTION 9E.8.(d)** The annual reporting requirement under G.S. 108A-54(e)(8)  
28 shall be temporarily waived for the 2023-2025 fiscal biennium. No report shall be due from the  
29 Department of Health and Human Services on January 1, 2024, or January 1, 2025. The annual  
30 reporting requirement under G.S. 108A-54(e)(8) shall resume with the report due January 1,  
31 2026, and applies to subsequent years thereafter.

## 32 **USE OF THE MEDICAID TRANSFORMATION FUND FOR MEDICAID** 33 **TRANSFORMATION NEEDS**

34 **SECTION 9E.9.(a)** Claims Run Out. – Funds from the Medicaid Transformation  
35 Fund may be transferred to the Department of Health and Human Services, Division of Health  
36 Benefits (DHB), for the 2023-2025 fiscal biennium, as needed, for the purpose of paying claims  
37 related to services billed under the fee-for-service payment model for recipients who are being,  
38 or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be  
39 transferred to DHB as the need to pay claims run out arises and need not be transferred in one  
40 lump sum. To the extent that any funds are transferred under this subsection, the funds are  
41 appropriated for the purpose set forth in this subsection.

42 **SECTION 9E.9.(b)** Non-Claims Run Out Medicaid Transformation Needs. –  
43 Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one  
44 hundred twenty million dollars (\$120,000,000) in nonrecurring funds for the 2023-2024 fiscal  
45 year and the sum of one hundred twenty million dollars (\$120,000,000) in nonrecurring funds  
46 for the 2024-2025 fiscal year from the Medicaid Transformation Fund may be transferred to DHB  
47 for the sole purpose of providing the State share for qualifying needs directly related to Medicaid  
48 transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as  
49 qualifying needs arise during the 2023-2025 fiscal biennium and need not be transferred in one  
50 lump sum. Any amount of funds from the one hundred twenty million dollars (\$120,000,000)  
51

1 made available under this subsection for transfer to DHB in the 2023-2024 fiscal year that has  
2 not been transferred to DHB for qualifying needs as of June 30, 2024, shall continue to be  
3 available for transfer to DHB as qualifying needs arise during the 2024-2025 fiscal year.

4 For the purposes of this section, the term "qualifying need" shall be limited to the  
5 following Medicaid transformation needs and may include contracts and temporary staffing:

- 6 (1) Program design.
- 7 (2) Beneficiary and provider experience.
- 8 (3) Information technology upgrades, operations, and maintenance.
- 9 (4) Data management tools.
- 10 (5) Program integrity.
- 11 (6) Quality review.
- 12 (7) Actuarial rate setting functions.
- 13 (8) Technical and operational integration.
- 14 (9) BH IDD tailored plan health homes.
- 15 (10) Legal fees.
- 16 (11) Expenses related to the Enhanced Case Management and Other Services Pilot  
17 Program, commonly referred to as the "Healthy Opportunities Pilots."

18 **SECTION 9E.9.(c) Requests for Transfer of Funds for Qualifying Need.** – A request  
19 by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM  
20 and shall include the amount requested and the specific qualifying need for which the funds are  
21 to be used. None of the funds identified in subsection (b) of this section shall be transferred to  
22 DHB until OSBM verifies the following information:

- 23 (1) The amount requested is to be used for a qualifying need in the 2023-2025  
24 fiscal biennium.
- 25 (2) The amount requested provides a State share that will not result in total  
26 requirements that exceed one billion dollars (\$1,000,000,000) in nonrecurring  
27 funds for the 2023-2025 fiscal biennium.

28 **SECTION 9E.9.(d) Federal Fund Receipts.** – Any federal funds received in any  
29 fiscal year by DHB that represent a return of State share already expended on a qualifying need  
30 related to the funds received by DHB under this section shall be deposited into the Medicaid  
31 Transformation Fund.

32 **SECTION 9E.9.(e) Reporting.** – No later than January 15, 2024, and every six  
33 months thereafter until the final report due July 15, 2025, DHB shall report to the Joint  
34 Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each  
35 expenditure that has been funded from the Medicaid Transformation fund in the preceding six  
36 months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.

## 37 38 **EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS**

39 **SECTION 9E.10.(a)** The Department of Health and Human Services, Division of  
40 Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of  
41 slots available under the waiver by 350 slots. These additional slots shall be made available upon  
42 approval by the Centers for Medicare and Medicaid Services.

43 **SECTION 9E.10.(b)** Effective when this act becomes law, Section 9F.14 of S.L.  
44 2021-180 is repealed. Provided that DHB is in compliance with G.S. 108A-54(e), nothing in this  
45 subsection shall be construed to prohibit DHB from implementing or continuing any services  
46 developed pursuant to Section 9F.14 of S.L. 2021-180 prior to the effective date of this  
47 subsection.

## 48 49 **MEDICAID SKILLED NURSING FACILITY RATES**

1           **SECTION 9E.11.** The Department of Health and Human Services, Division of  
2 Health Benefits, shall, at a minimum, continue the Medicaid rates for skilled nursing facilities  
3 that were in place as of March 15, 2023.  
4

5 **MEDICAID PERSONAL CARE SERVICES RATES**

6           **SECTION 9E.12.** The Department of Health and Human Services, Division of  
7 Health Benefits, shall provide a rate of five dollars and ninety-six cents (\$5.96) per 15-minute  
8 increment for personal care services provided to Medicaid beneficiaries through Medicaid Direct,  
9 Community Alternatives Program for Children (CAP/C), Community Alternatives Program for  
10 Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO).  
11

12 **INCREASE PRIVATE DUTY NURSING RATES**

13           **SECTION 9E.12A.** Beginning July 1, 2023, the Department of Health and Human  
14 Services, Division of Health Benefits, shall increase to thirteen dollars (\$13.00) per 15 minutes  
15 the rate paid for private duty nursing services pursuant to Medicaid Clinical Coverage Policies  
16 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and 3G-2: Private Duty Nursing  
17 for Beneficiaries Under 21 Years of Age.  
18

19 **RATES FOR DURABLE MEDICAL EQUIPMENT**

20           **SECTION 9E.13B.** The Department of Health and Human Services, Division of  
21 Health Benefits, shall increase the Medicaid rate paid for durable medical equipment, provided  
22 that the total State share of the costs associated with the rate increase shall not exceed a total of  
23 one million dollars (\$1,000,000) over a period of 12 months. This rate increase shall be  
24 implemented effective upon the date approved by the Centers for Medicare and Medicaid  
25 Services.  
26

27 **INCREASE WAGES OF DIRECT CARE WORKERS/INNOVATIONS WAIVER**

28           **SECTION 9E.15.(a)** It is the intent of the General Assembly to assist in increasing  
29 the hourly wages of direct care workers who provide services to Medicaid beneficiaries receiving  
30 services through the North Carolina Innovations waiver program, to be termed "Innovations  
31 direct care workers" for the purpose of this act, by an industry average rate of six dollars and fifty  
32 cents (\$6.50) per hour above the North Carolina industry average hourly wage rate, cited in the  
33 most recent report, if any, submitted to the Joint Legislative Oversight Committee on Medicaid  
34 in accordance with Section 9D.15C of S.L. 2021-180.  
35

36           To that end, the Department of Health and Human Services, Division of Health  
37 Benefits (DHB), shall provide a rate increase to providers who provide services to Medicaid  
38 beneficiaries receiving services through the North Carolina Innovations waiver program who are  
39 either (i) enrolled in the Medicaid program or (ii) approved financial managers or financial  
40 support agencies billing for waiver service hours provided by direct care workers that are hired  
41 by employers of record or managing employers under a self-directed option in accordance with  
42 Medicaid Clinical Coverage Policy 8-P: North Carolina Innovations.

43           **SECTION 9E.15.(b)** Upon implementation of the rate increase required by this  
44 section, DHB shall adjust the per member per month (PMPM) capitation amount paid to local  
45 management entities/managed care organizations. All LME/MCOs shall be required to  
46 implement the increase. This increase shall continue to apply when the BH IDD tailored plans  
47 become fully operational and are implemented. DHB shall determine the amount of rate increase  
48 under this section. The definition of an Innovations direct care worker under this section includes  
49 all workers required for compliance with, or delivery of, the relevant Innovations waiver service  
50 definitions and the delivery of a unit of Innovations services to individuals in the definition of  
direct care worker to be applied and shall include only caregivers who are contracted for the

1 provision of services in a legally appropriate manner. The rate increase under this section shall  
2 be effective on the effective date approved by the Centers for Medicare and Medicaid Services.

3 **SECTION 9E.15.(c)** Prior to receiving the rate increase required under this section,  
4 providers who employ Innovations direct care workers shall attest and provide verification to the  
5 relevant LME/MCO that this increased funding is being used to the benefit of its Innovations  
6 direct care workers, including in the form of an increase in hourly wage, benefits, or associated  
7 payroll costs. DHB shall set the standards for documentation that shall be required for verification  
8 that the provider used the rate increase in the manner required by this section, and LME/MCOs  
9 shall use these same standards. DHB and LME/MCOs shall require verifiable methods of  
10 accounting, such as payroll-based journals. Providers receiving a rate increase under this section  
11 shall keep documentation of the use of that rate increase and make the documentation available  
12 upon request by DHB or by the relevant LME/MCO.

13 **SECTION 9E.15.(d)** In addition to other allowable reasons for recoupment of funds,  
14 DHB shall recoup part or all of the funds related to the rate increase received by a provider  
15 pursuant to this section if DHB determines that the provider did not use the increased funding to  
16 the benefit of its Innovations direct care worker employees.

### 17 18 **BH IDD TAILORED PLAN UPDATES**

19 **SECTION 9E.16.(a1)** Section 9D.7(a) of S.L. 2022-74 is repealed.

20 **SECTION 9E.16.(a2)** The Division of Health Benefits, Department of Health and  
21 Human Services (DHHS), shall implement BH IDD tailored plans, as defined under  
22 G.S. 108D-1, no later than July 1, 2024. The initial term of the BH IDD tailored plan contracts  
23 shall last not less than four years.

24 **SECTION 9E.16.(b1)** It is the intent of the General Assembly that, when BH IDD  
25 tailored plans, as defined under G.S. 108D-1, begin, local management entities/managed care  
26 organizations (LME/MCOs) accept, as network providers, all providers that meet objective  
27 quality standards and accept network rates. DHHS and the LME/MCOs shall develop a proposal  
28 for potentially opening the LME/MCO closed provider networks described in G.S. 108D-23 for  
29 services and supports that are excluded from prepaid health plan coverage except under BH IDD  
30 tailored plan contracts. The proposal shall be submitted to the Joint Legislative Oversight  
31 Committee on Health and Human Services and the Joint Legislative Oversight Committee on  
32 Medicaid no later than February 1, 2024. The proposal shall include any necessary legislative  
33 changes, including revisions to the statutory changes in subsections (b2) through (b4) of this  
34 section, and shall consider all of the following:

- 35 (1) The need to ensure access to care for enrollees while also ensuring the delivery  
36 of high-quality services and supports to those enrollees.
- 37 (2) The continued exclusion of providers previously terminated by an LME/MCO  
38 for cause, including new entities created by the same owners or managing  
39 employees of those providers.
- 40 (3) The development by DHHS and the LME/MCOs of objective quality  
41 standards for the providers that deliver services and supports that are excluded  
42 from prepaid health plan coverage except under BH IDD tailored plan  
43 contracts.
- 44 (4) The need to ensure financial viability and operating stability for existing  
45 LME/MCO network providers.
- 46 (5) The Medicaid risk category assigned to provider types under G.S. 108C-3(g).

47 **SECTION 9E.16.(b2)** G.S. 108D-21 reads as rewritten:

48 **"§ 108D-21. LME/MCO provider networks.**

49 ~~Each~~ Until the date that BH IDD tailored plans begin operating, each LME/MCO operating  
50 the combined 1915(b) and (c) waivers or providing coverage of any services approved under the  
51 1915(i) option shall develop and maintain a closed network of providers to furnish-provide mental

1 health, intellectual or developmental disabilities, ~~and substance abuse use disorder, and traumatic~~  
2 ~~brain injury services~~ to its enrollees. A closed network is the network of providers that have  
3 contracted with the local management entity/managed care organization operating the combined  
4 1915(b) and (c) waivers."

5 **SECTION 9E.16.(b3)** G.S. 108D-23 reads as rewritten:

6 "**§ 108D-23. BH IDD tailored plan provider networks.**

7 ~~Each entity operating a BH IDD tailored plan shall develop and maintain a closed network~~  
8 ~~of providers only for the provision of behavioral health, intellectual and developmental disability,~~  
9 ~~and traumatic brain injury services. A closed network is the network of providers that have~~  
10 ~~contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees.~~  
11 ~~A closed network must include all essential providers, as designated in accordance with~~  
12 ~~G.S. 108D-22(b), that (i) are located within the region for which the entity holds a BH IDD~~  
13 ~~tailored plan contract and (ii) provide any covered behavioral health, intellectual and~~  
14 ~~developmental disability, or traumatic brain injury service in that region.~~

15 (a) Each LME/MCO shall operate provider networks with respect to its BH IDD tailored  
16 plan contract in accordance with this section.

17 (b) With regard to services and supports that are covered benefits under both standard  
18 benefit plans and BH IDD tailored plans, each LME/MCO shall be subject to the same provider  
19 network requirements applicable to PHPs under G.S. 108D-22.

20 (c) With regard to services and supports that are excluded from PHP coverage except  
21 under BH IDD tailored plans, each LME/MCO shall operate a closed network, which is the  
22 network of providers that have contracted with the LME/MCO to provide those services to  
23 enrollees, in accordance with all of the following:

24 (1) A closed network must include all essential providers designated in  
25 accordance with G.S. 108D-22(b) that (i) are located or provide services  
26 within the region for which the LME/MCO holds a BH IDD tailored plan  
27 contract and (ii) provide any covered behavioral health, intellectual and  
28 developmental disability, or traumatic brain injury service in that region.

29 (2) With regard to services identified by the Department as necessary to improve  
30 access for behavioral health, intellectual and developmental disability, and  
31 traumatic brain injury services, an LME/MCO shall accept all providers of  
32 those services that (i) meet objective quality standards and (ii) accept network  
33 rates, notwithstanding the requirement to operate a closed network."

34 **SECTION 9E.16.(b4)** Article 3 of Chapter 108D of the General Statutes is amended  
35 by adding a new section to read:

36 "**§ 108D-26. Other provider networks.**

37 (a) Beginning on the date that BH IDD tailored plans begin operating, each LME/MCO  
38 under contract with the Department (i) to provide coverage of services as a PIHP or (ii) to provide  
39 coverage of any services approved under the 1915(i) option shall operate a closed network in  
40 accordance with this section.

41 (b) A closed network is the network of providers that have contracted with the  
42 LME/MCO to provide to enrollees the services and supports covered by the LME/MCO either  
43 as a PIHP or under the 1915(i) option.

44 (c) With regard to services identified by the Department as necessary to improve access  
45 for behavioral health, intellectual and developmental disability, and traumatic brain injury  
46 services, an LME/MCO shall accept all providers of those services that (i) meet objective quality  
47 standards and (ii) accept network rates, notwithstanding the requirement in this section to operate  
48 a closed network."

49 **SECTION 9E.16.(b5)** G.S. 108D-1 is amended by adding a new subdivision to read:

50 "(30a) Prepaid inpatient health plan or PIHP. – A prepaid inpatient health plan, as  
51 defined in 42 C.F.R. § 438.2."

1           **SECTION 9E.16.(b6)** Subsections (b2) through (b5) of this section become effective  
2 July 1, 2024.

3           **SECTION 9E.16.(c)** No later than June 1, 2024, DHHS shall develop and submit a  
4 proposal to the Joint Legislative Oversight Committee on Medicaid to transition the  
5 administration of the Community Alternatives Program for Disabled Adults (CAP/DA) to the  
6 BH IDD tailored plans by January 1, 2025, notwithstanding G.S. 108D-40(a)(11).

7           **SECTION 9E.16.(d)** It is the intent of the General Assembly that the Medicaid  
8 Traumatic Brain Injury waiver be expanded throughout the State. Within 60 days after the  
9 effective date of this act, DHHS shall submit an amended waiver application to expand the  
10 Traumatic Brain Injury waiver statewide by January 1, 2025, or any later date approved by the  
11 Centers for Medicare and Medicaid Services. DHHS shall not implement the waiver expansion  
12 if that implementation exceeds the authority of the Division of Health Benefits under  
13 G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated  
14 to exceed a future authorized budget for the Medicaid program.

15           **SECTION 9E.16.(e)** No later than January 1, 2024, DHHS shall develop and submit  
16 a proposal to the Joint Legislative Oversight Committee on Medicaid for a Medicaid Reentry  
17 Section 1115 Demonstration Opportunity waiver to provide services to the adult incarcerated  
18 population, to be managed under BH IDD tailored plan contracts, notwithstanding  
19 G.S. 108D-40(a)(9), and to begin no later than January 1, 2025. The proposal shall provide that,  
20 upon release from incarceration, Medicaid-eligible individuals shall be transitioned to a managed  
21 care plan for which the individual is eligible under G.S. 108D-40 or, if the individual is excluded  
22 from managed care, to the Medicaid Direct fee-for-service program. DHHS shall not implement  
23 the waiver if that implementation exceeds the authority of the Division of Health Benefits under  
24 G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated  
25 to exceed a future authorized budget for the Medicaid program.

26           **SECTION 9E.16.(f)** Except as otherwise provided, this section is effective when it  
27 becomes law.

## 28 29 **EXPEDITED MEDICAID PREFERRED DRUG LIST REVIEW FOR DRUGS** 30 **TREATING SERIOUS MENTAL ILLNESS**

31           **SECTION 9E.17.(a)** Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as  
32 G.S. 108A-68.1A of Part 6 of Article 2 of Chapter 108A of the General Statutes in the following  
33 manner:

- 34           (1) The new G.S. 108A-68.1A is entitled "Medicaid preferred drug program."
- 35           (2) Each paragraph under Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as  
36 separate subsections (a) through (k) with subunits designated accordingly,  
37 except that the last paragraph is repealed.
- 38           (3) The phrase "Preferred Drug List. –" is deleted from the new subsection (a).
- 39           (4) All references to the Division of Medical Assistance are replaced with the  
40 Division of Health Benefits.

41           **SECTION 9E.17.(b)** Part 6 of Article 2 of Chapter 108A of the General Statutes is  
42 amended by adding a new section to read:

### 43 **"§ 108A-68.1B. Coverage of medication to treat severe mental illness.**

44           (a) The Department shall provide immediate coverage under the Medicaid program of a  
45 new prescription medication approved by the Food and Drug Administration that becomes  
46 available to the public if (i) the manufacturer of that medication is enrolled in the federal  
47 Medicaid Drug Rebate Program and (ii) the medication is approved for the treatment of any of  
48 the following conditions, as defined by the most recent edition of the Diagnostic and Statistical  
49 Manual of Mental Disorders:

- 50           (1) Bipolar disorders, hypomanic, manic, depressive, and mixed.
- 51           (2) Childhood and adolescent depression.



- 1           (3)    Major depressive disorders, single episode or recurrent.
- 2           (4)    Obsessive-compulsive disorders.
- 3           (5)    Paranoid personality disorder and other psychotic disorders.
- 4           (6)    Schizo-affective disorders, bipolar or depressive.
- 5           (7)    Schizophrenia.

6           (b)    If the new prescription medication required to be covered under the Medicaid  
7 program under subsection (a) of this section is within a class of medications eligible for inclusion  
8 on the Department's Preferred Drug List, then, no later than the end of the next calendar quarter  
9 following the date the new prescription medication became available to the public, the  
10 Department shall, in consultation with the Physician's Advisory Group, review and submit a  
11 proposed policy to the Preferred Drug List Policy Review Panel regarding the inclusion of the  
12 new prescription medication as either a preferred or nonpreferred drug on the Department's  
13 Preferred Drug List.

14          (c)    Within 30 days of the receipt of a proposed policy under subsection (b) of this section,  
15 the Preferred Drug List Policy Review Panel shall, in accordance with G.S. 108A-68.1A, hold  
16 an open meeting to review the recommended policy and submit policy recommendations about  
17 the proposed policy to the Department upon the conclusion of that meeting."

18                **SECTION 9E.17.(c)** G.S. 108A-68.1A, as enacted by subsection (a) of this section,  
19 reads as rewritten:

20 **"§ 108A-68.1A. Medicaid preferred drug program.**

21           ...

22          (h)    ~~The Secretary of the Department of Health and Human Services shall establish a~~  
23 ~~Preferred Drug List (PDL) Policy Review Panel within 60 days after the effective date of this~~  
24 ~~section. Panel. The purpose of the PDL Preferred Drug List Policy Review Panel is to review the~~  
25 ~~Medicaid PDL Preferred Drug List recommendations from the Department of Health and Human~~  
26 ~~Services, Division of Health Benefits, and the Physician Advisory Group Pharmacy and~~  
27 ~~Therapeutics (PAG P&T) Committee.~~

28           ...

29          (k)    ~~After the Department, in consultation with the PAG P&T Committee, Physician~~  
30 ~~Advisory Group Pharmacy and Therapeutics Committee, publishes a proposed policy or~~  
31 ~~procedure related to the Medicaid PDL, Preferred Drug List, the Preferred Drug List Policy~~  
32 ~~Review Panel shall hold an open meeting to review the recommended policy or procedure along~~  
33 ~~with any written public comments received as a result of the posting. The Review Panel shall~~  
34 ~~provide an opportunity for public comment at the meeting. After the conclusion of the meeting,~~  
35 ~~the Review Panel shall submit policy recommendations about the proposed Medicaid PDL~~  
36 ~~Preferred Drug List policy or procedure to the Secretary. The Preferred Drug List Policy Review~~  
37 ~~Panel shall meet no less than once a quarter."~~

38                **SECTION 9E.17.(d)** This section is effective when it becomes law.

## 40 **RELATIVES PROVIDING CARE TO MINORS ON THE INNOVATIONS WAIVER**

41                **SECTION 9E.18.(a)** The Department of Health and Human Services, Division of  
42 Health Benefits (DHB), shall seek approval from the Centers for Medicare and Medicaid Services  
43 (CMS) to amend NC Medicaid Clinical Coverage Policy 8-P "North Carolina Innovations" to  
44 allow Community Living and Support services to be provided by a relative of a Medicaid  
45 beneficiary residing in the same home as the beneficiary when that beneficiary is under the age  
46 of 18 and when no other provider is available to provide these services, similar to what is  
47 currently allowed for beneficiaries age 18 and older.

48                **SECTION 9E.18.(b)** DHB shall implement the changes outlined in subsection (a)  
49 of this section on the effective date approved by CMS.

50

1 **FURTHER ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO**  
2 **PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES**  
3 **AWAITING HOSPITAL DISCHARGE**

4 **SECTION 9E.19.(a)** Section 9D.22(f) of S.L. 2021-180, as amended by Section  
5 9D.9 of S.L. 2022-74, reads as rewritten:

6 "SECTION 9D.22.(f) CMS Approval. – The Department of Health and Human Services,  
7 Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services  
8 (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required  
9 by this ~~section~~-section with a proposed start date of March 1, 2023. The new Medicaid covered  
10 services and rates shall be implemented ~~December 31, 2022. If approval from CMS is not granted~~  
11 ~~by December 31, 2022, then as soon as operationally feasible after the approval by CMS. DHB~~  
12 ~~shall retroactively implement services and rates upon approval from CMS to December 31, 2022.~~  
13 to the date approved by CMS. The new Medicaid covered services and rates shall only be  
14 implemented to the extent allowable by CMS."

15 **SECTION 9E.19.(a1)** Section 9D.22(c) of S.L. 2021-180 reads as rewritten:

16 "SECTION 9D.22.(c) Services Covered. – The clinical coverage policy developed in  
17 accordance with this section shall provide Medicaid coverage of the following services in an  
18 acute care hospital setting when medically necessary and ordered by a physician or other  
19 appropriate provider:

20 ...

21 Services developed in accordance with this subsection shall be considered outpatient  
22 services. Other ancillary services, such as laboratory services, imaging, and prescription drugs,  
23 shall continue to be billed as separate and additional services not included as part of this new  
24 Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance  
25 with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH  
26 IDD tailored plan, as defined in G.S. 108D-1. Standard benefit plans, as defined in G.S. 108D-1,  
27 shall not be required to cover these newly developed services."

28 **SECTION 9E.19.(b)** This section is effective retroactively to December 31, 2022.

29  
30 **DRAFT SMI/SED WAIVER**

31 **SECTION 9E.19A.(a)** The Department of Health and Human Services, Division of  
32 Health Benefits, shall develop a proposed Medicaid 1115 demonstration waiver focused on adults  
33 with serious mental illness (SMI), children with serious emotional disturbance (SED), or both.  
34 This proposed SMI/SED waiver shall include all of the following:

- 35 (1) Receipt of federal financial participation for covered services furnished to  
36 Medicaid beneficiaries during stays greater than 15 days for acute care in  
37 psychiatric hospitals or residential treatment settings that qualify as  
38 institutions of mental disease (IMDs).
- 39 (2) Detailed ways in which DHB shall ensure good quality of care in IMDs.
- 40 (3) Methods to address improved access to community-based services for  
41 beneficiaries with SMI or SED.
- 42 (4) Goals to be achieved through the waiver that include the following:
- 43 a. Reduced utilization and lengths of stay in hospital emergency  
44 departments among Medicaid beneficiaries with SMI or SED while  
45 awaiting mental health treatment in specialized settings.
- 46 b. Reduced preventable readmissions to acute care hospitals and  
47 residential settings by Medicaid beneficiaries with SMI or SED.
- 48 c. Improved availability of crisis stabilization services.
- 49 d. Improved access to community-based services to address the chronic  
50 mental health care needs of Medicaid beneficiaries with SMI or SED.

- 1 e. Improved care coordination and continuity of care following episodes  
2 of acute care in hospitals and residential treatment facilities.

3 **SECTION 9E.19A.(b)** No later than March 1, 2024, DHB shall submit to the Joint  
4 Legislative Oversight Committee on Medicaid a report that provides details on the proposed 1115  
5 waiver developed under subsection (a) of this section, a copy of the draft waiver, and estimated  
6 costs or savings to the State were the waiver to be implemented.

7  
8 **NORTH CAROLINA – PSYCHIATRY ACCESS LINE**

9 **SECTION 9E.19B.** Of the funds appropriated in this act to the Department of Health  
10 and Human Services, Division of Health Benefits, the sum of one million eight hundred fifty  
11 thousand dollars (\$1,850,000) in recurring funds for the 2023-2024 fiscal year and the sum of  
12 one million nine hundred fifty thousand dollars (\$1,950,000) in recurring funds for the 2024-2025  
13 fiscal year shall be used for the North Carolina – Psychiatry Access Line (NC-PAL), a partnership  
14 between the Department of Health and Human Services and the Department of Psychiatry &  
15 Behavioral Sciences at Duke University. No later than September 1, 2024, and September 1,  
16 2025, NC-PAL shall submit to the Joint Legislative Oversight Committee on Health and Human  
17 Services and the Fiscal Research Division the following information:

- 18 (1) The number of consultations provided over the previous fiscal year, broken  
19 down by consultations provided by NC-PAL Child Psychiatry and NC-PAL  
20 Perinatal Psychiatry.  
21 (2) The geographic regions of the State utilizing the services offered by NC-PAL,  
22 by county.  
23 (3) The percentage of NC-PAL consultations that resulted in treatment of an  
24 individual by that individual's primary care provider, rather than referral to a  
25 specialist.  
26 (4) The estimated number of avoided emergency department visits resulting from  
27 the services provided through NC-PAL.  
28 (5) The results of any new pilot program offering consultations with county  
29 department of social services offices or residential providers and whether  
30 those consultations reduced placement disruptions for children in the custody  
31 of county departments of social services or the need for crisis intervention.  
32

33 **PREPAID HEALTH PLANS PERFORMANCE METRICS**

34 **SECTION 9E.20.** The Department of Health and Human Services, Division of  
35 Health Benefits (DHB), shall develop performance standards, including claims payment metrics  
36 requiring claims to be paid within a set number of days, applicable to prepaid health plans  
37 operating standard benefits plans in accordance with Chapter 108D of the General Statutes.  
38 Beginning December 1, 2023, and annually until the expiration of the initial prepaid health plan  
39 contract, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and to the  
40 Fiscal Research Division on these performance standards as they apply to each individual prepaid  
41 health plan.  
42

43 **ADDITIONAL MEDICAID SERVICES FOR FOSTER YOUTH**

44 **SECTION 9E.21.(a)** The General Assembly finds that youth receiving foster care  
45 services through the county child welfare agencies are entitled to trauma-informed interventions  
46 and therapy that are also evidence-based, evidence-informed, or both. The Department of Health  
47 and Human Services (DHHS), Division of Health Benefits (DHB), shall convene a workgroup  
48 composed of county child welfare agencies, representatives with lived experience in child  
49 welfare, the nonprofit corporation Benchmarks, prepaid health plans, and local management  
50 entities/managed care organizations (LME/MCOs) to identify innovative Medicaid service  
51 options to address any gaps in the care of children receiving foster care services. Each LME/MCO

1 shall identify to the workgroup any innovative practices that the LME/MCO is using that could  
2 be an innovative Medicaid service option. Each LME/MCO shall also communicate with  
3 healthcare providers in its catchment area about the opportunity to submit concept papers to the  
4 workgroup to aid in the identification of these innovative Medicaid service options. Specifically,  
5 the workgroup shall identify innovative Medicaid service options that are either of the following:

- 6 (1) Models of community evidence-based and evidence-informed practices that  
7 support a foster child returning to the child's family in a timely manner and  
8 diverting higher level foster care placements.
- 9 (2) Models of intensive community or short-term residential treatment options  
10 that serve children with high acuity needs that divert a child from higher level  
11 placements such as psychiatric residential treatment facility placement. The  
12 provision of stepdown options from higher levels of care may be considered.

13 **SECTION 9E.21.(b)** No later than three months after the workgroup has completed  
14 its work under subsection (a) of this section, DHB shall begin distributing funding, as  
15 appropriated in this act and to the extent allowed under G.S. 108A-54(e), through capitated  
16 contracts with LME/MCOs and through capitated prepaid health plan contracts under Article 4  
17 of Chapter 108D of the General Statutes, to be used for the innovative Medicaid service options  
18 identified by the workgroup. The funding may be used for (i) new services identified by the  
19 workgroup that may be implemented regionally or statewide or (ii) expanding a service or  
20 modality to a county or region where the service or modality was not previously implemented.  
21 DHB shall require all of the following from any entity receiving funding under this subsection:

- 22 (1) Time lines for, and establishment of, first- and second-year deliverables for  
23 any service that may be a phased-in service.
- 24 (2) Identification of required funding, including start-up funding and a three-year  
25 budget, including projected revenue sources and amounts.
- 26 (3) Specific outcome measures with the attestation of the timely submission of  
27 the data to the applicable prepaid health plan and DHB. These outcomes shall  
28 be aligned with child welfare safety and permanency measures and shall  
29 support positive childhood outcomes.

30 **SECTION 9E.21.(c)** DHHS may prioritize the distribution of funds under this  
31 section based upon the areas with the greatest need, as identified by the workgroup convened  
32 under subsection (a) of this section.

33 **SECTION 9E.21.(d)** DHHS shall provide training to all county departments of  
34 social services and shall offer training to tribal welfare offices on any Medicaid services funded  
35 under subsection (b) of this section and may delegate that training to the relevant LME/MCO.  
36 Further, DHHS shall continue to provide to the relevant county departments of social services  
37 and tribal welfare offices status updates on implementation within any impacted counties and  
38 regions.

39 **SECTION 9E.21.(e)** This section is effective when it becomes law.  
40

## 41 CHILDREN AND FAMILIES SPECIALTY PLAN

42 **SECTION 9E.22.(a)** The Department of Health and Human Services (DHHS) shall  
43 issue an initial request for proposals (RFP) to procure a single statewide children and families  
44 (CAF) specialty plan contract with services to begin no later than December 1, 2024. The RFP  
45 shall be subject to the requirements in G.S. 108D-62, as enacted by subsection (k) of this section.  
46 DHHS shall define the services available under the CAF specialty plan and the Medicaid  
47 beneficiaries who are eligible to enroll in the CAF specialty plan, except as otherwise specified  
48 in this act or in law. For the purposes of this section, the CAF specialty plan shall be as defined  
49 under G.S. 108D-1, as amended by subsection (c) of this section.

50 **SECTION 9E.22.(b)** DHHS shall request approval from the Centers for Medicare  
51 and Medicaid Services (CMS) to require that a child who is automatically enrolled in the children

1 and families specialty plan under G.S. 108D-62(f) may not elect to enroll instead in a standard  
 2 benefit plan or a behavioral health and intellectual/developmental disabilities tailored plan unless  
 3 doing so is in the best interest of the child, as determined by the county department of social  
 4 services after consultation with the enrollment broker as defined in G.S. 108D-1.

5 **SECTION 9E.22.(c)** G.S. 108D-1 reads as rewritten:

6 "**§ 108D-1. Definitions.**

7 The following definitions apply in this Chapter:

8 ...

9 (4) Behavioral health and intellectual/developmental disabilities tailored plan or  
 10 BH IDD tailored plan. – A capitated prepaid health plan contract under the  
 11 Medicaid transformation demonstration waiver that meets all of the  
 12 requirements of Article 4 of this Chapter, including the requirements  
 13 pertaining to BH IDD tailored ~~plans~~plans, but excluding the requirements  
 14 pertaining only to the CAF specialty plan.

15 ...

16 (5a) Children and families specialty plan or CAF specialty plan. – A statewide  
 17 capitated prepaid health plan contract under the Medicaid transformation  
 18 demonstration waiver that meets all of the requirements of Article 4 of this  
 19 Chapter, including the requirements pertaining to the CAF specialty plan, but  
 20 excluding the requirements only pertaining to BH IDD tailored plans.

21 ...

22 (30) Prepaid health plan or PHP. – A prepaid health plan, as defined in  
 23 G.S. 58-93-5, that is under a capitated contract with the Department for the  
 24 delivery of Medicaid ~~and NC Health Choice~~-services, or a local management  
 25 entity/managed care organization that is under a capitated PHP contract with  
 26 the ~~Department to operate a BH IDD tailored plan.~~Department.

27 ...

28 (36) Standard benefit plan. – A capitated prepaid health plan contract under the  
 29 Medicaid transformation demonstration waiver that meets all of the  
 30 requirements of Article 4 of this Chapter except for the requirements  
 31 pertaining only to a BH IDD tailored ~~plan~~plan and only to the CAF specialty  
 32 plan."

33 **SECTION 9E.22.(d)** G.S. 108D-5.3 reads as rewritten:

34 "**§ 108D-5.3. Enrollee requests for disenrollment.**

35 ...

36 (b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed  
 37 to ~~disenroll~~request disenrollment from the PHP without cause only during the times specified in  
 38 42 C.F.R. § 438.56(c)(2), except that enrollees who are in any of the following groups may  
 39 request to disenroll at any time:

- 40 (1) Beneficiaries who meet the definition of Indian under 42 C.F.R. § 438.14(a).
- 41 (2) Beneficiaries who are ~~enrolled in the foster care system~~described in  
 42 G.S. 108D-40(a)(14).
- 43 ~~(3) Beneficiaries who are in the former foster care Medicaid eligibility category.~~
- 44 ~~(4) Beneficiaries who receive Title IV-E adoption assistance.~~
- 45 (5) Beneficiaries who are receiving long-term services and supports in  
 46 institutional or community-based settings.
- 47 (6) Any other beneficiaries who are not required to enroll in a PHP under  
 48 G.S. 108D-40.
- 49 ~~(7) Beneficiaries who are described in G.S. 108D-40(a)(12).~~

50 ...."

51 **SECTION 9E.22.(e)** G.S. 108D-22 reads as rewritten:

1 **"§ 108D-22. PHP provider networks.**

2 (a) Except as provided in ~~G.S. 108D-23~~, G.S. 108D-23 and G.S. 108D-24, each PHP  
3 shall develop and maintain a provider network that meets access to care requirements for its  
4 enrollees. A PHP may not exclude providers from their networks except for failure to meet  
5 objective quality standards or refusal to accept network rates. Notwithstanding the previous  
6 sentence, a PHP must include all providers in its geographical coverage area that are designated  
7 essential providers by the Department in accordance with subdivision (b) of this section, unless  
8 the Department approves an alternative arrangement for securing the types of services offered by  
9 the essential providers.

10 ...."

11 **SECTION 9E.22.(f)** Article 3 of Chapter 108D of the General Statutes is amended  
12 by adding a new section to read:

13 **"§ 108D-24. Children and families specialty plan networks.**

14 (a) The entity operating the children and families specialty plan shall develop and  
15 maintain a closed network of providers only as provided in this section.

16 (b) The requirement to operate a closed network is applicable only to the provision of the  
17 following services:

18 (1) Intensive in-home services.

19 (2) Multisystemic therapy.

20 (3) Residential treatment services.

21 (4) Services provided in psychiatric residential treatment facilities.

22 (c) A closed network is the network of providers that have contracted with the entity  
23 operating the CAF specialty plan to provide to enrollees the services described in subsection (b)  
24 of this section.

25 (d) The entity operating the CAF specialty plan shall not exclude federally recognized  
26 tribal providers or Indian Health Service providers from its closed network."

27 **SECTION 9E.22.(g)** G.S. 108D-35(b) reads as rewritten:

28 "(b) The capitated contracts required by this section shall not cover any of the following:

29 (1) Medicaid services covered by the local management entities/managed care  
30 organizations (LME/MCOs) under the combined 1915(b) and (c) ~~waivers~~  
31 waivers, 1915(b)(3) services, and any services approved under the 1915(i)  
32 option shall not be covered under a standard benefit plan, except that all  
33 capitated PHP contracts shall cover the following services:

34 a. Inpatient behavioral health services.

35 b. Outpatient behavioral health emergency room services.

36 c. Outpatient behavioral health services provided by direct-enrolled  
37 providers.

38 d. Mobile crisis management services.

39 e. Facility-based crisis services for children and adolescents.

40 f. Professional treatment services in a facility-based crisis program.

41 g. Outpatient opioid treatment services.

42 h. Ambulatory detoxification services.

43 i. Nonhospital medical detoxification services.

44 j. Partial hospitalization.

45 k. Medically supervised or alcohol and drug abuse treatment center  
46 detoxification crisis stabilization.

47 l. Research-based intensive behavioral health treatment.

48 m. Diagnostic assessment services.

49 n. Early and Periodic Screening, ~~Diagnosis~~, Diagnostic, and Treatment  
50 services.

51 o. Peer support services.

- p. Behavioral health urgent care services.
  - q. Substance abuse comprehensive outpatient treatment program services.
  - r. Substance abuse intensive outpatient program services.
  - s. Social settings detoxification services.
- ~~In accordance with this subdivision, 1915(b)(3) services shall not be covered under a standard benefit plan.~~

...."

**SECTION 9E.22.(h)** G.S. 108D-40 reads as rewritten:

**"§ 108D-40. Populations covered by PHPs.**

(a) Capitated PHP contracts shall cover all Medicaid program aid categories except for the following categories:

...

- (12) Recipients with a serious mental illness, a serious emotional disturbance, a severe substance use disorder, an intellectual/developmental disability, or who have survived a traumatic brain injury and who are receiving traumatic brain injury services, who are on the waiting list for the Traumatic Brain Injury waiver, or whose traumatic brain injury otherwise is a knowable fact, until BH IDD tailored plans become operational, at which time this population will be enrolled with a BH IDD tailored plan in accordance with ~~G.S. 108D-60(a)(10). Recipients in this category~~ G.S. 108D-60(a)(10), except for recipients described in subdivision (14) of this subsection. Except as provided in G.S. 108D-60(a)(11), recipients described in this subdivision shall 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:

...

(10) Recipients described in G.S. 108D-40(a)(12) shall be automatically enrolled with an entity operating a BH IDD tailored ~~plan and plan~~, except that recipients who are also described in G.S. 108D-40(a)(14) shall be enrolled in accordance with G.S. 108D-62. Except as provided in subdivision (11) of this subsection, recipients described in G.S. 108D-40(a)(12) shall have the option to enroll with a PHP operating a standard benefit plan, provided that a recipient electing to enroll with a PHP operating a standard benefit plan would only have access to the behavioral health services covered by the standard benefit plans and would no longer have access to the behavioral health services excluded from standard benefit plan coverage under ~~G.S. 108D-35(1)~~ G.S. 108D-35(b)(1) and provided that the recipient's informed consent shall be required prior to the recipient's enrollment with a PHP operating a standard benefit plan.

(11) Recipients described in G.S. 108D-40(a)(12) shall not have the option to voluntarily enroll with a PHP operating a standard benefit plan or the CAF specialty plan if they are any of the following:

- a. Recipients enrolled in the Innovations waiver.
- b. Recipients enrolled in the Traumatic Brain Injury waiver.
- c. Recipients residing in or receiving respite services at an intermediate care facility for individuals with intellectual/developmental disabilities.
- d. Recipients enrolled in and being served under Transitions to Community Living.
- e. Recipients receiving State-funded residential services, including group living, family living, supported living, and residential supports.



1 (b) The Department may contract with entities operating BH IDD tailored plans under a  
2 capitated or other arrangement for the management of behavioral health, intellectual and  
3 developmental disability, and traumatic brain injury services for any recipients who are not  
4 enrolled in a BH IDD tailored ~~plan-plan~~ or the CAF specialty plan."

5 **SECTION 9E.22.(k)** Article 4 of Chapter 108D of the General Statutes is amended  
6 by adding a new section to read:

7 **"§ 108D-62. Children and families specialty plan.**

8 (a) The following definitions apply in this section:

9 (1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.

10 (2) Child. – A person who is under the age of 18, is not married, and has not been  
11 legally emancipated.

12 (3) Custodian. – As defined in G.S. 7B-101, or a comparable tribal code.

13 (4) Foster care. – The placement of a child who is described in  
14 G.S. 108D-40(a)(14), or a comparable tribal code, whose custody has been  
15 awarded by court order or pursuant to a voluntary placement agreement from  
16 the parent, custodian, or guardian (i) to the county department of social  
17 services or (ii) to the Eastern Band of Cherokee Indians' Department of Public  
18 Health and Human Services.

19 (5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.

20 (6) Minor. – A person who is under the age of 18.

21 (7) Parent. – As defined in 42 C.F.R. § 435.603(b).

22 (8) Reunification. – As defined in G.S. 7B-101, or a comparable tribal code.

23 (9) Sibling. – As defined in 42 C.F.R. § 435.603(b).

24 (b) All of the following shall apply with regard to the CAF specialty plan:

25 (1) The capitated contract for the CAF specialty plan shall be the result of a  
26 request for proposals issued by the Department. Only (i) entities that meet the  
27 definition of PHP under G.S. 58-93-5 or under this Chapter and (ii)  
28 consortiums established under G.S. 122C-116 are eligible to respond to the  
29 request for proposals issued by the Department to operate the CAF specialty  
30 plan. Each eligible responding entity may submit only one response to an RFP  
31 issued by the Department.

32 (2) An entity operating the CAF specialty plan shall authorize, pay for, and  
33 manage all Medicaid services covered under the plan.

34 (3) An entity operating the CAF specialty plan shall operate care management  
35 functions and provide whole-person, integrated care across healthcare and  
36 treatment settings and foster care placements for recipients enrolled in the plan  
37 to support family preservation, advance the reunification of families, support  
38 the permanency goals of children, and support the health of former foster  
39 youth.

40 (4) An entity operating the CAF specialty plan shall be the single point of care  
41 management accountability.

42 (5) The Department shall establish requirements for the effective operation of the  
43 CAF specialty plan that, at a minimum, shall address all of the following:

44 a. Continuity of care and support across healthcare settings, changes in  
45 placement, and when the child transitions into the former foster youth  
46 Medicaid eligibility category.

47 b. Managing care according to competencies specific to the recipients  
48 described in G.S. 108D-40(a)(14) and to recipients receiving child  
49 protective services in-home services, including medication  
50 management, utilization of trauma-informed care, and any other areas  
51 determined appropriate by the Department.

1                   c.       Coordination of activities with local governments, county departments  
2                           of social services, the Division of Juvenile Justice of the Department  
3                           of Public Safety, and other related agencies that support the child  
4                           welfare system.

5                   d.       Approaches to address unmet health-related resource needs.

6       (c)       In addition to the services required to be covered by all PHPs under G.S. 108D-35,  
7       the CAF specialty plan shall cover the behavioral health, intellectual and developmental  
8       disability, and traumatic brain injury services excluded from standard benefit plan coverage  
9       under G.S. 108D-35(b)(1), except that the CAF specialty plan shall not cover any of the following  
10       services:

11                   (1)       Innovations waiver services.

12                   (2)       Traumatic Brain Injury waiver services.

13                   (3)       Services provided to recipients residing in or receiving respite services at an  
14                           intermediate care facility for individuals with intellectual disabilities.

15                   (4)       Services provided to recipients determined eligible to participate in and be  
16                           served under Transitions to Community Living.

17                   (5)       Non-Medicaid behavioral health services funded with federal, State, and local  
18                           funding in accordance with Chapter 122C of the General Statutes or other  
19                           applicable State and federal law, rules, and regulations.

20       (d)       Unless ineligible under subsection (e) of this section, the following Medicaid  
21       recipients shall be eligible to enroll in the CAF specialty plan:

22                   (1)       Recipients described in G.S. 108D-40(a)(14) and their children. The children  
23                           shall be enrolled in the CAF specialty plan for as long as the parent remains  
24                           enrolled, unless the parent elects to enroll the child in another plan in  
25                           accordance with subsection (g) of this section.

26                   (2)       Adults identified on an open child protective services in-home family services  
27                           agreement case and any minor children living in the same home.

28                   (3)       Adults identified in an open Eastern Band of Cherokee Indians Department of  
29                           Public Health and Human Services Family Safety program case and any  
30                           children living in the same home.

31                   (4)       The minor siblings of a child in foster care who lived in the same home as that  
32                           child at the time of the child's removal and with whom household reunification  
33                           or permanency efforts are ongoing.

34                   (5)       Recipients who have a child temporarily in foster care if all of the following  
35                           are met:

36                   a.       A court of competent jurisdiction has not found that aggravated  
37                           circumstances exist in accordance with G.S. 7B-901(c) or a  
38                           comparable tribal code.

39                   b.       A court of competent jurisdiction has not found that a plan of  
40                           reunification would be unsuccessful or would be inconsistent with the  
41                           child's health or safety in accordance with G.S. 7B-906.1(d) or a  
42                           comparable tribal code.

43                   c.       A court of competent jurisdiction has not found that custody or  
44                           guardianship with the caretaker relative is an inappropriate permanent  
45                           plan for the juvenile under G.S. 7B-906.2(a)(3), G.S. 7B-906.2(a)(4),  
46                           or a comparable tribal code.

47                   d.       The recipient is any of the following:

48                           1.       A parent.

49                           2.       A caretaker relative.

50                           3.       A custodian.

51                           4.       A guardian.

1           (6)    Any other recipients who have had involvement with the child welfare system  
 2                   and whom the Department has determined would benefit from enrollment in  
 3                   the CAF specialty plan.

4           (e)    The following Medicaid recipients shall be not eligible to enroll in the CAF specialty  
 5 plan:

6                   (1)    Recipients who require services that are excluded from coverage by the CAF  
 7                           specialty plan under subsection (c) of this section.

8                   (2)    Temporary safety provider caregivers identified on an open child protective  
 9                           services in-home family services agreement case or an open Eastern Band of  
 10                           Cherokee Indians Department of Public Health and Human Services Family  
 11                           Safety program case.

12                   (3)    Recipients who are excluded from PHP coverage under G.S. 108D-40(a).

13           (f)    Recipients described in subdivision (d)(1) of this section shall be automatically  
 14 enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which  
 15 case they may enroll voluntarily. All other recipients described under subsection (d) of this  
 16 section may enroll voluntarily in the CAF specialty plan.

17           (g)    Except as limited by any provision of a waiver or State Plan amendment approved by  
 18 CMS, recipients eligible to enroll in the CAF specialty plan under subsection (d) of this section  
 19 shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible under  
 20 G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty plan  
 21 who elects to enroll with a PHP operating a standard benefit plan would only have access to the  
 22 behavioral health services covered by the standard benefit plans and would no longer have access  
 23 to the behavioral health services excluded from standard benefit plan coverage under  
 24 G.S. 108D-35(b)(1). The recipient's informed consent, or, as applicable, the informed consent of  
 25 the recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a  
 26 PHP operating a standard benefit plan.

27           (h)    Recipients who are children enrolled in foster care in this State who exit the custody  
 28 of the county department of social services may elect to remain enrolled in the CAF specialty  
 29 plan for 12 months after the date the recipient exits custody. In the case of recipients who achieve  
 30 reunification, any of the following individuals with whom the recipient reunifies may also elect  
 31 to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:

- 32                   (1)    A parent.
- 33                   (2)    A caretaker relative.
- 34                   (3)    A custodian.
- 35                   (4)    A guardian.
- 36                   (5)    A minor sibling."

37           **SECTION 9E.22.(I)** G.S. 122C-3 reads as rewritten:

38           **"§ 122C-3. Definitions.**

39           The following definitions apply in this Chapter:

40                   ...

41                   (4a)    Children and families specialty plan or CAF specialty plan. – As defined in  
 42                           G.S. 108D-1.

43                   ...

44                   (20c)    Local management entity/managed care organization (LME/MCO). – A local  
 45                           management entity that is under contract with the Department to operate the  
 46                           combined Medicaid Waiver program authorized under Section 1915(b) and  
 47                           Section 1915(c) of the Social Security Act or to operate a ~~BH IDD tailored~~  
 48                           ~~plan~~ capitated PHP contract under Article 4 of Chapter 108D of the General  
 49                           Statutes.

50                   ...."

1           **SECTION 9E.22.(m)** G.S. 122C-115(f), as amended by Section 5.1(a) of S.L.  
2 2023-65, reads as rewritten:

3           "(f) LME/MCOs operating the BH IDD tailored plans under G.S. 108D-60 may continue  
4 to manage the behavioral health, intellectual and developmental disability, and traumatic brain  
5 injury services for any Medicaid recipients who are not enrolled in a BH IDD tailored ~~plan~~plan  
6 or the CAF specialty plan."

7           **SECTION 9E.22.(n)** G.S. 122C-115.4 reads as rewritten:

8 "**§ 122C-115.4. Functions of local management entities.**

9           (a) Local management entities are responsible for the management and oversight of the  
10 public system of ~~mental health, services for people with serious mental illness, severe and~~  
11 persistent mental illness, intellectual and developmental disabilities, traumatic brain injuries, and  
12 severe substance abuse services-use disorders at the community level. An LME shall plan,  
13 develop, implement, and monitor services within a specified geographic area to ensure expected  
14 outcomes for consumers within available resources.

15           (a1) Local management entities may perform services within their expertise and  
16 experience on a statewide basis or outside their specified geographic area pursuant to contracts  
17 or grants awarded to the local management entity.

18           ...."

19           **SECTION 9E.22.(o)** Part 2 of Article 4 of Chapter 122C of the General Statutes is  
20 amended by adding a new section to read:

21 "**§ 122C-115.7. Children and families specialty plan operation.**

22           An area authority is authorized to operate the CAF specialty plan under a contract with the  
23 Department. For purposes of operating the CAF specialty plan only, all of the following apply:

24           (1) The area authority shall have a statewide catchment area.

25           (2) Counties are prohibited from withdrawing from or declining to participate in  
26 the statewide catchment area of the CAF specialty plan."

27           **SECTION 9E.22.(p)** G.S. 122C-116 reads as rewritten:

28 "**§ 122C-116. Status of area authority; status of consolidated human services agency.**

29           (a) An area authority is a local political subdivision of the State.

30           (b) A consolidated human services agency is a department of the county.

31           (c) One or more area authorities may jointly form a consortium, through an interlocal  
32 agreement, for the purpose of responding to requests for proposals issued by the Department and  
33 contracting with the Department. The consortium shall be considered a multicounty public  
34 authority and a local political subdivision of the State and shall establish, by interlocal agreement,  
35 an alternative governance structure that reports to the area boards of each participating area  
36 authority. The boards of each participating area authority shall have the option to appoint  
37 members of the multicounty public authority board in a manner or with a composition other than  
38 as required by G.S. 122C-118.1 by each participating area board adopting a resolution to that  
39 effect and receiving written approval from the Secretary.

40           (d) An area authority may, individually or in concert with other eligible entities such as  
41 other area authorities, entities licensed as a prepaid health plan under G.S. 58-93-5, or other  
42 permitted bidders, respond to requests for proposals issued by the Department to cover services  
43 on a statewide basis and contract with the Department to cover these services. An area authority  
44 may, through an interlocal agreement, be designated by other area authorities as the lead applicant  
45 to respond to requests for proposals issued by the Department and to contract with the  
46 Department to cover services on a statewide basis."

47           **SECTION 9E.22.(q)** Except as otherwise provided, this section is effective when it  
48 becomes law.

49  
50 **AGENCY REQUESTED CHANGES/DHB**

51           **SECTION 9E.23.(a1)** G.S. 108A-68.2 reads as rewritten:

1 **"§ 108A-68.2. Beneficiary lock-in program for certain controlled substances.**

2 (a) The following definitions apply in this section:

3 ...

4 (2) ~~Lock-in program. – A requirement that a Medicaid beneficiary select a single~~  
5 ~~prescriber and a single pharmacy for obtaining covered substances.~~A  
6 requirement, consistent with 42 C.F.R. § 431.54(e), that restricts the number  
7 of prescribers from whom, and the number of pharmacies from which, a  
8 Medicaid beneficiary may obtain covered substances.

9 (2a) Medically necessary. – Having medical necessity as determined in accordance  
10 with 10A NCAC 25A .0201.

11 (3) Prepaid health plan or PHP. – As defined in G.S. 108D-1.

12 ...

13 (d) This section does not apply to any lock-in program for Medicaid ~~or NC Health Choice~~  
14 beneficiaries who are not enrolled in a Prepaid Health Plan.

15 (e) ~~A Prepaid Health Plan may PHP shall~~ develop a lock-in program for Medicaid  
16 beneficiaries who meet any of the following criteria:

17 (1) Have filled ~~six~~10 or more prescriptions for covered substances in a period of  
18 two consecutive ~~months~~months when not medically necessary.

19 (2) Have received prescriptions for covered substances from ~~three~~four or more  
20 ~~providers~~prescribers in a period of two consecutive ~~months~~months when not  
21 medically necessary.

22 (3) ~~Are recommended as a candidate for the lock-in program by a provider.~~

23 (f) A lock-in program developed pursuant to subsection (e) of this section shall comply  
24 with all of the following:

25 (1) A beneficiary shall not be subject to the lock-in program until the ~~Prepaid~~  
26 ~~Health Plan~~PHP has notified the beneficiary in writing that the beneficiary  
27 will be subject to the lock-in ~~program~~program and the beneficiary has been  
28 provided an opportunity for a hearing.

29 (2) A beneficiary subject to the lock-in program shall be given the opportunity to  
30 select a single prescriber and a single pharmacy from a list of prescribers and  
31 pharmacies in the ~~Prepaid Health Plan's~~PHP's provider network. In  
32 accordance with 42 C.F.R. § 431.54(e), the beneficiary may be allowed to  
33 select up to two prescribers and two pharmacies when medically necessary as  
34 designated by the State. For any beneficiary who fails to select a ~~single~~  
35 ~~prescriber, the Prepaid Health Plan shall use algorithmic guidelines to assign~~  
36 ~~the beneficiary a single prescriber from a list of prescribers in the Prepaid~~  
37 ~~Health Plan's network. For any beneficiary who fails to select a single~~  
38 ~~pharmacy, prescribers or pharmacies, the Prepaid Health Plan PHP shall use~~  
39 ~~algorithmic guidelines to assign the beneficiary a single pharmacy from a list~~  
40 ~~of prescribers or pharmacies enrolled in the Prepaid Health Plan's PHP's~~  
41 ~~network.~~

42 (3) A beneficiary shall not be required to use the ~~single prescriber or single~~  
43 ~~pharmacy~~prescribers or pharmacies selected for the lock-in program to obtain  
44 prescriptions drugs covered by the Medicaid program or the ~~Prepaid Health~~  
45 ~~Plan~~PHP that are not covered substances.

46 (f1) If a PHP finds that a beneficiary has utilized Medicaid services at a frequency or  
47 amount that is not medically necessary, as determined in accordance with utilization guidelines  
48 established by the State, the restrictions in subsection (f) of this section may be imposed for a  
49 period of two years.

50 (g) ~~A Prepaid Health Plan's~~PHP's use of a lock-in program developed pursuant to  
51 subsection (e) of this section shall not constitute a violation of the terms of a contract between

1 the ~~Prepaid Health Plan PHP~~ and the Department that relate to a beneficiary's ability to utilize a  
2 prescriber or pharmacy of choice."

3 **SECTION 9E.23.(a2)** G.S. 58-51-37(l) reads as rewritten:

4 "(l) An insurer's use of a lock-in program developed pursuant to G.S. 58-51-37.1 or  
5 G.S. 108A-68.2 is not a violation of this section."

6 **SECTION 9E.23.(b1)** G.S. 150B-1(e)(25) reads as rewritten:

7 "(25) The Department of Health and Human Services with respect to disputes  
8 involving the performance, terms, or conditions of a contract between the  
9 Department and ~~a~~any of the following:

10 a. A prepaid health plan, as defined in G.S. 108D-1.

11 b. A prepaid inpatient health plan, as defined in 42 C.F.R. § 438.2.

12 c. A primary care case management entity, as defined in 42 C.F.R. §  
13 438.2."

14 **SECTION 9E.23.(b2)** Subsection (b1) of this section applies to disputes arising on  
15 or after the date this act becomes law.

16 **SECTION 9E.23.(c1)** G.S. 108A-54.3A reads as rewritten:

17 "**§ 108A-54.3A. Eligibility categories and income thresholds.**

18 (a) The Department shall provide Medicaid coverage for individuals in accordance with  
19 federal statutes and regulations and specifically shall provide coverage for the following  
20 populations:

21 ...

22 (b) The applicable federal poverty guidelines for the eligibility categories in subsection  
23 (a) of this section shall be updated annually on April 1 immediately following publication of the  
24 federal poverty guidelines."

25 **SECTION 9E.23.(c2)** The Revisor of Statutes shall replace all references to  
26 "G.S. 108A-54.3A(24)" with "G.S. 108A-54.3A(a)(24)" throughout the General Statutes.

27 **SECTION 9E.23.(c3)** Subsection (c1) of this section is effective retroactively to  
28 June 26, 2020.

29 **SECTION 9E.23.(d1)** G.S. 108A-55.4 reads as rewritten:

30 "**§ 108A-55.4. ~~Insurers to provide certain information to~~ Requirements related to insurers**  
31 **and the Department of Health and Human Services.**

32 ...

33 (b) Health insurers, and pharmacy benefit managers regulated as third-party  
34 administrators under Article 56 of Chapter 58 of the General Statutes, shall provide, with respect  
35 to a subscriber upon request of the Division or its authorized contractor, information to determine  
36 during what period the individual or the individual's spouse or dependents may ~~be (or be or may~~  
37 ~~have been)~~been covered by a health insurer and the nature of the coverage that is or was provided  
38 by the health insurer ~~(including insurer, including~~ the subscriber's name, address, identification  
39 number, social security number, date of birth and identifying number of the ~~plan)~~insurance  
40 policy, in a manner prescribed by the Division or its authorized contractor. Notwithstanding any  
41 other provision of law, every health insurer shall provide, not more frequently than twelve times  
42 in a year and at no cost, to the Department of Health and Human Services, Division of Health  
43 Benefits, or the Department's or Division's authorized contractor, upon its request, information  
44 as necessary so that the Division may (i) identify applicants or recipients who may also be  
45 subscribers covered under the benefit plans of the health insurer; (ii) determine the period during  
46 which the individual, the individual's spouse, or the individual's dependents may be or may have  
47 been covered by the health benefit plan; and (iii) determine the nature of the coverage. To  
48 facilitate the Division or its authorized contractor in obtaining this and other related information,  
49 every health insurer ~~shall~~shall do all of the following:

50 ...

(4) ~~Respond~~ With regard to any inquiry by the Division or its authorized contractor regarding a claim for payment for any health care item or service that is submitted not later than three years after the date of the provision of the health care item or ~~service~~. service, respond within 60 days of receipt of the inquiry.

...

(e) All third parties, as defined under 42 U.S.C. § 1396a(a)(25), requiring prior authorization of an item or service furnished to an individual eligible to receive medical assistance shall accept an authorization provided by the Department that the item or service for which third-party reimbursement is being sought is a covered service or item for that individual under the North Carolina Medicaid State Plan, or under a relevant waiver of the State Plan, as if that authorization is the prior authorization made by the third party for the item or service."

**SECTION 9E.23.(d2)** Subsection (d1) of this section is effective January 1, 2024.

**SECTION 9E.23.(e1)** G.S. 108A-54.3A(24), as enacted by Section 1.1(b) of S.L. 2023-7, reads as rewritten:

"(24) Individuals described in section 1902(a)(10)(A)(i)(VIII) of the Social Security Act who are in compliance with any federally approved work requirements established in the State Plan and in rule. Coverage for individuals under this subdivision is available through an Alternative Benefit Plan that is established by the Department consistent with federal requirements, unless that individual is exempt from mandatory enrollment in an Alternative Benefit Plan under 42 C.F.R. § 440.315."

**SECTION 9E.23.(e2)** Subsection (e1) of this section is effective on the later of the following dates:

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

(2) The date this act becomes law.

**SECTION 9E.23.(f1)** G.S. 108A-145.3(19) reads as rewritten:

"(19) Private hospital historical assessment share. – Eighty and ~~twenty-five hundredths~~ two-tenths percent (~~80.25%~~), (80.2%), expressed as a decimal."

**SECTION 9E.23.(f2)** G.S. 108A-145.3(21) reads as rewritten:

"(21) Public hospital historical assessment share. – Nineteen and ~~seventy-five hundredths~~ eight-tenths percent (~~19.75%~~), (19.8%), expressed as a decimal."

**SECTION 9E.23.(f3)** Subsections (f1) and (f2) of this section are effective on the first day of the next assessment quarter after the date this act becomes law and apply to assessments imposed on or after the effective date of those subsections.

**SECTION 9E.23.(g)** Except as otherwise provided, this section is effective when it becomes law.

**ENSURE ADHERENCE TO MEDICAID STATE PLAN/REIMBURSEMENTS FOR AMBULATORY SURGICAL CENTERS**

**SECTION 9E.24.** Consistent with the Medicaid State Plan, Attachment 4.19-B, Section 9, Page 2, the Department of Health and Human Services, Division of Health Benefits, shall set and adjust rates for new services provided by licensed ambulatory surgical centers so that these services are reimbursed at ninety-five percent (95%) of the Medicare Ambulatory Surgical Centers fee schedule in effect as of January 1 of each year.

**INCREASE MEDICAID PERSONAL NEEDS ALLOWANCE**

**SECTION 9E.25.** The Department of Health and Human Services, Division of Health Benefits (DHB), is directed to increase the personal needs allowance from thirty dollars

1 (\$30.00) to seventy dollars (\$70.00) for individual Medicaid recipients who are institutionalized  
2 and from sixty dollars (\$60.00) to one hundred forty dollars (\$140.00) for married couples who  
3 are Medicaid recipients when both spouses are institutionalized. DHB shall deduct the applicable  
4 increased monthly amounts for personal needs from the total monthly income taken into  
5 consideration when applying the individual's or couple's income to the cost of institutionalized  
6 care. DHB shall submit to the Centers for Medicare and Medicaid Services (CMS) any  
7 amendments to the NC Medicaid State Plan or other documents necessary to implement this  
8 section. The increase in the personal needs allowance shall be implemented only upon approval  
9 and only as of the date approved by CMS.

10  
11 **CONTINUE TO ADDRESS THE REIMBURSEMENT METHODOLOGY USED FOR**  
12 **SERVICES PROVIDED TO SENIOR DUAL ELIGIBLES**

13 **SECTION 9E.26.(a)** It is the intent of the General Assembly to continue to address  
14 the need for changes to the Medicaid reimbursement methodology used for certain services  
15 provided to seniors aged 65 and older who are dually enrolled in Medicare and Medicaid. The  
16 Department of Health and Human Services, Division of Health Benefits (DHB), shall explore all  
17 options available to increase access to Medicaid services for dual eligibles that provide  
18 alternatives to nursing home placements, including adult care homes, special care units, and  
19 in-home living, and do so in consultation with relevant stakeholders. The following actions shall  
20 be taken by DHB, but DHB shall not implement any changes, new programs, or new services if  
21 that implementation exceeds DHB's authority under G.S. 108A-54(e)(1) or creates a recurring  
22 cost to the State that would reasonably be anticipated to exceed a future authorized budget for  
23 the Medicaid program:

- 24 (1) Make a formal request to the Centers for Medicare and Medicaid Services for  
25 coverage by the Medicare program of services provided to individuals who  
26 reside in adult care homes, assisted living settings, or special care units, or to  
27 support in-home living of older individuals.
- 28 (2) Develop the proposed changes to the current Medicaid personal care services  
29 under Clinical Coverage Policy 3L required to implement a per diem payment  
30 for personal care services provided in a congregate setting in a manner, similar  
31 to the payment methodology used by Washington state, as outlined in the  
32 report to the Joint Legislative Oversight Committee on Medicaid and NC  
33 Health Choice entitled "Establish New Adult Care Home Payment  
34 Methodology" dated June 10, 2022.
- 35 (3) Develop the proposed service definition and draft clinical coverage policy for  
36 Adult Care Home Congregate Care Services (ACH CCS) as a new Medicaid  
37 covered service, as outlined in the report to the Joint Legislative Oversight  
38 Committee on Medicaid and NC Health Choice entitled "Establish New Adult  
39 Care Home Payment Methodology" dated June 10, 2022. Additionally, DHB  
40 shall develop the proposed per diem rate methodology to be used for these  
41 services and create the proposed new independent assessment tool to be used.
- 42 (4) Identify what amendments may be needed to the 1115 waiver for Medicaid  
43 transformation or the Medicaid State Plan to provide more appropriate  
44 reimbursement for services provided to Medicaid recipients residing in adult  
45 care homes or other congregate settings.
- 46 (5) Propose any pilot program or new Medicaid demonstration waiver to support  
47 alternatives to nursing home placement for seniors.
- 48 (6) Design innovative payment and service delivery models, including Dual  
49 Eligible Special Needs Plans (D-SNPs) and Institutional Equivalent Special  
50 Needs Plans (IE-SNPs) for assisted living facilities and adult care homes.



1           **SECTION 9E.26.(b)** No later than March 1, 2024, DHB shall submit a report to the  
2 Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on all of  
3 the following as they relate to requirements under subsection (a) of this section:

- 4           (1) The details of the request required to be submitted to CMS and the response  
5 to the request by CMS.
- 6           (2) A draft of the proposed changes to Clinical Coverage Policy 3L and the annual  
7 cost or savings to the State associated with the implementation of those  
8 changes.
- 9           (3) A draft of the proposed service definition for ACH CSS and the associated per  
10 diem rate methodology and assessment tool. This includes the annual cost or  
11 savings to the State associated with the implementation of any or all of these  
12 items.
- 13           (4) A draft of any 1115 waiver or State Plan amendments developed in  
14 accordance with subdivision (4) of subsection (a) of this section. This includes  
15 the annual cost or savings to the State associated with the implementation of  
16 the waiver or State Plan amendments.
- 17           (5) Details on any pilot program or new Medicaid demonstration waiver being  
18 proposed and any annual cost or savings to the State associated with the  
19 implementation of each proposed pilot program or demonstration waiver.
- 20           (6) Details and a draft of any innovative payment and service delivery models  
21 developed, including Dual Eligible Special Needs Plans (D-SNPs) and  
22 Institutional Equivalent Special Needs Plans (IE-SNPs) for assisted living  
23 facilities and adult care homes.
- 24           (7) A description of the stakeholders involved in the development of any plan or  
25 proposal.
- 26           (8) Any recommended legislative changes.

## 27 **HASP/FREESTANDING PSYCHIATRIC HOSPITALS**

28           **SECTION 9E.27.(a)** The Department of Health and Human Services, Division of  
29 Health Benefits (DHB), shall develop a proposal to allow freestanding psychiatric hospitals to  
30 receive reimbursements through the healthcare access and stabilization program (HASP)  
31 authorized under G.S. 108A-148.1, enacted by Section 1.4 of S.L. 2023-7, that are contingent  
32 upon the receipt of the nonfederal share of the reimbursements through hospital assessments in  
33 which those hospitals participate. In developing the proposal, DHB shall consider whether to  
34 assess freestanding psychiatric hospitals under the existing hospital assessment structures in  
35 Article 7B of Chapter 108A of the General Statutes or whether to develop another assessment  
36 structure. The proposal shall ensure that the entire nonfederal share of the HASP reimbursements  
37 to freestanding psychiatric hospitals is funded by increased receipts from hospital assessments.  
38 DHB shall create all draft documents required to request federal approval of the developed  
39 proposal. No documents shall be submitted requesting federal approval of the developed proposal  
40 without further authorization from the General Assembly. DHB shall consult with staff from the  
41 Fiscal Research Division, the Legislative Drafting Division, and the Legislative Analysis  
42 Division to develop the proposed legislative changes necessary to impose the requisite hospital  
43 assessments.  
44

45           **SECTION 9E.27.(b)** By March 1, 2024, DHB shall submit a report to the Joint  
46 Legislative Oversight Committee on Medicaid with all of the following information related to  
47 the proposal developed under subsection (a) of this section:

- 48           (1) A detailed description of the proposal.
- 49           (2) Copies of the draft documents required to request the federal approval needed  
50 to implement the developed proposal.
- 51           (3) Proposed legislative changes that would be needed to implement the proposal.

- 1 (4) An analysis of any impact to the HASP reimbursements to hospitals other than  
2 freestanding psychiatric hospitals that might occur due to the limit on provider  
3 assessments established under 42 C.F.R. § 433.68(f).

4 **SECTION 9E.27.(c)** This section is effective the date this act becomes law.  
5

6 **PRIMARY CARE PAYMENT REFORM TASK FORCE**

7 **SECTION 9E.28.(a)** There is established the North Carolina Primary Care Payment  
8 Reform Task Force (Task Force) within the Department of Health and Human Services, Division  
9 of Health Benefits, for budgetary purposes only.

10 The Task Force shall be composed of the following members:

- 11 (1) The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee.  
12 (2) The Commissioner of the Department of Insurance, or the Commissioner's  
13 designee.  
14 (3) The Executive Administrator of the North Carolina State Health Plan for  
15 Teachers and State Employees (State Health Plan), or the Executive  
16 Administrator's designee.  
17 (4) The Director of the North Carolina Area Health Education Centers Program,  
18 or the Director's designee.  
19 (5) The Director of the North Carolina Health Information Exchange Authority,  
20 or the Director's designee.  
21 (6) A physician representative of the North Carolina primary care community, as  
22 selected by the North Carolina Academy of Family Physicians.  
23 (7) An advanced practice registered nurse representative of the North Carolina  
24 primary care community, as selected by the North Carolina Nurses  
25 Association.  
26 (8) A representative of the North Carolina commercial health insurance  
27 community, as selected by the North Carolina Association of Health Plans.  
28 (9) A representative of a prepaid health plan that is under a capitated contract with  
29 the Department for the delivery of Medicaid services, as selected by the North  
30 Carolina Association of Health Plans.  
31 (10) A representative of community health centers, as selected by the North  
32 Carolina Community Health Center Association.

33 All members of the Task Force are voting members. Any vacancies that occur for any  
34 membership positions that are not held as a function of office shall be filled by the selecting body  
35 upon vacancy. The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee, shall  
36 serve as the chair of the Task Force.

37 **SECTION 9E.28.(b)** The Task Force established under subsection (a) of this section  
38 shall have the following duties:

- 39 (1) Establish a definition of primary care to be utilized by the Task Force. This  
40 term should be applicable to services and care provided under the NC  
41 Medicaid program, the State Health Plan, and commercial insurance.  
42 (2) Conduct an actuarial evaluation of the current healthcare spend on primary  
43 care services, both as it relates to the NC Medicaid program and the  
44 commercial market, including Medicare Advantage plans.  
45 (3) Determine the adequacy of the primary care delivery system in North  
46 Carolina, including the impact this system has on the supply of the primary  
47 care providers in this State.  
48 (4) Study the primary care payment landscape in other states, specifically  
49 considering states that have implemented a minimum primary care spend.  
50 (5) Identify data collection and measurement systems to inform creation of a  
51 primary care investment target for the NC Medicaid program, the State Health

1 Plan, and commercial insurance. This includes a method by which to measure  
2 improvements made toward that target.

3 (6) Evaluate the need for a permanent Primary Care Payment Reform Task Force,  
4 or other similar entity, including which State agency or body is best suited to  
5 oversee the work of that group.

6 (7) Perform any other studies, evaluations, or determinations the Task Force  
7 considers necessary.

8 **SECTION 9E.28.(c)** No later than April 1, 2024, the Task Force shall submit a report  
9 with its findings and recommendations to the Joint Legislative Oversight Committee on Health  
10 and Human Services and the Joint Legislative Oversight Committee on Medicaid. These findings  
11 and recommendations shall include specific, concrete, and actionable steps to be undertaken by  
12 the State and upon which the General Assembly could act.

13 **SECTION 9E.28.(d)** This section shall expire on May 1, 2024.  
14

## 15 **PART IX-F. HEALTH SERVICE REGULATION**

### 16 **EXTENSION OF TEMPORARY CERTIFICATE OF NEED EXEMPTION**

17 **SECTION 9F.1.** Section 9E.4A(c) of S.L. 2021-180 reads as rewritten:

18 "**SECTION 9E.4A.(c)** This section is effective 30 days after this act becomes law, and  
19 expires ~~December 31, 2024.~~December 31, 2027."  
20  
21

### 22 **DIVISION OF HEALTH SERVICE REGULATION REPORT**

23 **SECTION 9F.10.** Beginning November 1, 2023, and every six months thereafter,  
24 the Department of Health and Human Services, Division of Health Service Regulation, shall  
25 submit a report to the Joint Legislative Oversight Committee on Health and Human Services and  
26 the Fiscal Research Division on all of the following for the six-month period preceding the date  
27 of the report:

28 (1) For each facility type the DHSR has a duty imposed by State or federal law to  
29 inspect:

- 30 a. The number of facilities seeking initial licensure in the State.  
31 b. The number of facilities licensed and operating in the State.  
32 c. The frequency of the inspection requirement.  
33 d. Whether the DHSR is current on completing the required inspections.

34 (2) For the Complaint Intake Unit:

- 35 a. The number of complaints received for each facility type.  
36 b. The applicable time line for investigating these complaints.  
37 c. Whether the DHSR is current on investigating these complaints.

38 (3) The total amount of compensatory time accrued by staff, broken down by  
39 Section.

40 (4) The total amount of overtime hours worked by staff, broken down by Section.

41 (5) The total amount of lapsed salary funds and, of that amount, the total amount  
42 used for the following purposes, broken down by Section:

- 43 a. To hire temporary or contract staff to assist the DHSR in performing  
44 its duties.  
45 b. To provide overtime compensation to staff.  
46 c. To provide salary supplements to staff.  
47 d. To provide performance bonuses to staff.

48 (6) An explanation of any problems the DHSR is experiencing with recruiting or  
49 retaining staff, broken down by Section.  
50

### 51 **NEW RURAL EMERGENCY HOSPITAL DESIGNATION**

1           **SECTION 9F.11.(a)** G.S. 131E-76(3) reads as rewritten:

2           "(3) "Hospital" means any facility ~~which~~~~(i) that~~ has an organized medical staff  
3           and ~~which~~ is designed, used, and operated to provide health care, diagnostic  
4           and therapeutic services, and continuous nursing care primarily to inpatients  
5           where such care and services are rendered under the supervision and direction  
6           of physicians licensed under Chapter 90 of the General Statutes, Article 1, to  
7           two or more persons over a period in excess of 24 ~~hours.~~hours or (ii)  
8           designated as a rural emergency hospital by the Centers for Medicare and  
9           Medicaid Services (CMS) as defined under 42 C.F.R. § 424.575 or under  
10           section 125 of Division CC of the Consolidated Appropriations Act of 2021,  
11           Public Law 116-260. The term includes facilities for the diagnosis and  
12           treatment of disorders within the scope of specific health specialties. The term  
13           does not include private mental facilities licensed under Article 2 of Chapter  
14           122C of the General Statutes, nursing homes licensed under G.S. 131E-102,  
15           adult care homes licensed under Part 1 of Article 1 of Chapter 131D of the  
16           General Statutes, and any outpatient department including a portion of a  
17           hospital operated as an outpatient department, on or off of the hospital's main  
18           campus, that is operated under the hospital's control or ownership and is  
19           classified as Business Occupancy by the Life Safety Code of the National Fire  
20           Protection Association as referenced under 42 C.F.R. § 482.41. Provided,  
21           however, if the Business Occupancy outpatient location is to be operated  
22           within 30 feet of any hospital facility, or any portion thereof, which is  
23           classified as Health Care Occupancy or Ambulatory Health Care Occupancy  
24           under the Life Safety Code of the National Fire Protection Association, the  
25           hospital shall provide plans and specifications to the Department for review  
26           and approval as required for hospital construction or renovations in a manner  
27           described by the Department."

28           **SECTION 9F.11.(b)** Article 5 of Chapter 131E of the General Statutes is amended  
29           by adding a new section to read:

30           "**§ 131E-78.3. Rural emergency hospital.**

31           (a) A hospital licensed under this Article shall notify the Department and the board of  
32           commissioners of the county where the hospital is located if the owner, operator, or governing  
33           body of the hospital applies for federal designation as a rural emergency hospital.

34           (b) Before operating as a rural emergency hospital, the owner, operator, or governing  
35           body of the hospital shall comply with each of the following:

36           (1) Submit a plan to the board of commissioners of the county where the hospital  
37           is located that includes an assessment of the current and future health care  
38           needs of the county and how the rural emergency hospital will support those  
39           needs.

40           (2) Conduct a public hearing at a location within the county. The owner, operator,  
41           or governing body of the hospital shall give notice, in writing, to the board of  
42           commissioners in that county and by publication in one or more newspapers  
43           of general circulation in the affected area describing the intent to convert to a  
44           rural emergency hospital. Publication of notice shall be given at least 15 days  
45           before the public hearing is held. All interested persons shall be heard at the  
46           public hearing.

47           (c) The conversion of a critical access hospital or acute care hospital to a rural emergency  
48           hospital is not subject to certificate of need review under Article 9 of this Chapter."

49           **SECTION 9F.11.(c)** This section is effective when it becomes law.  
50

1 **PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE**  
2 **USE SERVICES**

3  
4 **SINGLE-STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES**

5 **SECTION 9G.1.(a)** For the purpose of mitigating cash flow problems that many  
6 local management entities/managed care organizations (LME/MCOs) experience at the  
7 beginning of each fiscal year relative to single-stream funding, the Department of Health and  
8 Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
9 Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base  
10 budget allocation at the beginning of the fiscal year and subtract the amount of that distribution  
11 from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year  
12 after July, DMH/DD/SUS shall distribute, on the third working day of the month, one-eleventh  
13 of the amount of each LME/MCO's single-stream allocation that remains after subtracting the  
14 amount of the distribution that was made to the LME/MCO in July of the fiscal year.

15 **SECTION 9G.1.(b)** If, on or after June 1, 2024, the Office of State Budget  
16 Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code  
17 14445 to meet total obligations for the 2023-2024 fiscal year, then DHB shall transfer to  
18 DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars  
19 (\$30,000,000), whichever is less, to be used for single-stream funding.  
20

21 **MAXIMIZE ABILITY TO STABILIZE THE BEHAVIORAL HEALTH WORKFORCE**  
22 **IN STATE FACILITIES**

23 **SECTION 9G.1A.** Of the funds appropriated in this act from the ARPA Temporary  
24 Savings Fund to the Department of Health and Human Services, Division of Mental Health,  
25 Developmental Disabilities, and Substance Use Services, the sum of twenty million dollars  
26 (\$20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty million  
27 dollars (\$20,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to  
28 the Division of State Operated Healthcare Facilities (DSOHF) to be used to provide sign-on and  
29 retention bonuses to employees working, or hired to work, at one or more healthcare facilities  
30 operated by the Secretary of the Department of Health and Human Services under  
31 G.S. 122C-181. Notwithstanding any provision of Chapter 126 of the General Statutes, the North  
32 Carolina Human Resources Act, to the contrary, the following shall apply to any sign-on or  
33 retention bonus provided under this section:

- 34 (1) DSOHF is authorized to provide the sign-on or retention bonuses in an amount  
35 that does not exceed fifteen percent (15%) of the midpoint of the recipient  
36 employee's salary grade.  
37 (2) DSOHF may set intervals of time for issuing the sign-on or retention bonuses.  
38 Approval of, or waiver from, the Office of State Human Resources shall not  
39 be required.  
40

41 **LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS**

42 **SECTION 9G.2.(a)** Use of Funds. – Funds appropriated in this act to the Department  
43 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
44 Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric  
45 beds or bed days. The Department of Health and Human Services (DHHS) shall continue to  
46 implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds  
47 or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds  
48 or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of  
49 payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall  
50 not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In  
51 addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated

1 to LME/MCOs for community-based mental health, developmental disabilities, and substance  
2 use disorder services may be used to purchase additional local inpatient psychiatric beds or bed  
3 days.

4 **SECTION 9G.2.(b)** Distribution and Management of Beds or Bed Days. – DHHS  
5 shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance  
6 with this section are utilized solely for individuals who are medically indigent, except that DHHS  
7 may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health  
8 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
9 Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based  
10 crisis services and nonhospital detoxification services for individuals in need of these services,  
11 regardless of whether the individuals are medically indigent. For the purposes of this subsection,  
12 "medically indigent" shall mean uninsured persons who (i) are financially unable to obtain  
13 private insurance coverage, as determined by DHHS and (ii) are not eligible for  
14 government-funded health coverage such as Medicare or Medicaid.

15 In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or  
16 bed days purchased in accordance with this section are distributed across the State and according  
17 to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with  
18 higher acuity levels are distributed across the State and according to greatest need based on  
19 hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local  
20 hospitals for the management of these beds or bed days. DHHS shall work to ensure that these  
21 contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and  
22 control these local inpatient psychiatric beds or bed days, including the determination of the  
23 specific local hospital or State psychiatric hospital to which an individual should be admitted  
24 pursuant to an involuntary commitment order.

25 **SECTION 9G.2.(c)** Funds to be Held in Statewide Reserve. – Funds appropriated in  
26 this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be  
27 allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health,  
28 Developmental Disabilities, and Substance Use Services to pay for services authorized by the  
29 LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims  
30 for payment to DHHS within 15 working days after receipt of a clean claim from the hospital  
31 and shall pay the hospital within 30 working days after receipt of payment from DHHS.

32 **SECTION 9G.2.(d)** Ineffective LME/MCO Management of Beds or Bed Days. – If  
33 DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for  
34 which it has responsibility, as evidenced by beds or bed days in the local hospital not being  
35 utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the  
36 LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may  
37 contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other  
38 provision of law to the contrary, may pay the hospital directly.

39 **SECTION 9G.2.(e)** Reporting by LME/MCOs. – LME/MCOs shall be required to  
40 report to DHHS regarding the utilization of these beds or bed days.

41 **SECTION 9G.2.(f)** Reporting by DHHS. – By no later than December 1, 2024, and  
42 by no later than December 1, 2025, DHHS shall report to the Joint Legislative Oversight  
43 Committee on Health and Human Services and the Fiscal Research Division on all of the  
44 following:

- 45 (1) A uniform system for beds or bed days purchased during the preceding fiscal  
46 year from (i) existing State appropriations and (ii) local funds.
- 47 (2) An explanation of the process used by DHHS to ensure that, except as  
48 otherwise provided in subsection (a) of this section, local inpatient psychiatric  
49 beds or bed days purchased in accordance with this section are utilized solely  
50 for individuals who are medically indigent, along with the number of

1 medically indigent individuals served by the purchase of these beds or bed  
2 days.

3 (3) The amount of funds used to pay for facility-based crisis services, along with  
4 the number of individuals who received these services and the outcomes for  
5 each individual.

6 (4) The amount of funds used to pay for nonhospital detoxification services, along  
7 with the number of individuals who received these services and the outcomes  
8 for each individual.

9 (5) Other DHHS initiatives funded by State appropriations to reduce State  
10 psychiatric hospital use.

## 11 12 **JUSTICE-RELATED BEHAVIORAL HEALTH PROGRAMS**

13 **SECTION 9G.2B.(a)** Of the funds appropriated in this act from the ARPA  
14 Temporary Savings Fund to the Department of Health and Human Services, Division of Mental  
15 Health, Developmental Disabilities, and Substance Use Services, the sum of twenty-nine million  
16 dollars (\$29,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of seventy  
17 million dollars (\$70,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used  
18 for either or both of the following programs:

19 (1) Community-based pre-arrest diversion and reentry programs and to fund local  
20 partnerships between law enforcement, counties, and behavioral health  
21 providers.

22 (2) Community-based and detention center-based restoration programs.

23 **SECTION 9G.2B.(b)** In developing, implementing, or operating any of the  
24 programs detailed in subsection (a) of this section, the Department of Health and Human  
25 Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services,  
26 shall consult with the Department of Adult Correction (DAC) and may enter into a Memorandum  
27 of Understanding (MOU) or a Memorandum of Agreement (MOA) with DAC if it is determined  
28 that doing so would be the most effective use of funds or the most effective manner to implement  
29 one or more of the services provided.

## 30 31 **FUNDS FOR HYPERBARIC OXYGEN THERAPY FOR VETERANS PROGRAM**

32 **SECTION 9G.3.** Of the funds appropriated in this act to the Department of Health  
33 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
34 Services, five hundred thousand dollars (\$500,000) in nonrecurring funds for the 2023-2024  
35 fiscal year shall be allocated as a directed grant to the Community Foundation of NC East, Inc.,  
36 a nonprofit in Pitt County, to be used to support its HBOT for Veterans Program.

## 37 38 **START-UP FUNDS FOR WILKES RECOVERY REVOLUTION, INC.**

39 **SECTION 9G.5.** Of the funds appropriated in this act from the ARPA Temporary  
40 Savings Fund to the Department of Health and Human Services, Division of Mental Health,  
41 Developmental Disabilities, and Substance Use Services, two million seven hundred twenty  
42 thousand dollars (\$2,720,000) in nonrecurring funds for the 2023-2024 fiscal year shall be  
43 allocated to Wilkes Recovery Revolution, Inc., a nonprofit corporation, to be used to build or  
44 purchase a new building, or to remodel or renovate an existing building, in which services will  
45 be provided to individuals with substance use disorder. These nonrecurring funds may also be  
46 used for one-time start-up costs associated with the provision of those services.

## 47 48 **WORKFORCE DEVELOPMENT FUNDS FOR ADULTS WITH IDD**

49 **SECTION 9G.6.** Of the funds appropriated in this act from the ARPA Temporary  
50 Savings Fund to the Department of Health and Human Services, Division of Mental Health,  
51 Developmental Disabilities, and Substance Use Services, the sum of two million dollars

1 (\$2,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two million  
2 dollars (\$2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to  
3 UMAR Services, Inc., a nonprofit corporation, to provide services for adults with intellectual and  
4 developmental disabilities (IDD). At least fifty percent (50%) of the funds allocated in each fiscal  
5 year shall be utilized by UMAR Services, Inc., to provide workforce development opportunities  
6 and vocational services for adults with IDD.

7  
8 **BUILDING A SAFETY NET THROUGH AN ACCOUNTABLE SYSTEM OF CARE**  
9 **FOCUSED ON SUBSTANCE USE AND MENTAL HEALTH ISSUES IN THE**  
10 **WORKPLACE/PILOT PROGRAM**

11 **SECTION 9G.6A.(a)** Of the funds appropriated in this act from the ARPA  
12 Temporary Savings Fund to the Department of Health and Human Services, Division of Mental  
13 Health, Developmental Disabilities, and Substance Use Services, the sum of two million dollars  
14 (\$2,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to Truusight  
15 Health Solutions, LLC, for a two-year public-private partnership pilot program in Cabarrus and  
16 Stanly Counties to address the needs of employees requiring access to behavioral health services  
17 and to support employers in this State to navigate the complex behavioral health system. The  
18 goals of the pilot program are to build a stronger and more connected behavioral health safety  
19 net, to reduce the societal costs related to employees with mental health or substance use issues,  
20 and to reduce stigma related to accessing behavioral health services. The pilot program shall, at  
21 a minimum, meet the following requirements:

- 22 (1) Involvement of representatives from local employers, impacted employees,  
23 relevant employer health benefit plans, local health systems,  
24 community-based behavioral health or substance use disorder treatment  
25 providers, a local management entity/managed care organization, and other  
26 relevant stakeholders.
- 27 (2) The development of requirements and protocols necessary to operationalize  
28 an integrated and accountable coordinated system of care as part of the pilot  
29 program.
- 30 (3) The development and deployment of technology that tracks and manages  
31 access to services, including a database of all available substance use disorder  
32 treatment services and recovery support services relevant to the pilot program.  
33 The technology shall be compatible with NCCare 360 and connect employees  
34 and their dependents with both medical and nonmedical services.

35 **SECTION 9G.6A.(b)** No earlier than a year after the start date of the pilot program  
36 but no later than 18 months after the start date of the pilot program, the Department of Health  
37 and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use  
38 Services, in coordination with Truusight Health Solutions, LLC, shall submit a report to the Joint  
39 Legislative Oversight Committee on Health and Human Services. This report is in addition to  
40 reports required under Section 4.9 of this act. The report required under this subsection shall  
41 contain the following information:

- 42 (1) An assessment of the success of the pilot program, including both qualitative  
43 and quantitative results detailing the benefits of the pilot program, any barriers  
44 or challenges faced by the pilot program, outcomes for both employees and  
45 employers and impacts to the counties involved in the pilot program.
- 46 (2) Recommendations for permanent implementation of the pilot program, both  
47 within Cabarrus and Stanly Counties as well as statewide. These  
48 recommendations must be accompanied by estimates of the cost to the State  
49 for each recommendation.

50  
51 **AGENCY REQUESTED CHANGES/BEHAVIORAL HEALTH**



1           **SECTION 9G.7A.(a1)** Part 2 of Article 4 of Chapter 122C of the General Statutes  
2 is amended by adding the following new sections to read:

3 **"§ 122C-115.5. Alignment of counties with an area authority.**

4       (a) Reserved for future codification purposes.

5       (b) Reserved for future codification purposes.

6       (c) Area authorities may add one or more additional counties to their existing catchment  
7 area, including through the merger or consolidation of area authorities, upon the adoption of a  
8 resolution to that effect by a majority of the members of the area board and the approval of the  
9 Secretary.

10       (d) The Secretary shall direct the dissolution of an area authority upon any of the  
11 following:

12           (1) The termination of a BH IDD tailored plan contract with an area authority.

13           (2) The Secretary's delivery of a notice of noncompliance to an area authority  
14 under G.S. 122C-124.2(c) or G.S. 122C-124.2(d).

15       (e) When an area authority is dissolved at the direction of the Secretary, all of the  
16 following shall occur:

17           (1) The Secretary shall deliver a notice of dissolution to the board of county  
18 commissioners of each of the counties in the dissolved area authority.

19           (2) The area authority shall be dissolved on a time line established by the  
20 Secretary. The Secretary shall allow at least seven but no more than 30  
21 calendar days for all of the following to occur:

22               a. The completion by the area authority being dissolved of negotiations  
23 for a merger or consolidation with one or more compliant area  
24 authorities.

25               b. The submission to the Secretary of any requests for consideration with  
26 regard to the realignment with another area authority by any county in  
27 the catchment area of the area authority being dissolved.

28           (3) The area authority being dissolved shall cooperate with the Secretary in order  
29 to ensure the uninterrupted provision of services to Medicaid recipients and  
30 the other individuals who received services through the area authority.

31           (4) The Secretary shall assign any contracts, as defined in G.S. 122C-124.2(g), of  
32 the area authority being dissolved to the one or more area authorities that (i)  
33 are under contract for the operation of a BH IDD tailored plan and (ii) are  
34 receiving at least one county from the area authority being dissolved. The  
35 Secretary may consult with the area directors and chairs of the area boards of  
36 (i) the area authority being dissolved and (ii) the remaining area authorities  
37 before assigning these contracts. The Secretary shall take into consideration  
38 the factors described in subsection (f) of this section in assigning these  
39 contracts.

40           (5) The Secretary shall assign the State-funded services contract between the area  
41 authority being dissolved and the Division of Mental Health, Developmental  
42 Disabilities, and Substance Use Services to the area authorities receiving the  
43 counties from the area authority being dissolved.

44           (6) The Secretary shall effectuate and oversee the orderly transfer of all  
45 management responsibilities, operations, and contracts of the area authority  
46 being dissolved, including the responsibility of paying providers for covered  
47 services that are subsequently rendered.

48           (7) The Secretary shall arrange for the providers of services to be reimbursed for  
49 proper, authorized, and valid claims for services rendered that were not  
50 previously paid by the area authority being dissolved. These reimbursements  
51 shall be made from the remaining fund balance or risk reserve of the area

1 authority being dissolved, or from other funds of the Department if necessary.  
2 In the event there are insufficient assets to satisfy the liabilities of the area  
3 authority being dissolved, it shall be the responsibility of the Secretary to  
4 satisfy the liabilities of the area authority being dissolved.

5 (8) Effective until the date that BH IDD tailored plans begin operating, risk  
6 reserve funds of the area authority being dissolved may be used only to pay  
7 authorized and approved provider claims. Any funds remaining in the risk  
8 reserve transferred under this subdivision shall become part of the risk reserve  
9 of the area authorities receiving the realigned counties and shall be subject to  
10 the same restrictions on the use of the risk reserve applicable to those area  
11 authorities.

12 (9) The Secretary may assume control, in part or in full, of the financial affairs of  
13 the area authority and appoint an administrator to exercise the powers assumed  
14 by the Secretary. This assumption of control shall have the effect of divesting  
15 the area authority of its authority as to the powers assumed, including service  
16 delivery, adoption of budgets, expenditures of money, and all other financial  
17 powers conferred on the area authority by law.

18 (10) County funding of the area authority shall continue and shall not be reduced  
19 as a result of the dissolution. A county shall not withdraw funds previously  
20 obligated or appropriated to the area authority.

21 (11) Any fund balance or risk reserve available to an area authority at the time of  
22 its dissolution that is not utilized to pay liabilities shall be transferred to one  
23 or more area authorities contracted to operate the 1915(b)/(c) Medicaid  
24 Waiver or a BH IDD tailored plan in all or a portion of the catchment area of  
25 the dissolved area authority, as directed by the Department in accordance with  
26 G.S. 122C-115.6.

27 (12) Effective until the date that BH IDD tailored plans begin operating, if the fund  
28 balance transferred from the dissolved area authority under subdivision (11)  
29 of this subsection is insufficient to constitute fifteen percent (15%) of the  
30 anticipated operational expenses arising from assumption of responsibilities  
31 from the dissolved area authority, the Secretary shall guarantee the operational  
32 reserves for the area authority assuming the responsibilities under the  
33 1915(b)/(c) Medicaid Waiver until the assuming area authority has  
34 reestablished fifteen percent (15%) operational reserves.

35 (f) In considering whether to approve any merger or consolidation of area authorities, or  
36 in determining how to assign any contracts, as defined in G.S. 122C-124.2(g), of an area authority  
37 following the termination of a BH IDD tailored plan contract under subsection (d) of this section,  
38 the Secretary may consider, at a minimum, all of the following factors:

39 (1) For any area authority receiving a county, the readiness of that area authority  
40 to operate the BH IDD tailored plan in the expanded catchment area.

41 (2) For any area authority receiving a county, the area authority's operational  
42 capacity and history of performance.

43 (3) Whether the distribution among area authorities of the population of  
44 individuals covered under BH IDD tailored plans will promote fiscal viability  
45 of BH IDD tailored plan contracts.

46 (4) Assurances of network adequacy and the alignment with existing hospitals  
47 and health systems of the area authorities involved in the merger or  
48 consolidation.

49 (5) For any area authority involved in the merger or consolidation, the area  
50 authority's experience with prior mergers and consolidations.

- 1           (6) Any input received by a county being realigned from one area authority to  
2 another.
- 3           (7) Geographic contiguity of counties within a catchment area.
- 4           (8) For any area authority receiving a county, the number of providers that will  
5 have to enter into new contracts with that area authority.
- 6           (9) Any input received from a provider or a Consumer and Family Advisory  
7 Committee established under G.S. 122C-170 or G.S. 122C-171.

8           (g) The Secretary's decision to approve or disapprove a merger or consolidation of area  
9 authorities is final, and there is no right to appeal the decision to the Office of Administrative  
10 Hearings, in accordance with G.S. 150B-1(e)(21), or any other forum.

11 **"§ 122C-115.6. Transfer of area authority fund balance upon county realignment.**

12           (a) When a county realigns with another area authority under G.S. 122C-115.5,  
13 regardless of whether the realignment was due to the merger of area authorities, the consolidation  
14 of area authorities, or another process, a portion of the risk reserve and other funds of the area  
15 authority from which the county is disengaging shall be transferred to the area authority with  
16 which the county is realigning. The amount of risk reserve and other funds to be transferred shall  
17 be determined by the Department in accordance with a formula or formulas developed in  
18 accordance with this section.

19           (b) Any formula developed by the Department under this section shall consider the  
20 stability of both the area authority from which the county is disengaging and the area authority  
21 with which the county is realigning. The formula shall support (i) the ability for each area  
22 authority to carry out its responsibilities under State law, (ii) the successful operation of the  
23 1915(b)/(c) waivers, (iii) the capitated arrangements authorized by G.S. 108D-60(b), and (iv) the  
24 successful operation of BH IDD tailored plans under G.S. 108D-60. The formula shall assure  
25 that the area authority from which the county is disengaging retains sufficient funds to pay any  
26 outstanding liabilities to healthcare providers, staff-related expenses, and other liabilities.

27           (c) The area authority from which the county is disengaging and the area authority with  
28 which the county is realigning shall provide the Department with all financial information  
29 requested by the Department that is necessary to determine the amount of funds to be transferred  
30 using the formula or formulas developed under this section, upon any of the following:

- 31               (1) The Secretary's approval of a county realignment under G.S. 122C-115.5.
- 32               (2) The Secretary's delivery of a notice of dissolution to the area authority under  
33 G.S. 122C-115.5(e)(1).

34           (d) Prior to finalizing any formula developed under this section, the Department shall  
35 post the proposed formula on its website and provide notice of the proposed formula to all area  
36 authorities, the Joint Legislative Oversight Committee on Health and Human Services, the Joint  
37 Legislative Oversight Committee on Medicaid, and the Fiscal Research Division. The  
38 Department shall accept public comment on the proposed formula. The Department shall post  
39 the final version of the formula on its website.

40           (e) The Department may amend the formula as needed to ensure the requirements of  
41 subsection (b) of this section are met. Prior to finalizing any amended formula developed under  
42 this section, the Department shall post the proposed amended formula on its website and provide  
43 notice of the proposed amended formula to all area authorities, the Joint Legislative Oversight  
44 Committee on Health and Human Services, the Joint Legislative Oversight Committee on  
45 Medicaid, and the Fiscal Research Division. The Department shall accept public comment on the  
46 proposed amended formula. The Department shall post the final version of the amended formula  
47 on its website.

48           (f) Beginning July 15, 2023, and quarterly thereafter, the Department shall report to the  
49 Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative  
50 Oversight Committee on Medicaid, and the Fiscal Research Division on any funds transferred as  
51 a result of county realignments during the previous quarter.

1       (g) The development, application, and amendment of the formula or formulas under this  
2 section shall be exempt from the rulemaking requirements and contested case provisions of  
3 Chapter 150B of the General Statutes, as provided in G.S. 150B-1(d)(34) and  
4 G.S. 150B-1(e)(27)."

5       **SECTION 9G.7A.(a2)** G.S. 122C-3(27a) reads as rewritten:

6       "(27a) Outpatient treatment physician or center. – As used in Part 7 of Article 5 of  
7       this Chapter, a physician or center that provides treatment services directly to  
8       the outpatient commitment respondent. An LME/MCO that contracts with an  
9       outpatient treatment physician or center to provide outpatient treatment  
10      services to a respondent is not an outpatient treatment physician or center.  
11      ~~Every~~ Each LME/MCO is responsible for contracting with qualified providers  
12      of services in accordance with G.S. 122C-141, 122C-142(a),  
13      ~~122C-115.2(b)(1)b.,~~ and 122C-115.4(b)(2) to ensure the availability of  
14      qualified providers of outpatient commitment services to clients of  
15      LME/MCOs who are respondents to outpatient commitment proceedings and  
16      meet the criteria for outpatient commitment. A contracted provider with an  
17      LME/MCO shall not be designated as an outpatient treatment physician or  
18      center on an outpatient commitment order unless the respondent enrolled with  
19      an LME/MCO or is eligible for services through an LME/MCO, or the  
20      respondent otherwise qualifies for the provision of services offered by the  
21      provider."

22      **SECTION 9G.7A.(a3)** G.S. 122C-55(a4) reads as rewritten:

23      "(a4) An area authority or prepaid health plan may share confidential information regarding  
24      any client with any area facility, and any area facility may share confidential information  
25      regarding any client of that facility with the area authority or prepaid health plan, when the area  
26      authority or prepaid health plan determines the disclosure is necessary to develop, manage,  
27      monitor, or evaluate the area authority's or prepaid health plan's network of qualified providers  
28      as provided in ~~G.S. 122C-115.2(b)(1)b.,~~ G.S. 122C-141(a), Article 3 of Chapter 108D of the  
29      General Statutes, the State Plan, rules of the Secretary, and contracts between the facility and the  
30      Department. For the purposes of this subsection, the purposes or activities for which confidential  
31      information may be disclosed include, but are not limited to, quality assessment and improvement  
32      activities, provider accreditation and staff credentialing, developing contracts and negotiating  
33      rates, investigating and responding to client grievances and complaints, evaluating practitioner  
34      and provider performance, auditing functions, on-site monitoring, conducting consumer  
35      satisfaction studies, and collecting and analyzing performance data."

36      **SECTION 9G.7A.(a4)** G.S. 122C-111 reads as rewritten:

37      "**§ 122C-111. Administration.**

38      The Secretary shall administer and enforce the provisions of this Chapter and the rules of the  
39      Commission and shall operate State facilities. An area director ~~or program director~~ shall ~~(i)~~  
40      ~~manage the public mental health, developmental disabilities, and substance abuse system for the~~  
41      ~~area authority or county program according to the local business plan, and (ii) enforce applicable~~  
42      State laws, rules of the Commission, and rules of the Secretary. The Secretary in cooperation  
43      with area ~~and county program~~ directors and State facility directors shall provide for the  
44      coordination of public services between area ~~authorities, county programs,~~ authorities and State  
45      facilities. ~~The~~ An area authority ~~or county program~~ shall monitor the provision of mental health,  
46      developmental disabilities, and substance ~~abuse~~ use disorder services for compliance with the  
47      law, which monitoring and management shall not supersede or duplicate the regulatory authority  
48      or functions of agencies of the Department."

49      **SECTION 9G.7A.(a5)** G.S. 122C-112.1 reads as rewritten:

50      "**§ 122C-112.1. Powers and duties of the Secretary.**

51      (a) The Secretary shall do all of the following:

- 1 ...
- 2 (3) ~~Establish a process and criteria for the submission, review, and approval or~~
- 3 ~~disapproval of LME business plans submitted by area authorities and county~~
- 4 ~~programs for the management of mental health, developmental disabilities,~~
- 5 ~~and substance abuse services.~~
- 6 (4) ~~Adopt rules specifying the content and format of LME business plans.~~
- 7 (5) ~~Review LME business plans and, upon approval of the plan, certify the~~
- 8 ~~submitting area authority or county program to manage the delivery of mental~~
- 9 ~~health, developmental disabilities, and substance abuse services in the~~
- 10 ~~applicable catchment area.~~
- 11 ...
- 12 (7) Conduct regularly scheduled monitoring and oversight of area authority,
- 13 county programs, authorities and all providers of public services. Monitoring
- 14 and oversight shall be used to assess ~~compliance with the LME business plan~~
- 15 ~~and~~ implementation of core LME functions. Monitoring shall also include the
- 16 examination of LME and provider performance on outcome measures
- 17 including adherence to best practices, the assessment of consumer satisfaction,
- 18 and the review of client rights complaints.
- 19 (8) Make findings and recommendations based on information and data collected
- 20 pursuant to subdivision (7) of this subsection and submit these findings and
- 21 recommendations to the applicable area authority board, ~~county program~~
- 22 ~~director,~~ board of county commissioners, providers of public services, and to
- 23 the Local Consumer Advocacy Office.
- 24 ...
- 25 (11) Develop a unified system of services provided at the community level, by
- 26 State facilities, and by providers enrolled or under a contract with the State
- 27 and an area ~~authority or county program.~~authority.
- 28 ...
- 29 (20) Monitor the fiscal and administrative practices of area authorities ~~and county~~
- 30 ~~programs~~ to ensure that the ~~programs~~ area authorities are accountable to the
- 31 State for the management and use of federal and State funds allocated for
- 32 mental health, developmental disabilities, and substance ~~abuse~~ use disorder
- 33 services. The Secretary shall ensure maximum accountability by area
- 34 authorities ~~and county programs~~ for rate-setting methodologies,
- 35 reimbursement procedures, billing procedures, provider contracting
- 36 procedures, record keeping, documentation, and other matters pertaining to
- 37 financial management and fiscal accountability. The Secretary shall further
- 38 ensure that the practices are consistent with professionally accepted
- 39 accounting and management principles.
- 40 (21) Provide technical assistance, including conflict resolution, to counties ~~in the~~
- 41 ~~development and implementation of area authority and county program~~
- 42 ~~business plans and other matters,~~ as requested by the county.
- 43 ...
- 44 (24) Adopt rules regarding the requirements of the federal government for
- 45 grants-in-aid for mental health, developmental disabilities, or substance ~~abuse~~
- 46 use disorder programs which may be made available to area authorities ~~or~~
- 47 ~~county programs~~ or the State. This section shall be liberally construed in order
- 48 that the State and its citizens may benefit from the grants-in-aid.
- 49 (25) ~~Adopt rules for determining minimally adequate services for purposes of~~
- 50 ~~G.S. 122C-124.1 and G.S. 122C-125.~~

- (26) Establish a process for approving area authorities ~~and county programs~~ to provide services directly in accordance with G.S. 122C-141.
- (27) Sponsor training opportunities in the fields of mental health, developmental disabilities, and substance ~~abuse-use disorder~~.
- (28) Enforce the protection of the rights of clients served by State facilities, area authorities, ~~county programs~~, and providers of public services.
- (29) Adopt rules for the enforcement of the protection of the rights of clients being served by State facilities, area authorities, ~~county programs~~, and providers of public services.

...

- (32) Implement standard forms, quality measures, contracts, processes, and procedures to be used by all area authorities ~~and county programs~~ with other public and private service providers. The Secretary shall consult with LMEs, CFACs, counties, and qualified providers regarding the development of any forms, processes, and procedures required under this subdivision. Any document, process, or procedure developed under this subdivision shall place an obligation upon providers to transmit to LMEs timely client information and outcome data. The Secretary shall also adopt rules regarding what constitutes a clean claim for purposes of billing.

When implementing this subdivision, the Secretary shall balance the need for LMEs to exercise discretion in the discharge of their LME functions with the need of qualified providers for a uniform system of doing business with public entities.

- (33) Develop and implement critical performance indicators to be used to hold LMEs accountable for managing the mental health, developmental disabilities, and substance ~~abuse-use disorder~~ services system. The performance system indicators shall be implemented no later than July 1, 2007.

...

- ~~(38) Adopt rules establishing a procedure for single county disengagement from an area authority operating under a 1915(b)/(c) Medicaid Waiver.~~

...."

**SECTION 9G.7A.(a6)** G.S. 122C-115 reads as rewritten:

**"§ 122C-115. Duties of counties; appropriation and allocation of funds by counties and cities.**

(a) A county shall provide mental health, developmental disabilities, and substance ~~abuse use disorder~~ services in accordance with rules, policies, and guidelines adopted pursuant to statewide restructuring of the management responsibilities for the delivery of services for individuals with mental illness, intellectual or other developmental disabilities, and substance ~~abuse-use disorders under a 1915(b)/(c) Medicaid Waiver~~ through an area authority. ~~Beginning July 1, 2012, the catchment area of an area authority shall contain a minimum population of at least 300,000. Beginning July 1, 2013, the catchment area of an area authority shall contain a minimum population of at least 500,000. The catchment area of an area authority shall contain a minimum population of at least 1,500,000 based on the 2023 population estimate from the State Demographer of the Office of Budget and Management.~~ To the extent this section conflicts with ~~G.S. 153A-77 or G.S. 122C-115.1, G.S. 153A-77,~~ the provisions of this section control.

(a1) ~~Effective July 1, 2012, the Department shall reduce the administrative funding for LMEs that do not comply with the minimum population requirement of 300,000 to a rate consistent with the funding rate provided to LMEs with a population of 300,000.~~

(a2) ~~Effective July 1, 2013, the Department shall reassign management responsibilities for Medicaid funds and State funds away from LMEs that are not in compliance with the minimum~~

1 population requirement of 500,000 to LMEs that are fully compliant with all catchment area  
2 requirements, including the minimum population requirements specified in this section.

3 ~~(a3) A county that wishes to disengage from a local management entity/managed care  
4 organization and realign with another multicounty area authority operating under the 1915(b)/(c)  
5 Medicaid Waiver may do so with the approval of the Secretary. The Secretary shall adopt rules  
6 to establish a process for county disengagement that shall ensure, at a minimum, the following:~~

7 ~~(1) Provision of services is not disrupted by the disengagement.~~

8 ~~(2) The disengaging county either is in compliance or plans to merge with an area  
9 authority that is in compliance with population requirements provided in  
10 G.S. 122C-115(a) of this section.~~

11 ~~(3) The timing of the disengagement is accounted for and does not conflict with  
12 setting capitation rates.~~

13 ~~(4) Adequate notice is provided to the affected counties, the Department of Health  
14 and Human Services, and the General Assembly.~~

15 ~~(5) Provision for distribution of any real property no longer within the catchment  
16 area of the area authority.~~

17 ...

18 ~~(c) Except as authorized in G.S. 122C-115.1, within Within a catchment area designated  
19 in the business plan pursuant to G.S. 122C-115.2, area, a board of county commissioners or two  
20 or more boards of county commissioners jointly shall establish an area authority with the  
21 approval of the Secretary.~~

22 ~~(e1) Area authorities may add one or more additional counties to their existing catchment  
23 area upon the adoption of a resolution to that effect by a majority of the members of the area  
24 board and the approval of the Secretary.~~

25 (d) Except as otherwise provided in this subsection, counties shall not reduce county  
26 appropriations and expenditures for current operations and ongoing programs and services of  
27 area authorities ~~or county programs~~ because of the availability of State-allocated funds, fees,  
28 capitation amounts, or fund balance to the area ~~authority or county program~~ authority. Counties  
29 may reduce county appropriations by the amount previously appropriated by the county for  
30 one-time, nonrecurring special needs of the area ~~authority or county program~~ authority.

31 ...."

32 **SECTION 9G.7A.(a7)** G.S. 122C-115.2, 122C-115.3, 122C-117(a)(8),  
33 122C-117(a)(12), 122C-124.1, and 108D-60(a)(1)f. are repealed.

34 **SECTION 9G.7A.(a8)** G.S. 122C-124.2 reads as rewritten:

35 "**§ 122C-124.2. Actions by the Secretary to ensure effective management of behavioral  
36 health services under the 1915(b)/(c) Medicaid Waiver.**

37 ...

38 (b) The Secretary's certification under subsection (a) of this section shall be in writing  
39 and signed by the Secretary and shall contain a clear and unequivocal statement that the Secretary  
40 has determined the local management entity/managed care organization to be in compliance with  
41 all of the following requirements:

42 (1) The LME/MCO has made adequate provision against the risk of insolvency  
43 ~~and and, in accordance with G.S. 122C-125.3, is either (i) is not required to~~  
44 ~~be under a corrective action plan in accordance with G.S. 122C-125.2 or (ii)~~  
45 ~~is in compliance with a corrective action plan required under~~  
46 ~~G.S. 122C-125.2 plan.~~

47 ...

48 (c) If the Secretary does not provide a local management entity/managed care  
49 organization with the certification of compliance required by this section based upon the  
50 LME/MCO's failure to comply with any of the requirements specified in subdivisions (1) through  
51 (3) of subsection (b) of this section, the Secretary shall ~~do the following:~~ direct the dissolution of

1 the LME/MCO in accordance with G.S. 122C-115.5 after the Department fulfills any contractual  
2 obligations regarding the noncompliance.

- 3 ~~(1) Prepare a written notice informing the LME/MCO of the provisions of~~  
4 ~~subdivision (1), (2), or (3) of subsection (b) of this section with which the~~  
5 ~~LME/MCO is deemed not to be in compliance and the reasons for the~~  
6 ~~determination of noncompliance.~~  
7 ~~(2) Cause the notice of the noncompliance to be delivered to the LME/MCO.~~  
8 ~~(3) Not later than 10 days after the Secretary's notice of noncompliance is~~  
9 ~~provided to the LME/MCO, assign the Contract of the noncompliant~~  
10 ~~LME/MCO to a compliant LME/MCO.~~  
11 ~~(4) Oversee the transfer of the operations and contracts from the noncompliant~~  
12 ~~LME/MCO to the compliant LME/MCO in accordance with the provisions in~~  
13 ~~subsection (e) of this section.~~

14 (d) If, at any time, in the Secretary's determination, a local management entity/managed  
15 care organization is not in compliance with a requirement of the Contract other than those  
16 specified in subdivisions (1) through (3) of subsection (b) of this section, then the Secretary shall  
17 do all of the following: direct the dissolution of the LME/MCO in accordance with  
18 G.S. 122C-115.5 after the Department fulfills any contractual obligations regarding the  
19 noncompliance.

- 20 ~~(1) Prepare a written notice informing the LME/MCO of the provisions of the~~  
21 ~~Contract with which the LME/MCO is deemed not to be in compliance and~~  
22 ~~the reasons therefor.~~  
23 ~~(2) Cause the notice of the noncompliance to be delivered to the LME/MCO.~~  
24 ~~(3) Allow the noncompliant LME/MCO 30 calendar days from the date of receipt~~  
25 ~~of the notice to respond to the notice of noncompliance and to demonstrate~~  
26 ~~compliance to the satisfaction of the Secretary.~~  
27 ~~(4) Upon the expiration of the period allowed under subdivision (3) of this~~  
28 ~~subsection, make a final determination on the issue of compliance and~~  
29 ~~promptly notify the LME/MCO of the determination.~~  
30 ~~(5) Upon a final determination that an LME/MCO is noncompliant, allow no~~  
31 ~~more than 30 days following the date of notification of the final determination~~  
32 ~~of noncompliance for the noncompliant LME/MCO to complete negotiations~~  
33 ~~for a merger or realignment with a compliant LME/MCO that is satisfactory~~  
34 ~~to the Secretary.~~  
35 ~~(6) If the noncompliant LME/MCO does not successfully complete negotiations~~  
36 ~~with a compliant LME/MCO as described in subdivision (5) of this~~  
37 ~~subsection, assign the Contract of the noncompliant LME/MCO to a~~  
38 ~~compliant LME/MCO.~~  
39 ~~(7) Oversee the transfer of the operations and contracts from the noncompliant~~  
40 ~~LME/MCO to the compliant LME/MCO in accordance with the provisions in~~  
41 ~~subsection (e) of this section.~~

42 (e) If the Secretary assigns the Contract of a noncompliant local management  
43 entity/managed care organization to a compliant LME/MCO under subdivision (3) of subsection  
44 (e) of this section, or under subdivision (6) of subsection (d) of this section, the Secretary shall  
45 oversee the orderly transfer of all management responsibilities, operations, and contracts of the  
46 noncompliant LME/MCO to the compliant LME/MCO. The noncompliant LME/MCO shall  
47 cooperate with the Secretary in order to ensure the uninterrupted provision of services to  
48 Medicaid recipients. In making this transfer, the Secretary shall do all of the following:

- 49 (1) Arrange for the providers of services to be reimbursed from the remaining  
50 fund balance or risk reserve of the noncompliant LME/MCO, or from other  
51 funds of the Department if necessary, for proper, authorized, and valid claims



1 for services rendered that were not previously paid by the noncompliant  
 2 LME/MCO.

3 (2) ~~Effectuate an orderly transfer of management responsibilities from the  
 4 noncompliant LME/MCO to the compliant LME/MCO, including the  
 5 responsibility of paying providers for covered services that are subsequently  
 6 rendered.~~

7 (3) ~~Oversee the dissolution of the noncompliant LME/MCO, including  
 8 transferring to the compliant LME/MCO all assets of the noncompliant  
 9 LME/MCO, including any balance remaining in its risk reserve after payments  
 10 have been made under subdivision (1) of this subsection. Risk reserve funds  
 11 of the noncompliant LME/MCO may be used only to pay authorized and  
 12 approved provider claims. Any funds remaining in the risk reserve transferred  
 13 under this subdivision shall become part of the compliant LME/MCO's risk  
 14 reserve and subject to the same restrictions on the use of the risk reserve  
 15 applicable to the compliant LME/MCO. If the risk reserves transferred from  
 16 the noncompliant LME/MCO are insufficient, the Secretary shall guarantee  
 17 any needed risk reserves for the compliant LME/MCO arising from the  
 18 additional risks being assumed by the compliant LME/MCO until the  
 19 compliant LME/MCO has established fifteen percent (15%) risk reserves. All  
 20 other assets shall be used to satisfy the liabilities of the noncompliant  
 21 LME/MCO. In the event there are insufficient assets to satisfy the liabilities  
 22 of the noncompliant LME/MCO, it shall be the responsibility of the Secretary  
 23 to satisfy the liabilities of the noncompliant LME/MCO.~~

24 (4) ~~Following completion of the actions specified in subdivisions (1) through (3)  
 25 of this subsection, direct the dissolution of the noncompliant LME/MCO and  
 26 deliver a notice of dissolution to the board of county commissioners of each  
 27 of the counties in the dissolved LME/MCO. An LME/MCO that is dissolved  
 28 by the Secretary in accordance with the provisions of this section may be  
 29 dissolved at any time during the fiscal year.~~

30 ...  
 31 (g) As used in this section, the following terms mean:

32 ...  
 33 (2) Contract. – ~~The~~ A contract between the Department of Health and Human  
 34 Services and a local management entity for the operation of the 1915(b)/(c)  
 35 Medicaid ~~Waiver~~. Waiver or a BH IDD tailored plan."

36 **SECTION 9G.7A.(a9)** G.S. 122C-125 is repealed.

37 **SECTION 9G.7A.(a10)** G.S. 122C-125.2 is repealed.

38 **SECTION 9G.7A.(a11)** Article 4 of Chapter 122C of the General Statutes is  
 39 amended by adding a new section to read:

40 **"§ 122C-125.3. LME/MCO solvency; corrective action plan.**

41 (a) In its contracts with LME/MCOs, the Department shall establish solvency standards  
 42 based on industry-standard financial accounting measures such as the current ratio of assets to  
 43 liabilities, defensive interval ratio of current assets to average monthly expenditure, capital  
 44 reserves, and profit and loss. The contracts shall require the development of a corrective action  
 45 plan when an LME/MCO does not meet the solvency standards specified in the contract.

46 (b) Each LME/MCO shall provide the Department with monthly financial reports  
 47 containing the data needed to calculate the financial accounting measures and assess the  
 48 LME/MCO's adherence to the solvency standards established in the contract.

49 (c) On a quarterly basis, beginning on April 1, 2024, the Department shall publish to its  
 50 website a dashboard reporting all of the following information for each LME/MCO for the  
 51 previous quarter:

- 1           (1) Each solvency standard applicable to the LME/MCO under its contracts with  
2 the Department, including any applicable minimum or maximum threshold.  
3           (2) The financial position of the LME/MCO relative to each solvency standard  
4 applicable to the LME/MCO under its contracts with the Department.  
5           (3) Whether the LME/MCO is under any corrective action plan related to the  
6 solvency standards applicable to the LME/MCO under its contracts with the  
7 Department, and whether the LME/MCO is in compliance with any such  
8 corrective action plan.

9           (d) The Department shall notify the Joint Legislative Oversight Committee on Health and  
10 Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal  
11 Research Division when the information required under subsection (c) of this section has been  
12 published to the Department's website."

13           **SECTION 9G.7A.(a12)** G.S. 122C-141 reads as rewritten:

14 **"§ 122C-141. Provision of services.**

15           (a) ~~The An area authority or county program shall contract with other qualified public or~~  
16 ~~private providers, agencies, institutions, or resources for the provision of services, and, subject~~  
17 ~~to the approval of the Secretary, is authorized to provide services directly. The area authority or~~  
18 ~~county program shall indicate in its local business plan how services will be provided and how~~  
19 ~~the provision of services will address issues of access, availability of qualified public or private~~  
20 ~~providers, consumer choice, and fair competition. The Secretary shall take into account these~~  
21 ~~issues when reviewing the local business plan and considering approval of the direct provision~~  
22 ~~of services. Unless an area authority or county program requests a shorter time, any approval~~  
23 ~~granted by the Secretary shall be for not less than one year. The Secretary shall develop criteria~~  
24 ~~for the approval of direct service provision by area authorities and county programs in accordance~~  
25 ~~with this section and as evidenced by compliance with the local business plan section. For the~~  
26 ~~purposes of this section, a qualified public or private provider is a provider that meets the provider~~  
27 ~~qualifications as defined by rules adopted by the Secretary.~~

28           (b) ~~All area authority or county program services provided directly or under contract shall~~  
29 ~~meet the requirements of applicable State statutes and the rules of the Commission and the~~  
30 ~~Secretary. The Secretary may delay payments and, with written notification of cause, may reduce~~  
31 ~~or deny payment of funds if an area authority or county program fails to meet these requirements.~~

32           (c) ~~The area authority or board of county commissioners of a county program may~~  
33 ~~contract with a health maintenance organization, certified and operating in accordance with the~~  
34 ~~provisions of Article 67 of Chapter 58 of the General Statutes for the area authority or county~~  
35 ~~program, to provide mental health, developmental disabilities, or substance abuse-use disorder~~  
36 ~~services to enrollees in a health care plan provided by the health maintenance organization. The~~  
37 ~~terms of the contract must meet the requirements of all applicable State statutes and rules of the~~  
38 ~~Commission and Secretary governing both the provision of services by an area authority or~~  
39 ~~county program and the general and fiscal operation of an area authority or county program and~~  
40 ~~the reimbursement rate for services rendered shall be based on the usual and customary charges~~  
41 ~~paid by the health maintenance organization to similar providers. Any provision in conflict with~~  
42 ~~a State statute or rule of the Commission or the Secretary shall be void; however, the presence of~~  
43 ~~any void provision in that contract does not render void any other provision in that contract which~~  
44 ~~is not in conflict with a State statute or rule of the Commission or the Secretary. Subject to~~  
45 ~~approval by the Secretary and pending the timely reimbursement of the contractual charges, the~~  
46 ~~area authority or county program may expend funds for costs which may be incurred by the area~~  
47 ~~authority or county program as a result of providing the additional services under a contractual~~  
48 ~~agreement with a health maintenance organization.~~

49           ...."

50           **SECTION 9G.7A.(a13)** G.S. 122C-154 reads as rewritten:

51 **"§ 122C-154. Personnel.**

1 Employees under the direct supervision of the area director are employees of the area  
 2 authority. For the purpose of personnel administration, Chapter 126 of the General Statutes  
 3 applies unless otherwise provided in this Article. ~~Employees appointed by the county program~~  
 4 ~~director are employees of the county. In a multicounty program, employment of county program~~  
 5 ~~staff shall be as agreed upon in the interlocal agreement adopted pursuant to G.S. 122C-115.1.~~  
 6 Notwithstanding G.S. 126-9(b), an employee of an area authority may be paid a salary that is in  
 7 excess of the salary ranges established by the State Human Resources Commission. Any salary  
 8 that is higher than the maximum of the applicable salary range shall be supported by  
 9 documentation of comparable salaries in comparable operations within the region and shall also  
 10 include the specific amount the board proposes to pay the employee. The area board shall not  
 11 authorize any salary adjustment that is above the normal allowable salary range without obtaining  
 12 prior approval from the Director of the Office of State Human Resources."

13 **SECTION 9G.7A.(a14)** G.S. 108D-60 reads as rewritten:

14 "**§ 108D-60. BH IDD tailored plans.**

15 (a) BH IDD tailored plans shall be defined as capitated PHP contracts that meet all  
 16 requirements in this Article pertaining to capitated PHP contracts, except as specifically provided  
 17 in this section. With regard to BH IDD tailored plans, the following shall occur:

18 ...

19 (3) During the initial contract term for BH IDD tailored plans, BH IDD tailored  
 20 plans shall be operated only by LME/MCOs that meet certain criteria  
 21 established by the Department. Any LME/MCO desiring to operate a BH IDD  
 22 tailored plan shall make an application to the Department in response to this  
 23 set of criteria. Approval to operate a BH IDD tailored plan will be contingent  
 24 upon a comprehensive readiness review. ~~The constituent counties of the~~  
 25 ~~existing LME/MCOs may change, or existing LME/MCOs may merge or be~~  
 26 ~~acquired by another LME/MCO, as allowed under Chapter 122C of the~~  
 27 ~~General Statutes, prior to operating a BH IDD tailored plan, provided that the~~  
 28 ~~Department ensures every county in the State is covered by an LME/MCO~~  
 29 ~~that operates a BH IDD tailored plan. The Department shall issue no more~~  
 30 ~~than seven and no fewer than five regional BH IDD tailored plan contracts~~  
 31 ~~and shall not issue any statewide BH IDD tailored plan contracts.~~

32 ...

33 (c) Notwithstanding G.S. 108D-40(a)(12) and subdivision (10) of subsection (a) of this  
 34 section, upon the dissolution of an area authority under G.S. 122C-115.5 and as part of the orderly  
 35 transfer of operations of the area authority being dissolved, the enrollees of the area authority  
 36 being dissolved may be served temporarily through one, or any combination, of the following  
 37 delivery systems, in the following priority order:

38 (1) A BH IDD tailored plan that has received a certificate of compliance under  
 39 G.S. 122C-124.2.

40 (2) An arrangement authorized under subsection (b) of this section, including one  
 41 operated by the area authority being dissolved, notwithstanding the  
 42 requirement under subsection (b) of this section that such an arrangement must  
 43 be with an entity operating a BH IDD tailored plan.

44 (3) The Medicaid fee-for-service program.

45 (4) A standard benefit plan.

46 (5) Any other system allowed under State law for the delivery of Medicaid  
 47 services.

48 (d) In exercising the authority under subsection (c) of this section, the Department shall  
 49 select the delivery system based on priority order as long as the number of changes in delivery  
 50 system for the enrollee are minimized and access to care is uninterrupted.

1       (e) Notwithstanding G.S. 108D-40(a)(12) and subdivision (10) of subsection (a) of this  
2 section, when an enrollee of an LME/MCO cannot access services covered for the enrollee under  
3 an LME/MCO's contract, as defined in G.S. 122C-124.2(g), from providers experienced in  
4 addressing the enrollee's health care needs, the Secretary may enroll the individual in any service  
5 delivery system available to the Department."

6       **SECTION 9G.7A.(a15)** G.S. 150B-1(d) is amended by adding a new subdivision to  
7 read:

8       "(34) The Department of Health and Human Services with respect to the  
9 development, application, and amendment of any formula under  
10 G.S. 122C-115.6."

11       **SECTION 9G.7A.(a16)** G.S. 150B-1(e)(21) reads as rewritten:

12       "(21) The Department of Health and Human Services for actions taken under  
13 ~~G.S. 122C-124.2~~G.S. 122C-124.2, for decisions to approve or disapprove a  
14 merger or consolidation of area authorities under G.S. 122C-115.5, and for  
15 decisions to approve or disapprove a county request for realignment under  
16 G.S. 108D-46(b)."

17       **SECTION 9G.7A.(a17)** G.S. 150B-1(e) is amended by adding a new subdivision to  
18 read:

19       "(27) The Department of Health and Human Services with respect to the  
20 development and application of any formula under G.S. 122C-115.6."

21       **SECTION 9G.7A.(a18)** Section 3.5A of S.L. 2021-62 is repealed.

22       **SECTION 9G.7A.(a19)** Section 9D.13(b) of S.L. 2022-74 is repealed.

23       **SECTION 9G.7A.(a20)** In order to bring the existing local management  
24 entities/managed care organizations (LME/MCOs) into compliance with the minimum  
25 population requirements of G.S. 122C-115(a), as amended by subsection (a6) of this section, the  
26 Secretary of the Department of Health and Human Services (Secretary) is directed to reduce the  
27 number of LME/MCOs in the State in accordance with this subsection. All of the following shall  
28 apply with regard to this reduction in LME/MCOs:

- 29       (1) The reduction shall result in a total of no more than five, and at least four,  
30 LME/MCOs. The requirement to maintain at least four LME/MCOs pertains  
31 only to the Secretary's authority to direct the dissolution, merger, or  
32 consolidation of LME/MCOs under this subsection and shall not prevent the  
33 Secretary from further reducing the number of LME/MCOs under the  
34 authorities granted in Article 4 of Chapter 122C of the General Statutes.
- 35       (2) The reduction in the number of LME/MCOs may be achieved through the  
36 dissolution of one or more LME/MCOs or by the merger or consolidation of  
37 existing LME/MCOs. The Secretary is authorized to direct the dissolution,  
38 merger, or consolidation of any LME/MCOs to meet the requirements of this  
39 subsection.
- 40       (3) The Secretary shall redefine the regions covered under the BH IDD tailored  
41 plan contracts as needed due to the reduction in the number of LME/MCOs to  
42 ensure that all counties in the State are covered by a BH IDD tailored plan  
43 contract. The Secretary shall amend the BH IDD tailored plan contracts as  
44 necessary to conform to the redefined BH IDD tailored plan regions.
- 45       (4) G.S. 122C-115.5(e)(4) through G.S. 122C-115.5(e)(12) and G.S. 122C-115.6  
46 shall apply to any dissolutions of LME/MCOs directed by the Secretary under  
47 this subsection.
- 48       (5) G.S. 122C-115.5(f) and G.S. 122C-115.6 shall apply to any mergers or  
49 consolidations of LME/MCOs directed by the Secretary under this subsection.
- 50       (6) The dissolutions, mergers, and consolidations of LME/MCOs, and the  
51 redefined BH IDD tailored plan regions, that are directed by the Secretary

1 under this subsection shall be effective no later than 90 days after the date this  
2 act becomes law.

- 3 (7) Any dissolution, merger, or consolidation of an LME/MCO directed by the  
4 Secretary under this subsection and any alteration of the BH IDD tailored plan  
5 regions under this subsection are not appealable in any forum.

6 **SECTION 9G.7A.(b1)** Part 2 of Article 4 of Chapter 122C of the General Statutes  
7 is amended by adding the following new section to read:

8 **"§ 122C-124.3. Actions by the Secretary in response to county concerns.**

9 (a) A county that has concerns about the performance of the area authority with which it  
10 is aligned shall provide written notice of its concerns to the Secretary, the area director of the  
11 area authority, the chair of the area board, and the chairs of the Joint Legislative Oversight  
12 Committee on Health and Human Services.

13 (b) Upon the Secretary's receipt of a notice from a county under subsection (a) of this  
14 section, the Department shall evaluate the performance concerns to determine their validity. If  
15 the performance concerns are valid, then all of the following shall occur:

16 (1) The Secretary shall direct the area authority to promptly address and resolve  
17 the performance concerns raised by the county.

18 (2) If the concerns involve the area authority's performance under a contract, as  
19 defined in G.S. 122C-124.2(g), then (i) the Secretary shall take all actions  
20 necessary to ensure that the area authority complies with the terms of the  
21 contract and (ii) if the area authority does not come into compliance with the  
22 terms of the contract within the time frame contemplated in the contract, then  
23 the Secretary shall follow the processes specified in the contract and under 42  
24 C.F.R. Part 438, Subpart I, which may include intermediate sanctions or  
25 termination of the contract."

26 **SECTION 9G.7A.(b2)** G.S. 108D-1 is amended by adding a new subdivision to  
27 read:

28 "(34) RFP. – A request for proposals."

29 **SECTION 9G.7A.(b3)** Article 4 of Chapter 108D of the General Statutes is amended  
30 by adding a new section to read:

31 **"§ 108D-46. Consideration of county requests.**

32 (a) For purposes of this section, the term "applicable RFP" means any RFP for a BH IDD  
33 tailored plan for a contract term subsequent to the initial BH IDD tailored plan contract term.

34 (b) A county may request to realign with another LME/MCO in accordance with all of  
35 the following:

36 (1) No earlier than six months prior to the issuance of an applicable RFP, the  
37 Secretary shall provide a period of at least 60 days for counties to submit a  
38 written request, in the format required by the Secretary, to disengage from the  
39 LME/MCO with which they are aligned and to realign with another  
40 LME/MCO. The Secretary shall notify counties of the time period for  
41 submitting a request.

42 (2) A county submitting a request must attach a written statement from the local  
43 Consumer and Family Advisory Committee under G.S. 122C-170 and any  
44 Provider Advisory Council of the LME/MCO with which the county is  
45 requesting to disengage, indicating whether the entity providing the statement  
46 supports the request.

47 (3) In making a decision on the county's request, the Secretary shall consider all  
48 factors in G.S. 122C-115.5(f).

49 (4) The Secretary shall have 30 days to approve or disapprove the county's request  
50 and notify the county of the Secretary's decision.

1           (5) If the request is approved by the Secretary, then the realignment shall be  
2 effective with the next BH IDD tailored plan contract term and shall be  
3 reflected in the applicable RFP.

4           (6) If the request is approved by the Secretary, then the Secretary shall ensure, at  
5 a minimum, that the provision of services is not disrupted by the realignment.

6           (7) The Secretary's decision under this subsection to approve or disapprove a  
7 county request for realignment is final, and there is no right to appeal the  
8 decision to the Office of Administrative Hearings, in accordance with  
9 G.S. 150B-1(e)(21), or any other forum.

10       (c) To ensure Medicaid service predictability, minimize administrative burden for  
11 providers, and promote fiscal and operational stability, the county request process is limited to  
12 the time period provided in subdivision (b)(1) of this section.

13       (d) The Department shall establish a process for consulting with counties annually  
14 regarding PHP performance under the BH IDD tailored plan contracts or the standard benefit  
15 plan contracts."

16           **SECTION 9G.7A.(b4)** No later than the date that BH IDD tailored plans begin, the  
17 Secretary of the Department of Health and Human Services (DHHS) shall have available to the  
18 leadership of all counties a dedicated, issue-resolution channel for the purposes of addressing  
19 concerns or issues related to an enrollee of any Medicaid capitated prepaid health plan contract  
20 provided under Chapter 108D of the General Statutes. The concerns and issues raised through  
21 this channel, and the accompanying resolutions to those concerns and issues, shall be used by  
22 DHHS to inform, drive, and implement systemic improvements to the delivery of care through  
23 the Medicaid program.

24           **SECTION 9G.7A.(c1)** G.S. 122C-112.1(a)(6) reads as rewritten:

25       "(6) Establish comprehensive, cohesive oversight and monitoring procedures and  
26 processes to ensure continuous compliance by area authorities, ~~county~~  
27 ~~programs, third-party contractors of area authorities,~~ and all providers of  
28 public services with State and federal policy, law, and standards. The  
29 procedures shall include the development and use of critical performance  
30 measures and report cards for each area ~~authority and county~~  
31 ~~program authority."~~

32           **SECTION 9G.7A.(c2)** G.S. 122C-112.1(a)(9) reads as rewritten:

33       "(9) Provide ongoing and focused technical assistance to area authorities ~~and~~  
34 ~~county programs~~ in the implementation of the LME functions and the  
35 establishment and operation of community-based programs. ~~The technical~~  
36 ~~assistance required under this subdivision includes, but is not limited to, the~~  
37 ~~technical assistance required under G.S. 122C-115.4(d)(2).~~ The Secretary  
38 shall include in the State Plan a mechanism for monitoring the Department's  
39 success in implementing this duty and the progress of area authorities ~~and~~  
40 ~~county programs~~ in achieving these functions."

41           **SECTION 9G.7A.(c3)** G.S. 122C-115.4(c) reads as rewritten:

42       "(c) Subject to subsection (b) of this ~~section and section,~~ all applicable State and federal  
43 laws and ~~rules rules,~~ and contractual requirements established by the Secretary, an LME may  
44 contract with a public or private entity for the implementation of LME functions designated under  
45 subsection (b) of this section. An LME shall direct its subcontractor to remove staff from, or  
46 cancel, any such contract when directed by the Secretary to achieve compliance with State and  
47 federal law, rule, policy, or standards, and contractual requirements."

48           **SECTION 9G.7A.(c4)** Subsections (d) and (e) of G.S. 122C-115.4 are repealed.

49           **SECTION 9G.7A.(c5)** G.S. 122C-115.4(f)(3) is repealed.

50           **SECTION 9G.7A.(c6)** Subsection (c3) of this section applies to area authority  
51 contracts entered into or amended on or after the date this act becomes law.

1           **SECTION 9G.7A.(d1)** Part 2 of Article 4 of Chapter 122C of the General Statutes  
2 is amended by adding a new section to read:

3 **"§ 122C-121.1. Area authority key personnel.**

4       (a) As used in this section, key personnel means the key personnel designated by the  
5 Department in a contract, as defined in G.S. 122C-124.2(g), with the area authority.

6       (b) The Secretary may discharge an employee of an area authority who is in a position  
7 designated as key personnel if the employee has failed to substantially comply with the  
8 requirements of the applicable key personnel role description contained in the area authority's  
9 contract, as defined in G.S. 122C-124.2(g), with the Department.

10       (c) The Secretary's decision to discharge an employee of an area authority under  
11 subsection (b) of this section is not subject to appeal to the Office of Administrative Hearings, in  
12 accordance with G.S. 150B-1(e)(28)."

13           **SECTION 9G.7A.(d2)** G.S. 150B-1(e) is amended by adding a new subdivision to  
14 read:

15           "(28) The Department of Health and Human Services with respect to any decision  
16 under G.S. 122C-121.1(b) to discharge an employee of an area authority who  
17 is in a position designated as key personnel."

18           **SECTION 9G.7A.(d3)** G.S. 122C-121 reads as rewritten:

19 **"§ 122C-121. Area director.**

20       (a) The area director is an employee of the area board, shall serve at the pleasure of the  
21 board, and shall be appointed in accordance with ~~G.S. 122C-117(7)~~. G.S. 122C-117(a)(7). As  
22 used in this subsection, "employee" means an individual and does not include a corporation, a  
23 partnership, a limited liability corporation, or any other business association.

24       (a1) The area board shall establish the area director's salary under Article 3 of Chapter 126  
25 of the General Statutes. Notwithstanding G.S. 126-9(b), an area director may be paid a salary  
26 that is in excess of the salary ranges established by the State Human Resources Commission.  
27 Any salary that is higher than the maximum of the applicable salary range shall be supported by  
28 documentation of comparable salaries in comparable operations within the region and shall also  
29 include the specific amount the board proposes to pay the director. The area board shall not  
30 authorize any salary adjustment that is above the normal allowable salary range without obtaining  
31 prior approval from the Director of the Office of State Human Resources.

32       (a2) The area board shall not provide the director with any benefits that are not also  
33 provided by the area board to all permanent employees of the area ~~program~~-authority, except  
34 that the area board may, in its discretion, offer severance benefits, relocation expenses, or both,  
35 to an applicant for the position of director as an incentive for the applicant to accept an offer of  
36 employment. The director shall be reimbursed only for allowable employment-related expenses  
37 at the same rate and in the same manner as other employees of the area ~~program~~-authority.

38       (b) The area board shall evaluate annually the area director for performance based on  
39 criteria established by the Secretary and the area board. In conducting the evaluation, the area  
40 board shall consider comments from the board of county commissioners.

41       (c) The area director is the administrative head of the area ~~program~~-authority. In addition  
42 to the duties under G.S. 122C-111, the area director shall:

43           (1) Appoint, supervise, and terminate area ~~program~~-authority staff.

44           (2) Administer area authority services.

45           (3) Develop the budget of the area authority for review by the area board.

46           (4) Provide information and advice to the board of county commissioners through  
47 the county manager.

48           (5) Act as liaison between the area authority and the Department.

49       (d) Except when specifically waived by the Secretary, the area director shall meet all the  
50 following minimum qualifications:

- (1) ~~Masters degree.~~  Holds a master's, or higher, degree in business, healthcare administration, public health, finance, law, medicine, or a related field deemed acceptable by the area board.
- (2) ~~Related~~ Has related experience.
- (3) ~~Management~~ Has management experience.
- (4) ~~Any~~ Meets any other qualifications required ~~under G.S. 122C-120.1~~ by any contracts, as defined in G.S. 122C-124.2(g)."

**SECTION 9G.7A.(d4)** G.S. 122C-120.1 is repealed.

**SECTION 9G.7A.(e)** Except as otherwise provided, this section is effective when it becomes law.

**USE OF OPIOID SETTLEMENT FUNDS**

**SECTION 9G.8.(a)** The following definitions apply in this section:

- (1) Department. – The Department of Health and Human Services.
- (2) Opioid Abatement Fund. – The Fund created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.
- (3) Opioid Abatement Reserve. – The Reserve created by Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74.

**SECTION 9G.8.(b)** The State Controller shall transfer from funds available in the Opioid Abatement Reserve to the Board of Governors of The University of North Carolina the sum of five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2024-2025 fiscal year. The funds transferred are appropriated for the fiscal year in which they are transferred for allocation to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory to be used as follows:

- (1) Three hundred thousand dollars (\$300,000) in nonrecurring funds for the 2023-2024 fiscal year to conduct the study on judicially managed accountability and recovery courts authorized by Section 8.11 of this act.
- (2) Five million two hundred thousand dollars (\$5,200,000) in nonrecurring funds for the 2023-2024 fiscal year and five million five hundred thousand dollars (\$5,500,000) in nonrecurring funds for the 2024-2025 fiscal year to make 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:

	<b>Name of Recipient Entity</b>	<b>2023-2024</b>	<b>2024-2025</b>
(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



1	(6)	Freedom Farm Ministries	\$950,000	\$0
2	(7)	Ground 40 Ministries	\$750,000	\$0
3	(8)	Pamlico County	\$0	\$1,000,000
4	(9)	Safer Communities Ministry, Inc.	\$400,000	\$0
5	(10)	The Samaritan Colony, Inc.	\$300,000	\$0
6	(11)	Solus Christus	\$92,461	\$0
7	(12)	Surry County	\$0	\$1,000,000

8           **SECTION 9G.8.(d)** Recipients of funds allocated under subsection (c) of this section  
 9 shall not use these funds for any purpose other than to fund opioid remediation programs,  
 10 services, and activities within the State of North Carolina.

11           **SECTION 9G.8.(e)** By September 1, 2024, recipients of funds allocated under  
 12 subsection (c) of this section for the 2023-2024 fiscal year, and by September 1, 2025, recipients  
 13 of funds allocated under subsection (c) of this section for the 2024-2025 fiscal year shall report  
 14 to the Department of Health and Human Services, Division of Mental Health, Developmental  
 15 Disabilities, and Substance Use Services; the Joint Legislative Oversight Committee on Health  
 16 and Human Services; and the Fiscal Research Division on the use of these allocated funds. The  
 17 report shall include at least all of the following for each recipient:

- 18           (1) An itemized list of expenditures.
- 19           (2) The types of opioid remediation programs, services, and activities funded,  
 20 broken down by geographic location and the number of people served at each  
 21 location.

22  
 23 **REPORT ON IMPLEMENTATION STATUS OF NEW ELECTRONIC HEALTH**  
 24 **RECORDS SYSTEM AT STATE PSYCHIATRIC HOSPITALS**

25           **SECTION 9G.9.** By December 1, 2023, and by December 1, 2024, the Department  
 26 of Health and Human Services, Division of State-Operated Healthcare Facilities, shall submit a  
 27 report to the Joint Legislative Oversight Committee on Health and Human Services on the status  
 28 of the following:

- 29           (1) Execution of a contract that provides for full implementation of a new  
 30 electronic health records system within each of the State psychiatric hospitals  
 31 under the jurisdiction of the Secretary of Health and Human Services pursuant  
 32 to G.S. 122C-181.
- 33           (2) Full implementation of a new electronic health records system within each of  
 34 the State psychiatric hospitals under the jurisdiction of the Secretary of Health  
 35 and Human Services pursuant to G.S. 122C-181.
- 36           (3) Training of the State's psychiatric hospitals' staff on the use of the newly  
 37 implemented electronic health records system.

38  
 39  
 40 **PART IX-H. PUBLIC HEALTH**

41  
 42 **LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO**  
 43 **IMPROVE MATERNAL AND CHILD HEALTH**

44           **SECTION 9H.1.(a)** Funds appropriated in this act to the Department of Health and  
 45 Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium to  
 46 award competitive grants to local health departments for the improvement of maternal and child  
 47 health shall be used to continue administering a competitive grant process for local health  
 48 departments based on maternal and infant health indicators and the county's detailed proposal to  
 49 invest in evidence-based programs to achieve the following goals:

- 50           (1) Improve North Carolina's birth outcomes.
- 51           (2) Improve the overall health status of children in this State from birth to age 5.

1 (3) Lower the State's infant mortality rate.  
2 **SECTION 9H.1.(b)** The plan for administering the competitive grant process shall  
3 include at least all of the following components:

4 (1) A request for application (RFA) process to allow local health departments to  
5 apply for and receive State funds on a competitive basis. The Department shall  
6 require local health departments to include in the application a plan to evaluate  
7 the effectiveness, including measurable impact or outcomes, of the activities,  
8 services, and programs for which the funds are being requested.

9 (2) A requirement that the Secretary prioritize grant awards to those local health  
10 departments that are able to leverage non-State funds in addition to the grant  
11 award.

12 (3) Ensures that funds received by the Department to implement the plan  
13 supplement and do not supplant existing funds for maternal and child health  
14 initiatives.

15 (4) Allows grants to be awarded to local health departments for up to two years.

16 **SECTION 9H.1.(c)** No later than July 1 of each year, as applicable, the Secretary  
17 shall announce the recipients of the competitive grant awards and allocate funds to the grant  
18 recipients for the respective grant period. After awards have been granted, the Secretary shall  
19 submit a report to the Joint Legislative Oversight Committee on Health and Human Services on  
20 the grant awards that includes at least all of the following:

21 (1) The identity and a brief description of each grantee and each program or  
22 initiative offered by the grantee.

23 (2) The amount of funding awarded to each grantee.

24 (3) The number of persons served by each grantee, broken down by program or  
25 initiative.

26 **SECTION 9H.1.(d)** No later than February 1 of each fiscal year, each local health  
27 department receiving funding pursuant to this section in the respective fiscal year shall submit to  
28 the Division of Public Health a written report of all activities funded by State appropriations. The  
29 report shall include the following information about the fiscal year preceding the year in which  
30 the report is due:

31 (1) A description of the types of programs, services, and activities funded by State  
32 appropriations.

33 (2) Statistical and demographical information on the number of persons served by  
34 these programs, services, and activities, including the counties in which  
35 services are provided.

36 (3) Outcome measures that demonstrate the impact and effectiveness of the  
37 programs, services, and activities based on the evaluation protocols developed  
38 by the Division, in collaboration with the University of North Carolina  
39 Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L.  
40 2015-241, and reported to the Joint Legislative Oversight Committee on  
41 Health and Human Services on April 1, 2016.

42 (4) A detailed program budget and list of expenditures, including all positions  
43 funded, matching expenditures, and funding sources.

44  
45 **REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG**  
46 **ASSISTANCE PROGRAM**

47 **SECTION 9H.2.** Upon a determination by the Department of Health and Human  
48 Services, Division of Public Health, that, in six months or less, it will no longer be feasible to  
49 operate the health insurance premium assistance program implemented within the North Carolina  
50 AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves  
51 savings to the State, the Department shall submit a report to the Joint Legislative Oversight

1 Committee on Health and Human Services notifying the Committee of this determination along  
2 with supporting documentation and a proposed course of action with respect to health insurance  
3 premium assistance program participants.  
4

#### 5 **LIMITATION ON USE OF STATE FUNDS**

6 **SECTION 9H.3.** G.S. 143C-6-5.5 reads as rewritten:

7 "**§ 143C-6-5.5. Limitation on use of State funds for abortions.**

8 (a) No State funds may be used for the performance of abortions or to support the  
9 administration of any governmental health plan or government-offered insurance policy offering  
10 abortion, except that this prohibition shall not apply where (i) the life of the mother would be  
11 endangered if the unborn child were carried to term or (ii) the pregnancy is the result of a rape or  
12 incest. Nothing in this section shall be construed to limit medical care provided after a  
13 spontaneous miscarriage.

14 (b) No State funds may be used by a State agency to renew or extend existing contracts  
15 or enter into new contracts for the provision of family planning services, pregnancy prevention  
16 activities, or adolescent parenting programs with any provider that performs abortions. Nothing  
17 in this subsection shall be construed to prevent a State agency from paying any healthcare  
18 provider for services authorized under the State Health Plan for Teachers and State Employees  
19 or the Medicaid program."  
20

#### 21 **USE OF JUUL SETTLEMENT FUNDS**

22 **SECTION 9H.4.(a)** There is appropriated from the Youth Electronic Nicotine  
23 Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of  
24 Health and Human Services, Division of Public Health (DPH), the sum of eleven million two  
25 hundred fifty thousand dollars (\$11,250,000) in nonrecurring funds for the 2023-2024 fiscal year  
26 and the sum of eleven million two hundred fifty thousand dollars (\$11,250,000) in nonrecurring  
27 funds for the 2024-2025 fiscal year to be allocated and used as follows:

- 28 (1) Up to seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds  
29 for each year of the 2023-2025 fiscal biennium shall be used to support data  
30 monitoring to track tobacco/nicotine use and exposure among youth and  
31 young adults and populations at risk; for independent evaluation of the reach,  
32 effectiveness, and outcomes of the State's evidence based programs designed  
33 to help youth addicted to nicotine through electronic cigarettes and other new  
34 and emerging tobacco and nicotine products quit; and to prepare the report  
35 required by subsection (c) of this section.
- 36 (2) The remainder of these allocated funds for each year of the 2023-2025 fiscal  
37 biennium shall be used to fund evidence-based electronic cigarette and  
38 nicotine dependence prevention and cessation activities targeting students in  
39 grades four through 12.

40 **SECTION 9H.4.(b)** Funds allocated under subsection (a) of this section shall remain  
41 available for expenditure in the amounts and for the purposes specified in subsection (a) of this  
42 section until expended.

43 **SECTION 9H.4.(c)** Annually, beginning November 1, 2023, the Department of  
44 Health and Human Services shall report to the Joint Legislative Oversight Committee on Health  
45 and Human Services and the Fiscal Research Division on the expenditures made from the Youth  
46 Electronic Nicotine Dependence Abatement Fund during the preceding fiscal year. The report  
47 shall include at least all of the following:

- 48 (1) An itemized list of expenditures and for each expenditure, an indication of the  
49 authority under this section for the expenditure.
- 50 (2) An evaluation of the reach, effectiveness, and outcomes of each activity  
51 funded pursuant to subdivision (a)(2) of this section.

- 1 (3) An evaluation of the reach, effectiveness, and outcomes of each activity  
2 funded by Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of  
3 S.L. 2022-74.  
4

5 **REQUIREMENT AND FUNDING FOR THE OFFICE OF THE CHIEF MEDICAL**  
6 **EXAMINER TO CONDUCT TOXICOLOGY SCREENING IN ALL CHILD DEATH**  
7 **CASES UNDER THE JURISDICTION OF A MEDICAL EXAMINER**

8 **SECTION 9H.7.(a)** G.S. 130A-385 is amended by adding a new subsection to read:

9 "(a1) The Office of the Chief Medical Examiner shall conduct comprehensive toxicology  
10 screening in all child death cases that fall under the jurisdiction of the medical examiner pursuant  
11 to G.S. 130A-383 or G.S. 130A-384."

12 **SECTION 9H.7.(b)** Of the funds appropriated in this act to the Department of Health  
13 and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME),  
14 the recurring sum of one hundred sixty-four thousand six hundred ninety-six dollars (\$164,696)  
15 for each year of the 2023-2025 fiscal biennium and the nonrecurring sum of five hundred fifty  
16 thousand dollars (\$550,000) for the 2023-2024 fiscal year shall be allocated and used to comply  
17 with the toxicology screening requirements of G.S. 130A-385(a1), as enacted by this act. The  
18 OCME may use these allocated funds to create a permanent full-time Chemist I position and a  
19 permanent full-time Chemistry Technician I position to enable comprehensive toxicology  
20 screening in all child deaths that fall within the jurisdiction of the medical examiner pursuant to  
21 G.S. 130A-383 or G.S. 130A-384.

22 **SECTION 9H.7.(c)** By December 30, 2024, and December 30, 2025, the OCME  
23 shall report to the Joint Legislative Oversight Committee on Health and Human Services and the  
24 Fiscal Research Division on the use of these allocated funds. The report shall include at least all  
25 of the following:

- 26 (1) The total number of child deaths during the preceding fiscal year that fell  
27 within the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or  
28 G.S. 130A-384.  
29 (2) The total number of child deaths reported under subdivision (1) of this  
30 subsection for which toxicology screening was completed pursuant to  
31 G.S. 130A-385(a1), as enacted by this act.  
32 (3) An explanation for any delay or failure to complete the toxicology screening  
33 required by G.S. 130A-385(a1), as enacted by this act.

34 **SECTION 9H.7.(d)** Subsections (a) of this section becomes effective January 1,  
35 2024, and applies to child death cases pending or initiated on or after that date. The remainder of  
36 this section becomes effective on July 1, 2023.  
37

38 **AUTOPSY REQUIREMENT IN SUSPECTED DEATH BY DISTRIBUTION CASES;**  
39 **INCREASED AUTOPSY FEES; FUNDING TO INCREASE THE AUTOPSY**  
40 **CAPACITY OF THE MEDICAL EXAMINER SYSTEM; STRATEGIC PLAN FOR**  
41 **IMPROVING THE MEDICAL EXAMINER SYSTEM; ANNUAL AUTOPSY**  
42 **CENTERS REPORT**

43  
44 **AUTOPSY REQUIREMENT IN SUSPECTED DEATH BY DISTRIBUTION CASES**

45 **SECTION 9H.8.(a)** If Senate Bill 189, 2023 Regular Session, becomes law, then the  
46 amendments made to G.S. 130A-389 by Section 5 of that act are repealed.

47 **SECTION 9H.8.(b)** G.S. 130A-389 reads as rewritten:

48 "**§ 130A-389. Autopsies.**

49 (a) If, The Chief Medical Examiner or a competent pathologist designated by the Chief  
50 Medical Examiner shall perform an autopsy or other study in each of the following cases:

- 1           (1) ~~If, in the opinion of the medical examiner investigating the case or of the Chief~~  
2           ~~Medical Examiner, it is advisable and in the public interest that an autopsy or~~  
3           ~~other study be made; or, if made.~~
- 4           (2) ~~If an autopsy or other study is requested by the district attorney of the county~~  
5           ~~or by any superior court judge, an autopsy or other study shall be made by the~~  
6           ~~Chief Medical Examiner or by a competent pathologist designated by the~~  
7           ~~Chief Medical Examiner; judge.~~
- 8           (3) In any case in which the district attorney of the county asserts to the Chief  
9           Medical Examiner or the medical examiner of the county in which the body  
10           was located that there is probable cause to believe that a violation of  
11           G.S. 14-18.4 has occurred, a complete autopsy shall be performed.

12           A complete autopsy report of findings and interpretations, prepared on forms designated for  
13           the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the  
14           limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an  
15           autopsy, a copy of the report shall be furnished to any person upon request.

16           The fee for the autopsy or other study shall be two thousand eight hundred dollars (\$2,800)  
17           to be paid as follows:

- 18           (1) Except as provided in subdivision (2) of this subsection, the county in which  
19           the deceased resided shall pay a fee of one thousand seven hundred fifty  
20           dollars (\$1,750) and the State shall pay the remaining balance of one thousand  
21           fifty dollars (\$1,050).
- 22           (2) If the death or fatal injury occurred outside the county in which the deceased  
23           resided, the State shall pay the entire fee in the amount of two thousand eight  
24           hundred dollars (\$2,800).

25           ...."

26  
27           **INCREASED AUTOPSY FEES**

28           **SECTION 9H.8.(c)** G.S. 130A-389, as amended by subsection (b) of this section,  
29           reads as rewritten:

30           "**§ 130A-389. Autopsies.**

31           (a) The Chief Medical Examiner or a competent pathologist designated by the Chief  
32           Medical Examiner shall perform an autopsy or other study in each of the following cases:

- 33           (1) If, in the opinion of the medical examiner investigating the case or of the Chief  
34           Medical Examiner, it is advisable and in the public interest that an autopsy or  
35           other study be made.
- 36           (2) If an autopsy or other study is requested by the district attorney of the county  
37           or by any superior court judge.
- 38           (3) In any case in which the district attorney of the county asserts to the Chief  
39           Medical Examiner or the medical examiner of the county in which the body  
40           was located that there is probable cause to believe that a violation of  
41           G.S. 14-18.4 has occurred, a complete autopsy shall be performed.

42           A complete autopsy report of findings and interpretations, prepared on forms designated for  
43           the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the  
44           limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an  
45           autopsy, a copy of the report shall be furnished to any person upon request.

46           (a1) The fee for the autopsy or other study shall be ~~two five~~ thousand eight hundred dollars  
47           ~~(\$2,800)-(\$5,800)~~ to be paid as follows:

- 48           (1) Except as provided in subdivision (2) of this subsection, the county in which  
49           the deceased resided shall pay a fee of ~~one thousand seven hundred fifty~~  
50           ~~dollars (\$1,750)-three thousand six hundred twenty-five dollars (\$3,625)~~ and

1 the State shall pay the remaining balance of ~~one thousand fifty dollars~~  
 2 ~~(\$1,050)~~ two thousand one hundred seventy-five dollars (\$2,175).

3 (2) If the death or fatal injury occurred outside the county in which the deceased  
 4 resided, the State shall pay the entire fee in the amount of ~~two five thousand~~  
 5 ~~eight hundred dollars (\$2,800)~~ (\$5,800).

6 ...."

7  
 8 **FUNDING TO INCREASE THE AUTOPSY CAPACITY OF THE MEDICAL**  
 9 **EXAMINER SYSTEM**

10 **SECTION 9H.8.(d)** Of the funds appropriated in this act to the Department of Health  
 11 and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME),  
 12 the sum of two million dollars (\$2,000,000) in recurring funds for the 2023-2024 fiscal year and  
 13 the sum of two million dollars (\$2,000,000) in recurring funds for the 2024-2025 fiscal year shall  
 14 be used to increase the capacity of the medical examiner system to perform the autopsies required  
 15 by G.S. 130A-389(a), as amended by this section.

16  
 17 **STRATEGIC PLAN FOR IMPROVING THE MEDICAL EXAMINER SYSTEM**

18 **SECTION 9H.8.(e)** By March 1, 2024, the OCME, in collaboration with the  
 19 stakeholders identified in subsection (f) of this section, shall develop and submit to the Joint  
 20 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
 21 Division a strategic plan for improving the operation and efficiency of the State's medical  
 22 examiner system to enable the performance of timely, high-quality death investigations of all  
 23 appropriately identified deaths occurring in North Carolina. The strategic plan shall include an  
 24 evaluation and recommendations for at least all of the following:

- 25 (1) Any proposed reorganization of the medical examiner system, including an  
 26 estimated time line and process for implementing the proposed reorganization  
 27 in a manner that will cause the least amount of disruption to the medical  
 28 examiner system.
- 29 (2) Any legislative changes that would be necessary or helpful to implement a  
 30 proposed reorganization of the medical examiner system.
- 31 (3) An explanation of any obstacles that could hinder successful implementation  
 32 of the proposed reorganization of the medical examiner system.
- 33 (4) A long-term plan for the establishment of additional regional autopsy centers  
 34 across the State, along with suggested locations, assigned county coverage  
 35 areas, and estimated costs for the establishment and operation of each.
- 36 (5) A long-term plan for the Chief Medical Examiner to operate additional  
 37 regional autopsy centers.
- 38 (6) Recruitment strategies for hiring a sufficient number of board-certified  
 39 forensic pathologists, board-certified toxicologists, and other professional and  
 40 administrative staff essential to the efficient operation of the medical examiner  
 41 system.
- 42 (7) Any other information the OCME deems relevant or necessary to improving  
 43 the medical examiner system.

44 **SECTION 9H.8.(f)** In developing the strategic plan required by subsection (e) of  
 45 this section, the OCME shall collaborate with representatives of the following entities:

- 46 (1) Licensed funeral establishments.
- 47 (2) State and local law enforcement agencies.
- 48 (3) North Carolina teaching hospitals.
- 49 (4) North Carolina medical schools.
- 50 (5) North Carolina institutions of higher education with graduate forensic science  
 51 or toxicology programs.

**ANNUAL AUTOPSY CENTERS REPORT**

**SECTION 9H.8.(g)** 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 county in which the body was located that there was probable cause to believe that a violation of G.S. 14-18.4 had occurred.
- (3) The total number of outstanding autopsies and autopsy reports that need to be completed at each autopsy center and regional autopsy center on the date of the report, and, for each outstanding autopsy, the date on which the case commenced and whether the case involves a suspected violation of G.S. 14-18.4.
- (4) Beginning with the report due on February 1, 2025, an analysis of the autopsy fee established by subsection (a1) of G.S. 130A-389, as amended by this act, which shall include at least all of the following:
  - a. The results of the analysis and any recommended changes to the fee or how the fee is apportioned between the State and counties.
  - b. The total amount of fees paid to each autopsy center and regional autopsy center within the North Carolina medical examiner system.

**EFFECTIVE DATE OF SECTION**

**SECTION 9H.8.(h)** Subsection (b) of this section becomes effective December 1, 2023, and applies to medical examiner cases arising on or after that date. Subsection (c) of this section becomes effective July 1, 2024. The remainder of this section is effective July 1, 2023.

**SOUTH PIEDMONT REGIONAL AUTOPSY CENTER FUNDS**

**SECTION 9H.10.(a)** 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 allocated to Union County for operational costs and equipment associated with the establishment of a county-operated regional autopsy center that shall serve at least all of the following areas:

- (1) Anson County
- (2) Cabarrus County
- (3) Gaston County
- (4) Montgomery County
- (5) Moore County
- (6) Richmond County
- (7) Rowan County
- (8) Stanly County

1 (9) Union County

2 **SECTION 9H.10.(b)** Union County shall notify the Department of Health and  
3 Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and  
4 the Fiscal Research Division when the regional autopsy center funded by this section becomes  
5 operational. Upon receiving this notification, the OCME shall enter into a contract with Union  
6 County pursuant to which (i) the county-operated regional autopsy center funded by this section  
7 shall provide forensic pathology services in the counties specified by subsection (a) of this section  
8 and (ii) Union County shall be reimbursed for each autopsy performed by the county-operated  
9 regional autopsy center as provided by G.S. 130A-389(a1), as amended by this act. The contract  
10 required by this subsection shall include all of the following terms:

- 11 (1) A requirement that, at the request of the OCME, the regional autopsy center  
12 serve as a backup for performing autopsies for other areas of the State in cases  
13 in which the district attorney has asserted to the Chief Medical Examiner or  
14 the medical examiner of the county in which the body was located that there  
15 is probable cause to believe that a violation of G.S. 14-18.4 has occurred.
- 16 (2) A requirement that the regional autopsy center be available for critical medical  
17 examiner surge capacity, as determined necessary by the OCME.
- 18 (3) A provision preserving the authority of the Chief Medical Examiner under  
19 G.S. 130A-381 to contract with qualified persons to perform or provide  
20 support services for autopsies and other studies and investigations.

21 **SECTION 9H.10.(c)** By February 1, 2024, and December 1, 2024, Union County  
22 shall submit a progress report to the Department of Health and Human Services, the Joint  
23 Legislative Oversight Committee on Health and Human Services, and the Fiscal Research  
24 Division on the status and operation of the regional autopsy center funded by this section.

## 25 **EAST CAROLINA UNIVERSITY REGIONAL AUTOPSY CENTER**

26 **SECTION 9H.10A.(a)** The Department of Health and Human Services, Division of  
27 Public Health, Office of the Chief Medical Examiner (OCME), shall ensure that any contract  
28 with East Carolina University (ECU) for the performance of forensic pathology services  
29 throughout the eastern counties of North Carolina includes all of the following terms:

- 30 (1) A requirement that ECU be reimbursed for each completed autopsy as  
31 provided by G.S. 130A-389(a1), as amended by this act.
- 32 (2) A requirement that ECU, at the request of the OCME, serve as a backup for  
33 performing autopsies for other areas of the State in cases in which the district  
34 attorney has asserted to the Chief Medical Examiner or the medical examiner  
35 of the county in which the body was located that there is probable cause to  
36 believe that a violation of G.S. 14-18.4 has occurred.
- 37 (3) A requirement that ECU be available for critical medical examiner surge  
38 capacity, as determined necessary by the OCME.
- 39 (4) A provision preserving the authority of the Chief Medical Examiner under  
40 G.S. 130A-381 to contract with qualified persons to perform or provide  
41 support services for autopsies and other studies and investigations.

42 **SECTION 9H.10A.(b)** ECU shall notify the Department of Health and Human  
43 Services, the Joint Legislative Oversight Committee on Health and Human Services, and the  
44 Fiscal Research Division when the new ECU Medical Examiner's Office, listed as project code  
45 UNC/ECU23-3 in Section 40.1 of this act, has been completed and commenced operating as the  
46 regional autopsy center serving the eastern counties of North Carolina.

47 **SECTION 9H.10A.(c)** Annually, beginning February 1, 2024, ECU shall submit a  
48 progress report to the Department of Health and Human Services, the Joint Legislative Oversight  
49 Committee on Health and Human Services, and the Fiscal Research Division on the status of  
50 relocating the regional autopsy center serving the eastern counties of North Carolina to the new  
51



1 ECU Medical Examiner's Office, listed as project code UNC/ECU23-3 in Section 40.1 of this  
2 act. The reporting requirements of this subsection terminate upon ECU's submission of a report  
3 confirming that this new facility has been completed and commenced operating as the regional  
4 autopsy center serving the eastern counties of North Carolina.

5 **SECTION 9H.10A.(d)** This section is effective when it becomes law and applies to  
6 contracts entered into, extended, or renewed on or after that date.

## 7 8 **CAROLINA PREGNANCY CARE FELLOWSHIP**

9 **SECTION 9H.11.(a)** Of the funds appropriated in this act to the Department of  
10 Health and Human Services, Division of Public Health, the sum of six million two hundred fifty  
11 thousand dollars (\$6,250,000) in recurring funds for the 2023-2024 fiscal year and the sum of six  
12 million two hundred fifty thousand dollars (\$6,250,000) in recurring funds for the 2024-2025  
13 fiscal year shall be allocated to Carolina Pregnancy Care Fellowship (CPCF), a nonprofit  
14 corporation, to be used as follows:

- 15 (1) The sum of two million nine hundred thousand dollars (\$2,900,000) in  
16 recurring funds for the 2023-2024 fiscal year and the sum of two million nine  
17 hundred thousand dollars (\$2,900,000) in recurring funds for the 2024-2025  
18 fiscal year shall be used to provide grants for services to pregnancy centers  
19 located in this State.
- 20 (2) The sum of one million dollars (\$1,000,000) in recurring funds for the  
21 2023-2024 fiscal year and the sum of one million dollars (\$1,000,000) in  
22 recurring funds for the 2024-2025 fiscal year shall be used to provide the  
23 following grants to pregnancy centers located in this State:
  - 24 a. Grants to purchase durable medical equipment.
  - 25 b. Grants to pay for pregnancy care training and training on the use of  
26 durable medical equipment.
- 27 (3) The sum of two hundred fifty thousand dollars (\$250,000) in recurring funds  
28 for the 2023-2024 fiscal year and the sum of two hundred fifty thousand  
29 dollars (\$250,000) in recurring funds for the 2024-2025 fiscal year shall be  
30 used to provide grants to pregnancy centers located in this State to cover the  
31 cost of nonreligious, nonsectarian educational training and resources  
32 regarding pregnancy.
- 33 (4) The sum of two million one hundred thousand dollars (\$2,100,000) in  
34 recurring funds for the 2023-2024 fiscal year and the sum of two million one  
35 hundred thousand dollars (\$2,100,000) in recurring funds for the 2024-2025  
36 fiscal year shall be allocated to fund operation of the CPCF Circle of Care  
37 Program.

38 **SECTION 9H.11.(b)** The CPCF shall establish an application process for the grants  
39 authorized by subdivisions (a)(1) through (a)(3) of this section, and any pregnancy center located  
40 in this State that applies for these grant funds through the established application process is  
41 eligible to receive these grant funds.

42 **SECTION 9H.11.(c)** The CPCF may not use more than ten percent (10%) of the  
43 total amount of funds allocated by this section for each year of the 2023-2025 fiscal biennium  
44 for administrative purposes.

45 **SECTION 9H.11.(d)** Funds allocated under this section shall be used for  
46 nonsectarian, nonreligious purposes only.

47 **SECTION 9H.11.(e)** By July 1, 2025, and July 1 of each odd-numbered year  
48 thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and  
49 Human Services and the Fiscal Research Division on the use of funds allocated under this section.  
50 The report shall include at least the following:

- 1 (1) The identity and a brief description of each grantee and the amount of funding
- 2 awarded to each grantee.
- 3 (2) The number of persons served by each grantee.
- 4 (3) The number of persons served by the Circle of Care Program.
- 5

## 6 STATEWIDE CONTINUUM OF CARE PROGRAM

7 **SECTION 9H.12.(a)** Of the funds appropriated in this act from the ARPA  
8 Temporary Savings Fund to the Department of Health and Human Services, Division of Public  
9 Health, the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring funds  
10 for the 2023-2024 fiscal year and the sum of one million five hundred thousand dollars  
11 (\$1,500,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Human  
12 Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide  
13 Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These  
14 funds shall be used for nonreligious, nonsectarian purposes only.

15 **SECTION 9H.12.(b)** The Human Coalition may use up to ten percent (10%) of the  
16 funds allocated for the statewide Continuum of Care Program for each year of the 2023-2025  
17 fiscal biennium for administrative purposes.

18 **SECTION 9H.12.(c)** By December 1, 2023, and every six months thereafter through  
19 December 1, 2026, the Human Coalition shall report to the Department of Health and Human  
20 Services on the status and operation of the statewide Continuum of Care Program authorized by  
21 Section 9G.6 of S.L. 2021-180. The report shall include at least all of the following:

- 22 (1) A detailed breakdown of expenditures for the program.
- 23 (2) The number of individuals served by the program and, for the individuals
- 24 served, the types of services provided to each.
- 25 (3) Any other information requested by the Department of Health and Human
- 26 Services as necessary for evaluating the success of the program.

27 **SECTION 9H.12.(d)** By February 1, 2025, and February 1, 2026, the Department  
28 of Health and Human Services shall report to the Joint Legislative Oversight Committee on  
29 Health and Human Services and the Fiscal Research Division on the status and operation of the  
30 statewide Continuum of Care Program. The report shall include at least all of the information  
31 specified in subdivisions (c)(1) through (c)(3) of this section.

## 32 REVISIONS TO STRENGTHEN THE CHILD FATALITY PREVENTION SYSTEM

### 33 ESTABLISHMENT AND FUNDING OF STATE OFFICE OF CHILD FATALITY 34 PREVENTION WITHIN THE DEPARTMENT OF HEALTH AND HUMAN 35 SERVICES, DIVISION OF PUBLIC HEALTH

36 **SECTION 9H.15.(a)** Article 3 of Chapter 143B of the General Statutes is amended  
37 by adding a new Part to read:

38 "Part 4C. State Office of Child Fatality Prevention.

#### 39 **"§ 143B-150.25. Definitions.**

40 The following definitions apply in this Article:

- 41 (1) Child Fatality Prevention System. – The statewide system comprised of the  
42 following:
  - 43 a. Local Teams.
  - 44 b. The North Carolina Child Fatality Task Force created in  
45 G.S. 7B-1402.
  - 46 c. The State Office.
  - 47 d. Medical examiner child fatality staff.

- 1           (2)    Local Team. – A multidisciplinary child death review team that is either a  
2                    single or multicounty team responsible for performing any type of child  
3                    fatality review pursuant to Article 14 of Chapter 7B of the General Statutes.  
4           (3)    Medical examiner child fatality staff. – Staff within the Office of the Chief  
5                    Medical Examiner whose primary responsibilities involve reviewing,  
6                    investigating, training, educating, and supporting death investigations into  
7                    child fatalities that fall under the jurisdiction of the medical examiner pursuant  
8                    to G.S. 130A-383.  
9           (4)    State Office. – The State Office of Child Fatality Prevention established under  
10                   this Article.

11 **"§ 143B-150.26. Establishment and purpose of State Office.**

12       The State Office of Child Fatality Prevention is established within the Department of Health  
13 and Human Services, Division of Public Health, to serve as the lead agency for child fatality  
14 prevention in North Carolina. The purpose of the State Office is to oversee the coordination of  
15 State-level support functions for the entire North Carolina Child Fatality Prevention System in a  
16 way that maximizes efficiency and effectiveness and expands system capacity. The Department  
17 shall determine the most appropriate placement for, and configuration of, State Office staff within  
18 the Department, subject to the following limitation: medical examiner child fatality staff shall  
19 continue to work under the direction of the Chief Medical Examiner and address child fatalities  
20 within the jurisdiction of the medical examiner pursuant to G.S. 130A-383, while working  
21 collaboratively with the State Office and Local Teams.

22 **"§ 143B-150.27. Powers and duties.**

23       The State Office has the following powers and duties:

- 24           (1)    To coordinate the work of the statewide Child Fatality Prevention System.  
25           (2)    To implement and manage a centralized data and information system capable  
26                    of gathering, analyzing, and reporting aggregate information from child death  
27                    review teams with appropriate protocols for sharing information and  
28                    protecting confidentiality.  
29           (3)    To create and implement tools, guidelines, resources, and training and provide  
30                    technical assistance for Local Teams to enable the teams to do the following:  
31                    a.     Conduct effective reviews tailored to the type of death being reviewed.  
32                    b.     Make effective recommendations about child fatality prevention.  
33                    c.     Gather, analyze, and appropriately report on case data and findings  
34                    while protecting confidentiality.  
35                    d.     Facilitate the implementation of prevention strategies in their  
36                    communities.  
37           (4)    To work with medical examiner child fatality staff and the North Carolina  
38                    State Center for Health Statistics to provide Local Teams initial information  
39                    about child deaths in their respective counties.  
40           (5)    To perform research, consult with stakeholders and experts, and collaborate  
41                    with other organizations and individuals for the purpose of understanding the  
42                    direct and contributing causes of child deaths as well as evidence-driven  
43                    strategies, programs, and policies to prevent child deaths, abuse, and neglect  
44                    in order to inform the work of the Child Fatality Prevention System or as  
45                    requested by the Child Fatality Task Force.  
46           (6)    To educate State and local leaders, including the General Assembly, executive  
47                    department heads, as well as stakeholders, advocates, and the public, about  
48                    the Child Fatality Prevention System and issues and prevention strategies  
49                    addressed by the system.  
50           (7)    To collaborate with State and local agencies, nonprofit organizations,  
51                    academia, advocacy organizations, and others to facilitate the implementation

1 of evidence-driven initiatives to prevent child abuse, neglect, and death, such  
2 as education and awareness initiatives.

3 (8) To create and implement processes for evaluating the ability of the Child  
4 Fatality Prevention System to achieve outcomes sought to be accomplished  
5 by the system and to report to the Child Fatality Task Force on these  
6 evaluations and on statewide functioning of the Child Fatality Prevention  
7 System.

8 (9) To consider opportunities to seek and administer grant and other non-State  
9 funding sources to support State or local Child Fatality Prevention System  
10 efforts.

11 (10) To develop guidance to inform local decisions about the formation and  
12 implementation of single versus multicounty Local Teams. The guidance must  
13 include a model agreement to be used between or among counties that agree  
14 to be part of a multicounty Local Team."

15 **SECTION 9H.15.(b)** Of the funds appropriated in this act to the Department of  
16 Health and Human Services, Division of Public Health, the recurring sum of five hundred  
17 sixty-nine thousand eight hundred eighty-five dollars (\$569,885) and the nonrecurring sum of  
18 eighteen thousand one hundred fifteen dollars (\$18,115) for the 2023-2024 fiscal year and the  
19 recurring sum of seven hundred fifty-eight thousand eight hundred eighty-five dollars (\$758,885)  
20 for the 2024-2025 fiscal year shall be allocated and used as follows:

21 (1) Five hundred fifty-four thousand eight hundred eighty-five dollars (\$554,885)  
22 in recurring funds for each year of the 2023-2025 fiscal biennium for  
23 operational costs to establish the State Office of Child Fatality Prevention  
24 (State Office) established under Part 4C of Article 3 of Chapter 143B of the  
25 General Statutes, as enacted by this section. The Department of Health and  
26 Human Services may use up to five hundred fourteen thousand seven hundred  
27 thirty-five dollars (\$514,735) of these recurring funds for each year of the  
28 2023-2025 fiscal biennium to establish up to five full-time positions within  
29 the State Office.

30 (2) Eighteen thousand one hundred fifteen dollars (\$18,115) in nonrecurring  
31 funds for the 2023-2024 fiscal year for nonrecurring costs associated with  
32 establishing the State Office.

33 (3) Up to fifteen thousand dollars (\$15,000) in recurring funds for each year of  
34 the 2023-2025 fiscal biennium to support the work of the Child Fatality Task  
35 Force and to pay its members, staff, and consultants in accordance with  
36 G.S. 7B-1414, as amended by this act.

37 (4) One hundred eighty-nine thousand dollars (\$189,000) in recurring funds for  
38 the 2024-2025 fiscal year shall be distributed among the State's 100 counties,  
39 as determined appropriate by the Department, to support implementation of  
40 the changes authorized by this act to restructure child death reviews by Local  
41 Teams and to offset the costs associated with Local Team participation in the  
42 National Fatality Review Case Reporting System.

43 **SECTION 9H.15.(c)** The Department of Health and Human Services may not use  
44 the funds allocated by subdivisions (b)(1) through (b)(3) of this section for any purposes other  
45 than the purposes specified in those subdivisions. Counties shall not use the funds allocated by  
46 subdivision (b)(4) of this section for any purposes other than the purposes specified in that  
47 subdivision.

48 **SECTION 9H.15.(d)** Subsections (b) and (c) of this section become effective July  
49 1, 2023.

50

1 **TRANSITION PLAN FOR SHIFTING STATE SUPPORT OF THE CHILD FATALITY**  
2 **PREVENTION SYSTEM TO THE STATE OFFICE OF CHILD FATALITY**  
3 **PREVENTION, CREATING AND SUPPORTING A CENTRALIZED DATA AND**  
4 **REPORTING SYSTEM, AND RESTRUCTURING EXISTING CHILD DEATH**  
5 **REVIEW TEAMS**

6 **SECTION 9H.15.(e)** It is the intent of the General Assembly to restructure North  
7 Carolina's Child Fatality Prevention System in order to eliminate the silos and redundancy that  
8 exist within the current system, implement centralized coordination of the system, streamline the  
9 system's State-level support functions, maximize the usefulness of data and information derived  
10 from teams that review child fatalities, ensure that relevant and appropriate information and  
11 recommendations from teams that review child fatalities reach appropriate local and State  
12 leaders, and strengthen the system's effectiveness in preventing child abuse, neglect, and death.  
13 Creation and implementation of a State Office of Child Fatality Prevention is a critical element  
14 of this restructuring that must be put in place to facilitate a transition to the restructuring and  
15 support of Local Teams and their participation in the National Fatality Review Case Reporting  
16 System (NFR-CRS). To that end, the Department of Health and Human Services is directed to  
17 accomplish the following:

- 18 (1) Not later than July 1, 2024, the Department shall report to the Joint Legislative  
19 Oversight Committee on Health and Human Services and the Fiscal Research  
20 Division on the status of creating, implementing, and staffing the State Office  
21 of Child Fatality Prevention. The report shall include at a minimum the status  
22 of preparations for (i) transitioning to the restructuring and support of Local  
23 Teams and (ii) participating in the NFR-CRS. Any management staff the  
24 Department places within the State Office of Child Fatality Prevention shall  
25 work with the Department to take the necessary steps toward fully staffing the  
26 State Office and implementing plans that will enable the State Office to carry  
27 out the powers and duties of the State Office, as described in  
28 G.S. 143B-150.27, and to support a restructured Child Fatality Prevention  
29 System consistent with subsections (f) through (i) of this section. The  
30 Department shall also ensure during this time that Local Teams receive  
31 State-level support either as such support exists prior to the creation of the  
32 State Office or from staff within the newly created State Office.
- 33 (2) Not later than January 1, 2025, the Department shall ensure all of the  
34 following:
- 35 a. That the State Office of Child Fatality Prevention is sufficiently staffed  
36 and prepared to carry out the powers and duties of the State Office, as  
37 described in G.S. 143B-150.27, to support a restructured Child  
38 Fatality Prevention System as set forth in subsections (f) through (i) of  
39 this section.
- 40 b. That any contractual agreements and interagency data sharing  
41 agreements necessary for participation in the NFR-CRS, as required in  
42 G.S. 7B-1413.5, have been executed.
- 43 (3) Not later than July 1, 2025, the Department shall ensure through its State  
44 Office of Child Fatality Prevention that all Local Teams have been provided  
45 guidelines and training addressing their participation in the NFR-CRS, and  
46 Local Teams shall begin utilizing the System for case reporting as specified  
47 in G.S. 7B-1413.5.

48  
49 **MODIFICATIONS AND ADDITIONS TO CHILD FATALITY PREVENTION SYSTEM**  
50 **STATUTES TO RESTRUCTURE CHILD DEATH REVIEW TEAMS, IMPLEMENT**  
51 **PARTICIPATION IN THE NATIONAL FATALITY REVIEW CASE REPORTING**

1 **SYSTEM, AND CLARIFY THE FUNCTIONS OF THE NORTH CAROLINA CHILD**  
 2 **FATALITY TASK FORCE**

3 **SECTION 9H.15.(f)** Article 14 of Chapter 7B of the General Statutes reads as  
 4 rewritten:

5 "Article 14.

6 "North Carolina Child Fatality Prevention System.

7 **"§ 7B-1400. Declaration of public policy.**

8 The General Assembly finds that it is the public policy of this State to prevent the abuse,  
 9 neglect, and death of juveniles. The General Assembly further finds that the prevention of the  
 10 abuse, neglect, and death of juveniles is a community responsibility; that professionals from  
 11 disparate disciplines have responsibilities for children or juveniles and have expertise that can  
 12 promote their safety and well-being; and that multidisciplinary reviews of the abuse, neglect, and  
 13 death of juveniles can lead to a greater understanding of the causes and methods of preventing  
 14 these deaths. It is, therefore, the intent of the General Assembly, through this Article, to establish  
 15 a statewide multidisciplinary, multiagency child fatality prevention ~~system consisting of the State~~  
 16 ~~Team established in G.S. 7B-1404 and the Local Teams established in G.S. 7B-1406.~~ system.  
 17 The purpose of the system is to assess the records of ~~selected cases in which children are being~~  
 18 ~~served by child protective services and the records of all deaths of children~~ child deaths in North  
 19 Carolina from birth ~~to age 18~~ up until a child's eighteenth birthday, and with respect to these  
 20 cases, to study data and prevention strategies related to child abuse, neglect, and death, and to  
 21 utilize multidisciplinary teams to review these deaths in order to (i) develop a communitywide  
 22 approach to the problem of child abuse and neglect, (ii) understand the causes and contributing  
 23 factors of childhood deaths, (iii) identify any gaps or deficiencies that may exist in the delivery  
 24 of services to children and their families by public agencies that are designed to prevent future  
 25 child abuse, neglect, or death, ~~and~~ (iv) identify and aid in facilitating the implementation of  
 26 evidence-driven strategies to prevent child death and promote child well-being, and (v) make and  
 27 implement recommendations for changes to laws, rules, and policies that will support the safe  
 28 and healthy development of our children and prevent future child abuse, neglect, and death.

29 **"§ 7B-1401. Definitions.**

30 The following definitions apply in this Article:

- 31 (1) ~~Additional Child Fatality.~~ Any death of a child that did not result from  
 32 suspected abuse or neglect and about which no report of abuse or neglect had  
 33 been made to the county department of social services within the previous 12  
 34 months.
- 35 (1a) Child Fatality Prevention System. – The statewide system comprised of the  
 36 following:
- 37 a. Local Teams.  
 38 b. The North Carolina Child Fatality Task Force as established in this  
 39 Article.  
 40 c. The State Office.  
 41 d. Medical examiner child fatality staff.
- 42 (2) ~~Local Team.~~ – ~~A Community Child Protection Team or a Child Fatality~~  
 43 ~~Prevention Team.~~ A multidisciplinary child death review team that is either a  
 44 single or multicounty team responsible for performing any type of review  
 45 pursuant to this Article.
- 46 (2a) Medical examiner child fatality staff. – Staff within the Office of the Chief  
 47 Medical Examiner whose primary responsibilities involve reviewing,  
 48 investigating, training, educating, or supporting death investigations into child  
 49 fatalities that fall under the jurisdiction of the medical examiner pursuant to  
 50 G.S. 130A-383.

1           (2b) National Fatality Review Case Reporting System or NFR-CRS. – The  
2 web-based system used by a majority of states to provide child death review  
3 teams with a simple method for capturing, analyzing, and reporting on the full  
4 set of information shared at a child death or serious injury review.

5           (2c) State Office. – The State Office of Child Fatality Prevention established under  
6 Part 4C of Article 3 of Chapter 143B of the General Statutes.

7           ~~(3) State Team. – The North Carolina Child Fatality Prevention Team.~~

8           (4) Task Force. – The North Carolina Child Fatality Task Force.

9           ~~(5) Team Coordinator. – The Child Fatality Prevention Team Coordinator.~~

10 **"§ 7B-1402. Task Force – creation; membership; vacancies.**

11 ...

12           (c) All members of the Task Force are voting members. Vacancies in the appointed  
13 membership shall be filled by the appointing officer who made the initial appointment. Terms  
14 shall be two years. ~~The members shall elect a chair who shall preside for the duration of the~~  
15 ~~chair's term as member. In the event a vacancy occurs in the chair before the expiration of the~~  
16 ~~chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired~~  
17 ~~term.~~

18 **"§ 7B-1402.5. Task Force – organization; committees, leadership, policies and procedures;**  
19 **public meetings.**

20           (a) Committees. – The Task Force shall carry out its duties through the work of the  
21 following three committees:

22           (1) A Perinatal Health Committee to address healthy pregnancies, births, and  
23 infants.

24           (2) An Unintentional Death Prevention Committee to address the prevention of  
25 deaths resulting from unintentional causes such as motor vehicle or bicycle  
26 accidents, poisoning, burning, or drowning.

27           (3) An Intentional Death Prevention Committee to address the prevention of  
28 deaths resulting from intentional causes such as homicide, suicide, abuse, or  
29 neglect; and to address the prevention of child abuse and neglect.

30           (b) Committee Recommendations. – Each Committee shall develop and submit  
31 recommendations to the Task Force for consideration. Recommendations shall become final  
32 upon the majority vote of the Task Force.

33           (c) Leadership. – The leadership of the Task Force and its committees shall be organized  
34 as follows:

35           (1) Task Force chair or cochairs. – Task Force members shall elect by a majority  
36 vote a chair or two cochairs from among its membership. The Task Force chair  
37 or cochairs shall serve for a term of two years and are not subject to term  
38 limits.

39           (2) Committee cochairs. – Task Force members shall elect by a majority vote of  
40 the Task Force two cochairs per committee, at least one of whom shall be a  
41 Task Force member and one of whom may be a nonmember with expertise in  
42 the subject matter of the committee. The committee cochairs shall serve for a  
43 term of two years and are not subject to term limits.

44           (3) Staff. – The Task Force chair or cochairs shall work with the Secretary of the  
45 Department of Health and Human Services to hire or designate staff to  
46 coordinate the work of the Task Force and its committees. The Secretary shall  
47 determine placement of such staff within the Department. In addition to  
48 general coordination of the work of the Task Force, Task Force staff may do  
49 the following:

- 1           a.     Educate organizations and individuals, including members of the
- 2                     General Assembly, about the work of the Task Force and its
- 3                     recommendations.
- 4           b.     Serve as a representative of the Task Force.
- 5           c.     Assist the Task Force chair in working to advance Task Force
- 6                     recommendations.
- 7           d.     Assist in any way the Task Force chair or committee cochairs deem
- 8                     necessary in carrying out the duties of the Task Force.

9       (d)   Policies and Procedures. – The Task Force chair or cochairs, committee cochairs, and  
 10 director or coordinator shall develop, and from time to time revise as necessary, policies and  
 11 procedures to facilitate the efficient and effective operations of the Task Force. These policies  
 12 and procedures and any recommended revisions become effective upon approval by a majority  
 13 vote of the Task Force. The policies and procedures shall address, at a minimum, the following:

- 14           (1)   The Task Force study process.
- 15           (2)   Nominations for leadership positions.
- 16           (3)   Committee membership, including any participation by individuals who are
- 17                     not members of the Task Force.
- 18           (4)   Conflicts of interest.

19   **"§ 7B-1403. Task Force – duties.**

20       The Task Force ~~shall~~shall do all of the following:

- 21           (1)   ~~Undertake a statistical study of the incidences and causes of child deaths in~~  
 22 ~~this State and establish a profile of child deaths, as well as evidence-driven~~  
 23 ~~strategies for preventing future child deaths, abuse, and neglect. The study~~  
 24 ~~shall include (i) an analysis of all community and private and public agency~~  
 25 ~~involvement with the decedents and their families prior to death, and (ii) an at~~  
 26 ~~least all of the following:~~  
 27           a.     Aggregate information from child death reviews compiled by the State  
 28                     Office addressing data on child deaths, the identification of systemic  
 29                     problems, and Local Team recommendations for prevention strategies  
 30                     or changes in law or policy.  
 31           b.     A data analysis of all child deaths by age, cause, race and ethnicity,  
 32                     socioeconomic status, and geographic distribution; distribution.  
 33           c.     Information from subject matter experts that informs the  
 34                     understanding of the causes of child deaths; strategies to prevent child  
 35                     deaths, abuse, and neglect; or a combination of these.
- 36           (2)   ~~Develop a system for multidisciplinary review of child deaths. In developing~~  
 37 ~~such a system, the Task Force shall study the operation of existing Local~~  
 38 ~~Teams. The Task Force shall also consider the feasibility and desirability of~~  
 39 ~~local or regional review teams and, should it determine such teams to be~~  
 40 ~~feasible and desirable, develop guidelines for the operation of the teams. The~~  
 41 ~~Task Force shall also examine the laws, rules, and policies relating to~~  
 42 ~~confidentiality of and access to information that affect those agencies with~~  
 43 ~~responsibilities for children, including State and local health, mental health,~~  
 44 ~~social services, education, and law enforcement agencies, to determine~~  
 45 ~~whether those laws, rules, and policies inappropriately impede the exchange~~  
 46 ~~of information necessary to protect children from preventable deaths, and, if~~  
 47 ~~so, recommend changes to them; Advise the State Office of Child Fatality~~  
 48 ~~Prevention with respect to the operation of an effective statewide system for~~  
 49 ~~multidisciplinary review of child deaths and the implementation of~~  
 50 ~~evidence-driven strategies to prevent child deaths, abuse, and neglect.~~  
multidisciplinary review of child deaths and the implementation of  
evidence-driven strategies to prevent child deaths, abuse, and neglect.



- 1           (3)    Receive and consider reports from the State Team; and Office addressing  
2           aggregate data, information, findings, and recommendations resulting from  
3           Local Team reviews of child deaths, the functioning of any aspect of the  
4           statewide Child Fatality Prevention System, and any other type of report the  
5           Task Force deems relevant to carrying out its duties under this Article.  
6           (4)    Develop recommendations for changes in law, policy, rules, or the  
7           implementation of evidence-driven prevention strategies to be included in the  
8           annual report required by G.S. 7B-1412.  
9           (5)    Perform any other studies, evaluations, or determinations the Task Force  
10          considers necessary to carry out its mandate.

11    ...

12    "**§ 7B-1406.5. Local Teams; county work.**

13          (a)    Local Team for Each County. – Each county in the State shall have its own Local  
14          Team or participate in a multicounty Local Team, as determined in accordance with subsection  
15          (b) of this section.

16          (b)    Participation in a Single County Versus Multicounty Local Team. – Each county's  
17          local board of county commissioners shall evaluate and determine whether the county will have  
18          its own Local Team or be part of a multicounty team. This determination shall be made through  
19          consulting all of the following:

- 20               (1)    The director of the local health department.  
21               (2)    The director of the local departments of social services, or if applicable, the  
22               consolidated human services director.  
23               (3)    The guidance created by the State Office that addresses the formation and  
24               implementation of single versus multicounty teams and includes a model  
25               agreement to be used between or among counties who agree to be part of a  
26               multicounty team.

27          (c)    Mandatory Review of Deaths. – Each Local Team shall review all child deaths of  
28          resident children under age 18 in the county or counties comprising the Local Team that fall  
29          under one of the following categories of death:

- 30               (1)    Undetermined causes.  
31               (2)    Unintentional injury.  
32               (3)    Violence.  
33               (4)    Motor vehicle incidents.  
34               (5)    Pursuant to criteria set forth in G.S. 7B-1407.5, deaths related to child  
35               maltreatment or child deaths involving a child or child's family who was  
36               reported or known to child protective services.  
37               (6)    Sudden unexpected infant death.  
38               (7)    Suicide.  
39               (8)    Deaths not expected in the next six months.  
40               (9)    Additional infant deaths according to the criteria established by the State  
41               Office under G.S. 7B-1407.6.

42          For cases in which a Local Team is uncertain whether a death falls under a category specified  
43          in subdivisions (1) through (9) of this subsection, the State Office shall consult with the Office  
44          of the Chief Medical Examiner and appropriate medical professionals to make that determination.

45          (d)    Permissive Review of Deaths. – Each Local Team may review child deaths that fall  
46          outside the categories specified in subdivisions (1) through (9) of subsection (c) of this section.

47          (e)    Permissive Review of Active Child Protective Services Cases. – At the request of a  
48          director of a local department of social services and pursuant to G.S. 7B-1410(b), a Local Team  
49          may elect to review an active case in which a child or children are being served by child protective  
50          services. The Local Team is not required to make findings or create reports based upon such  
51          reviews. However, the Local Team may develop recommendations based on such reviews to be

1 submitted to the citizen review panel serving the area in which the Local Team is located and  
 2 may also include in its recommendations to boards of county commissioners pursuant to  
 3 G.S. 7B-1407.10(d) recommendations stemming from the review of such cases.

4 (f) Periodic Training and Best Practices. – Local Teams shall participate in periodic  
 5 training provided by the State Office. Local Teams shall make every effort to employ best  
 6 practices in conducting child death reviews, gathering information, selecting participants, and  
 7 making reports as outlined in guidance provided by the State Office.

8 **"§ 7B-1407. Local Teams; ~~composition.~~composition and leadership.**

9 (a) Each Local Team shall consist of representatives of public and nonpublic agencies in  
 10 the community that provide services to children and their families and other individuals who  
 11 represent the community. ~~No single team shall encompass a geographic or governmental area~~  
 12 ~~larger than one county.~~

13 (b) Each Local Team shall consist of the following persons:

- 14 (1) The director of the county department of social services or the director of the  
 15 consolidated human services agency and a member of the director's staff;staff.
- 16 (2) A local law enforcement officer, appointed by the board of county  
 17 ~~commissioners;commissioners.~~
- 18 (3) An attorney from the district attorney's office, appointed by the district  
 19 ~~attorney;attorney.~~
- 20 (4) The executive director of the local community action agency, as defined by  
 21 the Department of Health and Human Services, or the executive director's  
 22 ~~designee;designee.~~
- 23 (5) The superintendent of each local school administrative unit located in the  
 24 county, or the superintendent's ~~designee;designee.~~
- 25 (6) A member of the county board of social services, appointed by the chair of  
 26 that ~~board;board.~~
- 27 (7) A local mental health professional, appointed by the director of the area  
 28 authority established under Chapter 122C of the General ~~Statutes;Statutes.~~
- 29 (8) The local guardian ad litem coordinator, or the coordinator's  
 30 ~~designee;designee.~~
- 31 (9) The director of the local department of public ~~health; and~~health.
- 32 (10) A local health care provider, appointed by the local board of health.
- 33 (11) An emergency medical services provider or firefighter, appointed by the board  
 34 of county commissioners.
- 35 (12) A district court judge, appointed by the chief district court judge in that  
 36 district.
- 37 (13) A county medical examiner, appointed by the Chief Medical Examiner.
- 38 (14) A representative of a local child care facility or Head Start program, appointed  
 39 by the director of the county department of social services.
- 40 (15) A parent of a child who died before reaching the child's eighteenth birthday,  
 41 to be appointed by the board of county commissioners.

42 (c) ~~In addition, a Local Team that reviews the records of additional child fatalities shall~~  
 43 ~~include the following five additional members:~~

- 44 (1) ~~An emergency medical services provider or firefighter, appointed by the board~~  
 45 ~~of county commissioners;~~
- 46 (2) ~~A district court judge, appointed by the chief district court judge in that~~  
 47 ~~district;~~
- 48 (3) ~~A county medical examiner, appointed by the Chief Medical Examiner;~~
- 49 (4) ~~A representative of a local child care facility or Head Start program, appointed~~  
 50 ~~by the director of the county department of social services; and~~

1           (5) ~~A parent of a child who died before reaching the child's eighteenth birthday,~~  
2           ~~to be appointed by the board of county commissioners.~~

3           The chair of the Local Team may invite a maximum of five additional individuals to  
4 participate on the Local Team on an ad hoc basis for a specific review if the chair believes the  
5 individual's subject matter expertise or position within an organization will enhance the ability  
6 of the Local Team to conduct an effective review. The chair may select ad hoc members from  
7 outside of the county or counties served by the Local Team. As a condition of participating in a  
8 specific review, each ad hoc member is required to sign the same confidentiality statement signed  
9 by a Local Team member and is subject to the provisions of G.S. 7B-1413.

10          ~~(d) The Team Coordinator shall~~ One or more members of the State Office staff may serve  
11 as an ex officio member of each Local Team that reviews the records of additional child fatalities.  
12 ~~The board of county commissioners may appoint a maximum of five additional members to~~  
13 ~~represent county agencies or the community at large to serve on any Local Team. any Local~~  
14 ~~Team.~~ Vacancies on a Local Team shall be filled by the original appointing authority.

15          (e) Each Local Team shall elect a member to serve as chair at the Team's pleasure.

16          (f) ~~Each Local Team shall meet at least four times each year as frequently as necessary~~  
17 to fulfill the requirements imposed by this Article, but no less than twice per year.

18          ~~(g) The director of the local department of social services shall call the first meeting of~~  
19 ~~the Community Child Protection Team. The director of the local department of health, upon~~  
20 ~~consultation with the Team Coordinator, shall call the first meeting of the Child Fatality~~  
21 ~~Prevention Team. Thereafter, the~~ The chair of each Local Team shall schedule the time and place  
22 of meetings, in consultation with these directors, meetings and shall prepare the agenda. The  
23 chair shall schedule Team meetings no less often than once per quarter and often enough to allow  
24 adequate review of the cases selected for review. Within three months of election, the  
25 chair shall participate in the appropriate training developed under this Article provided by the State Office.

26 **"§ 7B-1407.5. Review of child maltreatment deaths and deaths of children known to child**  
27 **protective services.**

28          (a) In addition to any other applicable requirements of this Article, the requirements of  
29 this section apply specifically to child deaths when any of the following are true:

30           (1) The decedent was known to be reported as being abused or neglected under  
31 G.S. 7B-301 regardless of the disposition of such report.

32           (2) There was a known report involving child abuse or neglect under G.S. 7B-301  
33 within the three-year period preceding the time of a child's death that involved  
34 the child's family regardless of the disposition of the report.

35           (3) The decedent or decedent's family was involved with child protective services  
36 within three years preceding a child's death.

37           (4) Available information indicates a possibility that child abuse or neglect, as  
38 defined in G.S. 7B-101, may be a direct or contributing cause of the child's  
39 death.

40          (b) The State Office shall do all of the following with respect to child death reviews that  
41 meet any of the criteria specified in subsection (a) of this section:

42           (1) Develop policies, procedures, and tools that address the effective reviews of  
43 this category of child deaths, based on best practices and available resources.

44           (2) Provide technical assistance by State Office staff to Local Teams which may  
45 include assistance with coordinating the review, information gathering,  
46 determination of necessary participants, meeting procedures and facilitation,  
47 development of recommendations, and drafting of reports.

48           (3) Within the limitations of State and federal law, develop an appropriate process  
49 and procedure for the creation and release of reports resulting from reviews of  
50 deaths by Local Teams under this section that address the following:  
51

- 1                   a.     Findings and recommendations related to improving coordination  
2                   between local and State entities with respect to child death cases that  
3                   include any of the facts described in subdivisions (a)(1) through (a)(3)  
4                   of this section.
- 5                   b.     Information disclosed pursuant to G.S. 7B-2902.
- 6                   c.     Information the State is required to disclose under federal law.
- 7           (4)     Develop and implement a process to follow up on the implementation status  
8           of recommendations related to a particular agency and, where feasible, work  
9           to help facilitate the advancement of these recommendations.
- 10           (5)     Work with the Division of Social Services, the Office of the Chief Medical  
11           Examiner, the State Center for Health Statistics, and other relevant experts  
12           and agencies to develop and implement the following:
- 13                   a.     A system for the State Office to identify child fatalities to be reviewed  
14                   under this section.
- 15                   b.     A system for defining, identifying, and including in North Carolina's  
16                   child fatality data information the State is required to report to the  
17                   federal government about child deaths resulting from child  
18                   maltreatment. This system shall include the use of Local Teams.
- 19           (6)     Work with the Division of Social Services to determine the manner in which  
20           information from internal fatality reviews conducted by the Division of Social  
21           Services can appropriately inform Local Team reviews of these cases.
- 22           (7)     Work with the Division of Social Services to determine the manner in which  
23           information from reviews conducted under this section can be shared with the  
24           citizen review panels established under G.S. 108A-15.20.
- 25           (c)     Local Teams have the following powers and duties with respect to reviews that fall  
26           under this section:
- 27                   (1)     To conduct reviews that align with the policies and procedures developed by  
28                   the State Office for reviews and to seek technical assistance from the State  
29                   Office as necessary to conduct reviews.
- 30                   (2)     To conduct, as determined necessary by the Local Team, interviews of any  
31                   individuals determined to have pertinent information about a death under  
32                   review and to examine any written materials containing pertinent information,  
33                   except that the Local Team may not (i) contact or interview family members  
34                   of the decedent or (ii) conduct an interview or take any other action that would  
35                   interfere with an investigation by a law enforcement agency or the duties of a  
36                   district attorney.
- 37                   (3)     To work with the State Office to produce a report appropriate for public  
38                   release pursuant to sub-subdivision (b)(3)a. of this section that addresses the  
39                   findings and recommendations developed pursuant to sub-subdivision (b)(3)a.  
40                   of this section related to improving coordination between local and State  
41                   entities. These findings shall not be admissible as evidence in any civil or  
42                   administrative proceedings against individuals or entities that participate in  
43                   reviews conducted under this section. In accordance with G.S. 7B-2902, the  
44                   Local Team shall consult with the appropriate district attorney prior to the  
45                   public release of a report.

46     **"§ 7B-1407.6. Review of infant deaths.**

47           The State Office shall consult with perinatal health experts as well as participants in reviews  
48           of infant deaths to develop criteria to be used by Local Teams to identify at least a subset of  
49           additional infant deaths subject to review that fall outside the categories of required reviews  
50           specified in subdivisions (1) through (9) of G.S. 7B-1406.5(c). The criteria shall take into account

1 leading causes of infant death, including short gestation, low birthweight, and perinatal  
2 complications, and shall be updated at least biannually based on emerging information and data.  
3 "§§ 7B-1407.7 through 7B-1407.9. Reserved for future codification purposes.

4 "§ 7B-1407.10. Team findings and reporting.

5 (a) For each child death reviewed, the Local Team shall make findings addressing at least  
6 the following:

7 (1) Significant challenges faced by the child or family, the systems with which  
8 they interacted, and the response to the incident.

9 (2) Notable positive elements in the case that may have promoted resiliency in  
10 the child or family, the systems with which they interacted, and the response  
11 to the incident.

12 (3) Recommendations and initiatives that could be implemented at the State or  
13 local level to prevent deaths from similar causes or circumstances in the  
14 future.

15 (4) Whether the cause or a contributing cause of the death was related to child  
16 abuse or neglect as defined by G.S. 7B-101.

17 (b) For each required review of a child's death pursuant to G.S. 7B-1406.5(c),  
18 information about the case, including circumstances surrounding the death as well as the Local  
19 Team's findings, shall be entered into the National Fatality Review Case Reporting System  
20 (NFR-CRS) pursuant to G.S. 7B-1413.5. Local Teams shall make every effort to gather and  
21 report information that is collected through any applicable data field in the NFR-CRS, unless  
22 State Office guidelines direct otherwise.

23 (c) For each permissive review of a child's death pursuant to G.S. 7B-1406.5(d), the  
24 Local Team may, but is not required to, enter case review information into the NFR-CRS.

25 (d) Local Teams shall annually submit a report to the board of county commissioners that  
26 includes recommendations, if any, for systemic improvements and needed resources to address  
27 identified gaps and deficiencies in the existing system. Local Teams shall simultaneously provide  
28 a copy of this report to the State Office.

29 "§ 7B-1407.15. Duties of medical examiner child fatality staff.

30 (a) Medical examiner child fatality staff shall work collaboratively with the State Office  
31 and Local Teams to carry out the purposes of the Child Fatality Prevention System and are  
32 required to do at least all of the following:

33 (1) Provide Local Teams with access to completed medical examiner reports for  
34 purposes of review.

35 (2) Enter relevant information from medical examiner reports on specific child  
36 deaths into the National Fatality Review Case Reporting System.

37 (3) Respond to State Office or Task Force requests for data or reports related to  
38 aggregate information on medical jurisdiction child deaths tracked by the  
39 Office of the Chief Medical Examiner.

40 (4) Serve as subject matter experts and offer training to law enforcement  
41 personnel related to child death scene investigation and reporting.

42 (b) Nothing in this Article shall be construed to limit the role or responsibilities of  
43 medical examiner child fatality staff as assigned by the Chief Medical Examiner.

44 ...

45 "§ 7B-1410. ~~Local Teams; duties~~ Duties of the director of the local department of  
46 ~~health; health; director of the county department of social services; or~~  
47 ~~consolidated health and human services director for counties with consolidated~~  
48 ~~human services.~~

49 (a) In addition to any other duties as a member of the Local Team ~~and in connection with~~  
50 ~~reviews of additional child fatalities, Team,~~ the director of the local department of health  
51 ~~shall~~ shall do the following:

- 1           (1) ~~Distribute copies of the written procedures developed by the Team~~
- 2           ~~Coordinator under G.S. 7B-1408 to the administrators of all agencies~~
- 3           ~~represented on the Local Team and to all members of the Local Team;~~
- 4           (1a) Serve along with the Local Team chair as a liaison between the State Office
- 5           and the Local Team to communicate information.
- 6           (2) Maintain records, including minutes of all official meetings, lists of
- 7           participants for each meeting of the Local Team, and signed confidentiality
- 8           statements required under G.S. 7B-1413, in compliance with applicable rules
- 9           and ~~law;~~law.
- 10          (3) Provide staff support for ~~these reviews; and~~reviews.
- 11          (4) Report quarterly to the local board of health, or as required by the board, on
- 12          the activities of the Local Team.
- 13          (b) In addition to any other duties as a member of the Local Team, the director of the
- 14          local department of social services shall do the following:
- 15               (1) Serve along with the Local Team chair as a liaison between the State Office
- 16               and the Local Team to communicate information with respect to cases
- 17               reviewed under G.S. 7B-1406.5(e) or G.S. 7B-1407.5.
- 18               (2) Provide staff support for cases reviewed under G.S. 7B-1406.5(e) or
- 19               G.S. 7B-1407.5.
- 20               (3) Report quarterly to the county board of social services, or as required by the
- 21               board, on the activities of the Team.
- 22               (4) Determine whether and when to request the Local Team or a citizen review
- 23               panel to review an active child protective services case pursuant to
- 24               G.S. 7B-1406.5(e) and G.S. 108A-15.20.

25 ...

26 **"§ 7B-1412. Task Force – reports.**

27 ~~The~~ Within the first week of the convening or reconvening of the General Assembly, the Task

28 Force shall report annually to the Governor and General Assembly, within the first week of the

29 convening or reconvening of the General Assembly. Governor, the General Assembly, the

30 Secretary of Health and Human Services, and the Chairs of the House and Senate Appropriations

31 Committees on Health and Human Services, the Joint Legislative Oversight Committee on

32 Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public

33 Safety, and the Joint Legislative Education Oversight Committee. ~~The report shall contain at least~~

34 ~~a~~ all of the following:

- 35           (1) A summary of the conclusions and recommendations for each of the Task
- 36           Force's duties, as well as any duties.
- 37           (2) A summary of activities and functioning of the Child Fatality Prevention
- 38           System as a whole.
- 39           (3) Any other recommendations for changes to any law, rule, or ~~policy~~ policy, or
- 40           for the implementation of evidence-driven prevention strategies that it has
- 41           determined will promote the safety and well-being of children. Any
- 42           recommendations of changes to law, rule, or policy shall be accompanied by
- 43           specific legislative or policy proposals and detailed fiscal notes setting forth
- 44           the costs to the State proposals. The Task Force may request assistance from
- 45           the Fiscal Research Division of the General Assembly in developing fiscal
- 46           notes or other fiscal information to accompany these recommendations.

47 **"§ 7B-1413. Access to records.**

48           (a) ~~The State Team, the Local Teams, and the Task Force during its existence, Force, and~~

49 the State Office staff providing to Local Teams technical assistance with a review shall have

50 access to all medical records, hospital records, and records maintained by this State, any county,

51 or any local agency as the Local Teams, the Task Force, or the State Office deems necessary to

1 carry out the purposes of this Article, including police investigations data, medical examiner  
2 investigative data, health records, mental health records, and social services records. Access to  
3 records granted by this subsection is subject to and limited by all relevant federal and State laws  
4 whenever applicable. The State Team, the Task Force, and the Local Teams Teams, and the State  
5 Office staff shall not, as part of the reviews authorized under this Article, contact, question, or  
6 interview the child, the parent of the child, or any other family member of the child whose record  
7 is being reviewed. Any member of a Local Team may share, only in an official meeting of that  
8 Local Team, any information available to that member that the Local Team needs to carry out its  
9 duties.

10 (a1) If a Local Team, the Task Force, or the State Office has requested information that it  
11 is entitled to receive under this Article and it has not received such information within 30 days  
12 after the request, the requesting entity may apply for a court order to compel disclosure of the  
13 information. The application shall state the factors supporting the need for an order compelling  
14 disclosure. The requesting entity shall file the application in the district court of the county where  
15 the review is being conducted, and the court shall have jurisdiction to issue any orders compelling  
16 disclosure. The district courts shall schedule any actions brought under this section for immediate  
17 hearing, and the appellate courts shall give priority to appeal proceedings in these actions.

18 (b) Meetings of the ~~State Team and the~~ Local Teams are not subject to the provisions of  
19 Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic  
20 public meetings to discuss, in a general manner not revealing confidential information about  
21 children and families, the findings of their reviews and their recommendations for preventive  
22 actions. In the case of the death of a child from suspected abuse or neglect and pursuant to federal  
23 law, Local Teams may make certain information public according to G.S. 7B-1407.5(b)(3).  
24 Minutes of all public meetings, excluding those of executive sessions, shall be kept in compliance  
25 with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other information  
26 generated during any closed session shall be sealed from public inspection.

27 (c) All ~~otherwise confidential~~ information and records otherwise confidential under  
28 federal or State law that are acquired or created by the State Team, the Local Teams, and the  
29 Task Force during its existence, Force, and the State Office in the exercise of their duties are  
30 confidential; confidential; are not public records as defined by G.S. 132-1; are not subject to  
31 discovery or introduction into evidence in any proceedings; and may only be disclosed as  
32 necessary to carry out the purposes of the State Team, the Local Teams, and the Task Force. In  
33 addition, all otherwise confidential information and records created by a Local Team in the  
34 exercise of its duties are confidential; are not subject to discovery or introduction into evidence  
35 in any proceedings; and may only be disclosed as necessary to carry out the purposes of the Local  
36 Team Teams, the Task Force, and the State Office, or as otherwise required by law. No member  
37 of the ~~State Team~~, a Local Team, nor any person who attends a meeting of the ~~State Team~~ or a  
38 Local Team, may testify in any proceeding about what transpired at the meeting, about  
39 information presented at the meeting, or about opinions formed by the person as a result of the  
40 meetings. This subsection shall not, however, prohibit a person from testifying in a civil or  
41 criminal action about matters within that person's independent knowledge. Notwithstanding the  
42 provisions of this subsection, citizen review panels shall have access to information related to  
43 child deaths and child death reviews or reviews of active child protective services cases  
44 conducted under this Article, when such information is relevant to citizen review panel purposes  
45 connected to evaluating the provision of child protective services.

46 (d) Each member of a Local Team and invited participant shall sign a statement indicating  
47 an understanding of and adherence to confidentiality requirements, including the possible civil  
48 or criminal consequences of any breach of confidentiality.

49 (e) Cases receiving child protective services at the time of review by a Local Team shall  
50 have an entry in the child's protective services record to indicate that the case was received by

1 that Team. Additional entry into the record shall be at the discretion of the director of the county  
2 department of social services.

3 (f) The Social Services Commission shall adopt rules to implement this section in  
4 connection with reviews conducted by ~~Community Child Protection Teams~~ under  
5 G.S. 7B-1407.5. The Commission for Public Health shall adopt rules to implement this section  
6 in connection with Local Teams that review additional child fatalities. ~~Teams~~. In particular, these  
7 rules shall allow information generated by an executive session of a Local Team to be accessible  
8 for administrative or research purposes only.

9 **"§ 7B-1413.5. Participation in the National Fatality Review Case Reporting System.**

10 (a) Local Teams, the State Office, and medical examiner child fatality staff shall utilize  
11 the National Fatality Review Case Reporting System (NFR-CRS) for the purpose of collecting,  
12 analyzing, and reporting on information learned through child death reviews in a manner  
13 consistent with this Article. Use of other data systems in addition to the use of the NFR-CRS is  
14 not prohibited so long as the use of other data systems does not conflict with this Article or other  
15 applicable laws.

16 (b) The State Office shall provide the necessary coordination, training, management, and  
17 technical assistance to support North Carolina's full and effective participation in the NFR-CRS  
18 and shall work with Local Teams and the national administrators of the NFR-CRS to help ensure  
19 effective and appropriate use of the system.

20 (c) The State Office shall provide policies, guidelines, and training for Local Teams that  
21 address the use of the NFR-CRS, including (i) appropriate information protection and sharing  
22 consistent with applicable State and federal laws, (ii) who is authorized to access the NFR-CRS,  
23 and (iii) requirements for accessing the NFR-CRS.

24 **"§ 7B-1414. Administration; funding.**

25 (a) ~~To the extent of funds available, available and consistent with G.S. 7B-1402.5(c)(3),~~  
26 ~~the chairs of the Task Force and State Team may shall work with the Secretary of the Department~~  
27 ~~of Health and Human Services to hire or designate staff or consultants to assist the Task Force~~  
28 ~~and the State Team its committees in completing their duties.~~

29 (b) ~~Members, Nonlegislative members, staff, and consultants of the Task Force or State~~  
30 ~~Team shall receive travel and subsistence expenses in accordance with the provisions of~~  
31 ~~G.S. 138-5 or G.S. 138-6, as the case may be, paid from funds appropriated to implement this~~  
32 ~~Article and within the limits of those funds appropriate. Legislative members of the Task Force~~  
33 ~~shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1.~~

34 (c) With the approval of the Legislative Services Commission, legislative staff and space  
35 in the Legislative Building and the Legislative Office Building may be made available to the  
36 Task Force."

37 **SECTION 9H.15.(g)** G.S. 7B-2902 reads as rewritten:

38 **"§ 7B-2902. Disclosure in child fatality or near fatality cases.**

39 (a) The following definitions apply in this section:

40 ...

41 (2) Findings and information. – A written summary, as allowed by subsections  
42 (c) through (f) of this section, of actions taken or services rendered by a public  
43 agency following receipt of information that a child might be in need of  
44 protection. The written summary shall include any of the following  
45 information the agency is able to provide:

- 46 a. The dates, outcomes, and results of any actions taken or services  
47 rendered.
- 48 b. The results of any review by ~~the State Child Fatality Prevention Team,~~  
49 ~~a local child fatality prevention review team, a local community child~~  
50 ~~protection team, the Child Fatality Task Force, or any public agency.~~



1 c. Confirmation of the receipt of all reports, accepted or not accepted by  
2 the county department of social services, for investigation of suspected  
3 child abuse, neglect, or maltreatment, including confirmation that  
4 investigations were conducted, the results of the investigations, a  
5 description of the conduct of the most recent investigation and the  
6 services rendered, and a statement of basis for the department's  
7 decision.

8 ...

9 (f) Access to criminal investigative reports and criminal intelligence information of  
10 public law enforcement agencies and confidential information in the possession of ~~the State Child~~  
11 ~~Fatality Prevention Team~~, the local teams, and the Child Fatality Task Force, shall be governed  
12 by G.S. 132-1.4 and G.S. 7B-1413 respectively. Nothing herein shall be deemed to require the  
13 disclosure or release of any information in the possession of a district attorney.

14 ...."

15 **SECTION 9H.15.(h)** Effective January 1, 2025, G.S. 7B-1404, 7B-1405, 7B-1406,  
16 7B-1408, 7B-1409, 7B-1411, and 143B-150.20 are repealed.

17 **SECTION 9H.15.(i)** G.S. 7B-1413.5, as enacted by subsection (f) of this section,  
18 becomes effective July 1, 2025.

## 20 ESTABLISHMENT OF NORTH CAROLINA CITIZEN REVIEW PANELS

21 **SECTION 9H.15.(j)** Part 2B of Article 1 of Chapter 108A of the General Statutes is  
22 amended by adding a new section to read:

### 23 "**§ 108A-15.20. Citizen review panels.**

24 (a) The Department of Health and Human Services, Division of Social Services, shall  
25 ensure the existence of, at a minimum, three citizen review panels (panels) pursuant to  
26 requirements set forth in the federal Child Abuse Prevention and Treatment Act (CAPTA), under  
27 sections 106(b)(2)(A)(x) and (c) of 42 U.S.C. § 5101 et seq., as amended. The panels shall be  
28 operated and managed by a qualified organization that is independent from any State or county  
29 department of social services. The Division of Social Services shall assist any organization  
30 managing a panel with providing information, reports, and support the panel needs in carrying  
31 out its duties pursuant to this section.

32 (b) Panels shall consist of volunteer members who broadly represent the community in  
33 which the panel is established, including members who have expertise in the prevention and  
34 treatment of child abuse and neglect, and may include adult former victims of child abuse or  
35 neglect.

36 (c) Each panel shall evaluate the extent to which the State is fulfilling its child protection  
37 responsibilities in accordance with the Child Abuse Prevention and Treatment Act State Plan by  
38 examining the policies, procedures, and practices of State and local child protection agencies,  
39 and, when appropriate, reviewing specific cases. A panel may examine any other criteria the  
40 panel considers important to ensure the protection of children, including, but not limited to, any  
41 of the following:

42 (1) The extent to which the State and local child protective services system is  
43 coordinated with the Title IV-E foster care and adoption assistance programs  
44 of the Social Security Act.

45 (2) A review of child fatalities.

46 (3) A review of near fatalities in this State. For purposes of this subdivision, a  
47 "near fatality" is an act that, as certified by a physician, places the child in  
48 serious or critical condition.

49 (d) A panel choosing to examine child fatalities may utilize information and reports about  
50 reviews of child fatalities that take place pursuant to Article 14 of Chapter 7B of the General  
51 Statutes. The State Office of Child Fatality Prevention or Local Teams, as both are described

1 under G.S. 143B-150.25, acting under that Article shall provide to the panel aggregate  
2 information about child death reviews or information about individual case reviews, as requested  
3 by the panel. A panel choosing to examine specific child protective services cases may do so  
4 based on a request for review of a case from a director of a county department of social services  
5 or as deemed necessary by the panel in carrying out its duties.

6 (e) Panels shall have access to information maintained by any State or local government  
7 entity where the panel has a need for the information to carry out its functions pursuant to this  
8 section. Panel members shall not disclose to any person or government official any identifying  
9 information about any specific child protection case in which the panel is provided information  
10 and shall not make public other information unless otherwise authorized by law.

11 (f) Panels shall provide for public outreach and comment to assess the impact of current  
12 procedures and practices on children and families.

13 (g) Panels shall prepare and make available to the State and the public an annual report  
14 containing a summary of the activities of the panels and recommendations to improve the child  
15 protection services system at the State and local levels. The report shall not contain any  
16 identifying information about any specific child protection case. No later than six months after  
17 the date the panels submit the report, the Division of Social Services shall submit a written  
18 response to State and local child protection systems and the citizen review panels that describes  
19 whether or how the State will incorporate the recommendations of the panels, when appropriate,  
20 to make measurable progress in improving the State and local child protection system."

21 **SECTION 9H.15.(k)** Subsection (j) of this section becomes effective January 1,  
22 2025.

#### 23 **EFFECTIVE DATE OF SECTION**

24 **SECTION 9H.15.(l)** Except as otherwise provided, this section is effective when it  
25 becomes law.  
26  
27

#### 28 **PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING**

#### 29 **PART IX-J. SOCIAL SERVICES**

#### 30 **TANF BENEFIT IMPLEMENTATION**

31 **SECTION 9J.1.(a)** The General Assembly approves the plan titled "North Carolina  
32 Temporary Assistance for Needy Families State Plan FY 2022-2025," prepared by the  
33 Department of Health and Human Services and presented to the General Assembly. The North  
34 Carolina Temporary Assistance for Needy Families State Plan covers the period of October 1,  
35 2022, through September 30, 2025. The Department shall submit the State Plan, as revised in  
36 accordance with subsection (b) of this section, to the United States Department of Health and  
37 Human Services.  
38

39 **SECTION 9J.1.(b)** The counties approved as Electing Counties in the North  
40 Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025, as approved by  
41 this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.  
42

43 **SECTION 9J.1.(c)** Counties that submitted the letter of intent to remain as an  
44 Electing County or to be redesignated as an Electing County and the accompanying county plan  
45 for years 2022 through 2025, pursuant to G.S. 108A-27(e), shall operate under the Electing  
46 County budget requirements effective July 1, 2022. For programmatic purposes, all counties  
47 referred to in this subsection shall remain under their current county designation through  
48 September 30, 2025.  
49

50 **SECTION 9J.1.(d)** For each year of the 2023-2025 fiscal biennium, Electing  
51 Counties shall be held harmless to their Work First Family Assistance allocations for the

1 2022-2023 fiscal year, provided that remaining funds allocated for Work First Family Assistance  
2 and Work First Diversion Assistance are sufficient for payments made by the Department on  
3 behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

4 **SECTION 9J.1.(e)** In the event that departmental projections of Work First Family  
5 Assistance and Work First Diversion Assistance for the 2023-2024 fiscal year or the 2024-2025  
6 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and  
7 Work First Diversion Assistance payments to be made on behalf of Standard Counties, the  
8 Department is authorized to deallocate funds, of those allocated to Electing Counties for Work  
9 First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite  
10 amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain  
11 approval by the Office of State Budget and Management. If the Department adjusts the allocation  
12 set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative  
13 Oversight Committee on Health and Human Services and the Fiscal Research Division.

#### 14 15 **INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE** 16 **ENHANCEMENTS, AND REPORT**

17 **SECTION 9J.2.(a)** Notwithstanding the provisions of G.S. 143B-150.6, the  
18 Intensive Family Preservation Services (IFPS) Program shall provide intensive services to  
19 children and families in cases of abuse, neglect, and dependency where a child is at imminent  
20 risk of removal from the home and to children and families in cases of abuse where a child is not  
21 at imminent risk of removal. The Program shall be implemented statewide on a regional basis.  
22 The IFPS shall ensure the application of standardized assessment criteria for determining  
23 imminent risk and clear criteria for determining out-of-home placement.

24 **SECTION 9J.2.(b)** The Department of Health and Human Services shall require that  
25 any program or entity that receives State, federal, or other funding for the purpose of IFPS shall  
26 provide information and data that allows for the following:

- 27 (1) An established follow-up system with a minimum of six months of follow-up  
28 services.
- 29 (2) Detailed information on the specific interventions applied, including  
30 utilization indicators and performance measurement.
- 31 (3) Cost-benefit data.
- 32 (4) Data on long-term benefits associated with IFPS. This data shall be obtained  
33 by tracking families through the intervention process.
- 34 (5) The number of families remaining intact and the associated interventions  
35 while in IFPS and 12 months thereafter.
- 36 (6) The number and percentage, by race, of children who received IFPS compared  
37 to the ratio of their distribution in the general population involved with Child  
38 Protective Services.

39 **SECTION 9J.2.(c)** The Department shall continue implementing a  
40 performance-based funding protocol and shall only provide funding to those programs and  
41 entities providing the required information specified in subsection (b) of this section. The amount  
42 of funding shall be based on the individual performance of each program.

43 **SECTION 9J.2.(d)** The Department shall submit an annual report to the Joint  
44 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
45 Division by December 1 of each year that provides the information and data collected pursuant  
46 to subsection (b) of this section.

#### 47 48 **CHILD CARING INSTITUTIONS**

49 **SECTION 9J.3.** Until the Social Services Commission adopts rules setting  
50 standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the  
51 maximum reimbursement for child caring institutions shall not exceed the rate established for the

1 specific child caring institution by the Department of Health and Human Services, Office of the  
2 Controller. In determining the maximum reimbursement, the State shall include county and IV-E  
3 reimbursements.  
4

#### 5 **USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM**

6 **SECTION 9J.4.** Of the funds available for the provision of foster care services, the  
7 Department of Health and Human Services, Division of Social Services, may continue to provide  
8 for the financial support of children who are deemed to be (i) in a permanent family placement  
9 setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency.  
10 No additional expenses shall be incurred beyond the funds budgeted for foster care for the  
11 Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include  
12 provisions for extending guardianship services for individuals and youth who exited foster care  
13 through the Guardianship Assistance Program after 14 years of age or who have attained the age  
14 of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if  
15 the individual is (i) completing secondary education or a program leading to an equivalent  
16 credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii)  
17 participating in a program or activity designed to promote, or remove barriers to, employment,  
18 (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or  
19 employment requirements of this section due to a medical condition or disability. The  
20 Guardianship Assistance Program rates shall reimburse the legal guardian for room and board  
21 and be set at the same rate as the foster care room and board rates in accordance with rates  
22 established under G.S. 108A-49.1.  
23

#### 24 **CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)**

25 **SECTION 9J.5.(a)** Funds appropriated in this act from the General Fund to the  
26 Department of Health and Human Services for the child welfare postsecondary support program  
27 shall be used to continue providing assistance with the "cost of attendance" as that term is defined  
28 in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system,  
29 youth who exit foster care to a permanent home through the Guardianship Assistance Program  
30 (GAP), or special needs children adopted from foster care after age 12. These funds shall be  
31 allocated by the State Education Assistance Authority.  
32

33 **SECTION 9J.5.(b)** Of the funds appropriated in this act from the General Fund to  
34 the Department of Health and Human Services, the sum of fifty thousand dollars (\$50,000) for  
35 each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina State  
36 Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform  
37 administrative functions necessary to manage and distribute scholarship funds under the child  
38 welfare postsecondary support program.

39 **SECTION 9J.5.(c)** Of the funds appropriated in this act from the General Fund to  
40 the Department of Health and Human Services, the sum of three hundred thirty-nine thousand  
41 four hundred ninety-three dollars (\$339,493) for each year of the 2023-2025 fiscal biennium shall  
42 be used to contract with an entity to administer the child welfare postsecondary support program  
43 described under subsection (a) of this section, which administration shall include the performance  
44 of case management services.

45 **SECTION 9J.5.(d)** Funds appropriated in this act to the Department of Health and  
46 Human Services for the child welfare postsecondary support program shall be used only for  
47 students attending public institutions of higher education in this State.

#### 48 **FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS**

49 **SECTION 9J.6.(a)** Centralized Services. – The North Carolina Child Support  
50 Services Section (NCCSS) of the Department of Health and Human Services, Division of Social  
51 Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it

1 receives from the federal government to enhance centralized child support services. To  
2 accomplish this requirement, NCCSS shall do the following:

- 3 (1) In consultation with representatives from county child support services  
4 programs, identify how federal incentive funding could improve centralized  
5 services.
- 6 (2) Use federal incentive funds to improve the effectiveness of the State's  
7 centralized child support services by supplementing and not supplanting State  
8 expenditures for those services.
- 9 (3) Continue to develop and implement rules that explain the State process for  
10 calculating and distributing federal incentive funding to county child support  
11 services programs.

12 **SECTION 9J.6.(b)** County Child Support Services Programs. – NCCSS shall  
13 allocate no less than eighty-five percent (85%) of the annual federal incentive payments it  
14 receives from the federal government to county child support services programs to improve  
15 effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall  
16 do the following:

- 17 (1) In consultation with representatives from county child support services  
18 programs, examine the current methodology for distributing federal incentive  
19 funding to the county programs and determine whether an alternative formula  
20 would be appropriate. NCCSS shall use its current formula for distributing  
21 federal incentive funding until an alternative formula is adopted.
- 22 (2) Upon adopting an alternative formula, develop a process to phase in the  
23 alternative formula for distributing federal incentive funding over a four-year  
24 period.

25 **SECTION 9J.6.(c)** Reporting by County Child Support Services Programs. –  
26 NCCSS shall continue implementing guidelines that identify appropriate uses for federal  
27 incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county  
28 child support services programs to comply with each of the following:

- 29 (1) Submit an annual plan describing how federal incentive funding would  
30 improve program effectiveness and efficiency as a condition of receiving  
31 federal incentive funding.
- 32 (2) Report annually on the following: (i) how federal incentive funding has  
33 improved program effectiveness and efficiency and been reinvested into their  
34 programs, (ii) provide documentation that the funds were spent according to  
35 their annual plans, and (iii) explain any deviations from their plans.

36 **SECTION 9J.6.(d)** Reporting by NCCSS. – NCCSS shall submit a report on federal  
37 child support incentive funding to the Joint Legislative Oversight Committee on Health and  
38 Human Services and the Fiscal Research Division by November 1 of each year. The report shall  
39 describe how federal incentive funds enhanced centralized child support services to benefit  
40 county child support services programs and improved the effectiveness and efficiency of county  
41 child support services programs. The report shall further include any changes to the State process  
42 that NCCSS used in calculating and distributing federal incentive funding to county child support  
43 services programs and any recommendations for further changes.  
44

## 45 **SUCCESSFUL TRANSITION/FOSTER CARE YOUTH**

46 **SECTION 9J.7.** The Foster Care Transitional Living Initiative Fund shall continue  
47 to fund and support transitional living services that demonstrate positive outcomes for youth,  
48 attract significant private sector funding, and lead to the development of evidence-based  
49 programs to serve the at-risk population described in this section. The Fund shall continue to  
50 support a demonstration project with services provided by Youth Villages to (i) improve  
51 outcomes for youth ages 17-21 years who transition from foster care through implementation of

1 outcome-based Transitional Living Services, (ii) identify cost-savings in social services and  
2 juvenile and adult correction services associated with the provision of Transitional Living  
3 Services to youth aging out of foster care, and (iii) take necessary steps to establish an  
4 evidence-based transitional living program available to all youth aging out of foster care. In  
5 continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall  
6 support the following strategies:

- 7 (1) Transitional Living Services, which is an outcome-based program that follows  
8 the Youth Villages Transitional Living Model. Outcomes on more than 7,000  
9 participants have been tracked since the program's inception. The program has  
10 been evaluated through an independent randomized controlled trial. Results  
11 indicate that the Youth Villages Transitional Living Model had positive  
12 impacts in a variety of areas, including housing stability, earnings, economic  
13 hardship, mental health, and intimate partner violence in comparison to the  
14 control population.
- 15 (2) Public-Private Partnership, which is a commitment by private-sector funding  
16 partners to match at least twenty-five percent (25%) of the funds appropriated  
17 to the Foster Care Transitional Living Initiative Fund for the 2023-2025 fiscal  
18 biennium for the purposes of providing Transitional Living Services through  
19 the Youth Villages Transitional Living Model to youth aging out of foster  
20 care.
- 21 (3) Impact Measurement and Evaluation, which are services funded through  
22 private partners to provide independent measurement and evaluation of the  
23 impact the Youth Villages Transitional Living Model has on the youth served,  
24 the foster care system, and on other programs and services provided by the  
25 State which are utilized by former foster care youth.
- 26 (4) Advancement of Evidence-Based Process, which is the implementation and  
27 ongoing evaluation of the Youth Villages Transitional Living Model for the  
28 purposes of establishing the first evidence-based transitional living program  
29 in the nation. To establish the evidence-based program, additional randomized  
30 controlled trials may be conducted to advance the model.

## 31 32 **PERMANENCY INNOVATION INITIATIVE/CODIFY SUPPLEMENTATION OF** 33 **FEDERAL FUNDS REQUIREMENT**

34 **SECTION 9J.8.** G.S. 131D-10.9B is amended by adding a new subsection to read:

35 "(b1) State funds provided for the Permanency Innovation Initiative Fund shall be used to  
36 supplement, not supplant, all available federal matching funds."  
37

## 38 **REPORT ON CERTAIN SNAP AND TANF EXPENDITURES**

39 **SECTION 9J.9.(a)** Funds appropriated in this act to the Department of Health and  
40 Human Services, Division of Social Services (Division), for each year of the 2023-2025 fiscal  
41 biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and  
42 Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor  
43 costs to generate the data regarding expenditures of those programs. The vendor shall generate  
44 data to be submitted to the Division that includes, at a minimum, each of the following:

- 45 (1) The dollar amount and number of transactions accessed or expended  
46 out-of-state, by state, for both SNAP benefits and TANF benefits.
- 47 (2) The amount of benefits expended out-of-state, by state, from active cases for  
48 both SNAP and TANF.
- 49 (3) The dollar amount and number of transactions of benefits accessed or  
50 expended in this State, by types of retailers or institutions, for both SNAP and  
51 TANF.

1           **SECTION 9J.9.(b)** Upon receiving the expenditures data for SNAP and TANF from  
2 the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the  
3 Division shall submit a report on its analysis of the data by June 30 and December 31 of each  
4 year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
5 Research Division. The Division shall post its report required by this subsection on its website  
6 and otherwise make the data available by June 30 and December 31 of each year. In the first  
7 report required by this section, the Division shall report how this data is used to investigate fraud  
8 and abuse in both SNAP and TANF. The Division shall also report on other types of data and  
9 how that data is utilized in the detection of fraud and abuse.

10           **SECTION 9J.9.(c)** The Division shall maintain the confidentiality of information  
11 not public under Chapter 132 of the General Statutes. The Division shall properly redact any  
12 information subject to reporting under this section to prevent identification of individual  
13 recipients of SNAP or TANF benefits.  
14

### 15 **CHILD ADVOCACY CENTER FUNDS**

16           **SECTION 9J.11.** Of the funds appropriated in this act to the Department of Health  
17 and Human Services, Division of Social Services, the sum of three million dollars (\$3,000,000)  
18 in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the  
19 Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization. At  
20 least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in  
21 this State that are in good standing with CACNC in accordance with the requirements of  
22 G.S. 108A-75.2, as enacted in Section 1(a) of S.L. 2023-96.  
23

### 24 **FOSTER CARE TRAUMA-INFORMED ASSESSMENT**

25           **SECTION 9J.12.(a)** Appropriation; Purpose. – Of the funds appropriated in this act  
26 to the Department of Health and Human Services, Division of Social Services (Division), the  
27 sum of seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each year of  
28 the 2023-2025 fiscal biennium shall be used for the development of a foster care  
29 trauma-informed, standardized assessment. The Division shall develop the assessment in  
30 partnership with the divisions, individuals, agencies, and organizations set forth in subsection (b)  
31 of this section. The purpose of the assessment is to assist children (i) who are at risk of entry into  
32 foster care or currently in foster care and have experienced trauma warranting the involvement  
33 of the Division of Social Services (Division) and other child welfare agencies and (ii) who, as  
34 a result of the trauma, are at a higher risk of needing behavioral health or intellectual or  
35 developmental disability services.

36           **SECTION 9J.12.(b)** Membership. – The partnership developing the  
37 trauma-informed, standardized assessment shall consist of all of the following members:

- 38           (1) Representatives from all of the following divisions of the Department of  
39 Health and Human Services: the Division of Social Services, the Division of  
40 Health Benefits, the Division of Mental Health, Developmental Disabilities,  
41 and Substance Use Services, and the Division of Family and Child  
42 Well-Being.
- 43           (2) Prepaid health plans, as defined in G.S. 108D-1, and primary care case  
44 management entities, as defined in 42 C.F.R. § 438.2, that serve children at  
45 risk of entry into foster care and children who are currently in foster care.
- 46           (3) Representatives from county departments of social services.
- 47           (4) Benchmarks, a nonprofit corporation.
- 48           (5) Individuals with lived experiences.
- 49           (6) Others identified by the partnership based upon areas of expertise.

50           **SECTION 9J.12.(c)** Plan Development. – In developing the trauma-informed,  
51 standardized assessment, the partnership shall develop a rollout plan with a goal of implementing

1 the trauma-informed, standardized assessment statewide in all 100 counties. The rollout plan  
2 shall include all of the following:

- 3 (1) The development of the trauma-informed, standardized assessment template  
4 by March 31, 2024.
- 5 (2) The finalized trauma-informed, standardized assessment template by  
6 September 30, 2024, including the standardized training curriculum,  
7 methodology for training, the selection of a vendor to manage and conduct the  
8 training and determine the process for the statewide rollout, and coordination  
9 with tribal jurisdictions.
- 10 (3) The phased-in approach of the trauma-informed, standardized assessment  
11 beginning on October 1, 2024, and operating statewide by September 30,  
12 2025.
- 13 (4) The establishment of a base rate for the trauma-informed, standardized  
14 assessment that supports the oversight, training, and monitoring of the fidelity  
15 to the trauma-informed, standardized assessment.
- 16 (5) The establishment of a standardized workflow of notifications to the payers  
17 and child welfare agencies, including the following recommended service  
18 processes:
  - 19 a. Time lines for recommended access and implementation of services  
20 from date of referral.
  - 21 b. Network and provider capacity to meet expected time lines. In the  
22 event the behavioral health service provision is in a region served by  
23 a BH IDD tailored plan or in an LME/MCO catchment area that has a  
24 gap in provider capacity to meet the recommended time lines, the  
25 network shall be open to providers for additional provider enrollment.
- 26 (6) The identification of core outcomes to measure the success of the project and  
27 impact of youth receiving the trauma-informed, standardized assessments in  
28 a timely manner by a trained workforce.
- 29 (7) The establishment of a statewide implementation training plan that includes  
30 oversight of fidelity to the trauma-informed, standardized assessment for staff  
31 conducting the assessment within specified time frames. Medicaid managed  
32 care plans shall be required to open their provider networks to obtain the  
33 necessary number of trauma-informed providers if the existing network  
34 cannot meet the needs of the community. The training plan shall be enacted  
35 and implemented within the same time lines established with the rollout  
36 schedule.

37 **SECTION 9J.12.(d)** Guidelines. – In developing the trauma-informed, standardized  
38 assessment and the rollout plan, the Department of Health and Human Services shall ensure the  
39 trauma-informed, standardized assessment does, at a minimum, all of the following:

- 40 (1) That juveniles between the ages of 4 and 17 being placed into foster care  
41 receive a trauma-informed, standardized assessment within 10 working days  
42 of their referral.
- 43 (2) That each juvenile who is included in any Medicaid children and families  
44 specialty plan, regardless of their type of placement, receives a  
45 trauma-informed, standardized assessment.
- 46 (3) That each trauma-informed, standardized assessment may be administered in  
47 a face-to-face or telehealth encounter.
- 48 (4) That the county department of social services makes the referral for a  
49 trauma-informed, standardized assessment within five working days of a  
50 determination of abuse or neglect of the juvenile in accordance with  
51 G.S. 7B-302.



- 1 (5) After obtaining parental consent, that a juvenile is able to receive a  
 2 trauma-informed, standardized assessment if the county department of social  
 3 services makes the determination that the juvenile is at imminent risk for entry  
 4 into foster care.
- 5 (6) Allows for individuals between the ages of 18 and 21 to receive an assessment,  
 6 if necessary.
- 7 (7) Provides an evidence-informed and standardized template and content for the  
 8 assessment.
- 9 (8) In the event the juvenile has an assigned care manager under the Medicaid  
 10 program, that the responsible care management entity is notified of the referral  
 11 for the assessment and to whom.

12 **SECTION 9J.12.(e)** Implementation Requirements. – The Department of Health and  
 13 Human Services shall also do all of the following in implementing the trauma-informed,  
 14 standardized assessment and the rollout plan:

- 15 (1) Leverage the expertise and lessons learned from the entities included in the  
 16 partnership who have successfully implemented trauma-informed,  
 17 standardized assessments and training venues.
- 18 (2) Complete any required documentation and, as applicable, leverage all  
 19 available federal revenues for such activities, including opioid settlements,  
 20 Medicaid, federal block grant funds, and social services or behavioral plans  
 21 or grants.
- 22 (3) Amend any existing contracts between the Department and entities who have  
 23 the expertise to manage the trauma-informed, standardized assessment and the  
 24 rollout plan to include the creation of a training plan and requirements to  
 25 monitor implementation of the assessment and rollout plan to ensure the  
 26 fidelity of the service and delivery are maintained.
- 27 (4) Create a Division of Social Services Statewide Dashboard representing the  
 28 status of the trauma-informed, standardized assessment implementation and  
 29 the rollout plan, updated monthly, that includes all of the following:
- 30 a. Referrals.
- 31 b. Case management.
- 32 c. Assessments.
- 33 d. Lag between referrals, assessments, and service initiation.
- 34 e. Youth personal outcomes, not based on process, but instead focused  
 35 on supporting permanency.
- 36 f. Any other elements identified by the partnership.

## 37 **TRANSPORTATION OF HIGH-RISK JUVENILES**

38 **SECTION 9J.13.** Article 9 of Chapter 7B of the General Statutes is amended by  
 39 adding a new section to read:

### 40 **"§ 7B-905.2. Transportation of high-risk juveniles.**

41 (a) The director of a county department of social services who has invoked the  
 42 jurisdiction of the court under this Article, and who is serving as custodian over a juvenile, is  
 43 authorized to make a written request to a high-risk juvenile transporter to transport a high-risk  
 44 juvenile upon determining assistance with placement responsibilities for the juvenile is  
 45 necessary. If a high-risk juvenile transporter agrees to provide transportation pursuant to this  
 46 section, transportation shall be provided in the county in which the juvenile resides but is not  
 47 limited to transportation within that county. For purposes of this section, the following definitions  
 48 shall apply:

- 49 (1) High-risk juvenile. – A juvenile who is under 18 years of age who has been  
 50 abused or neglected, who has serious emotional, mental, or behavioral  
 51

1 disturbances that pose a risk of harm to self or others, and who resides outside  
2 of a residential placement due to the serious emotional, mental, or behavioral  
3 disturbances.

4 (2) High-risk juvenile transporter. – A law enforcement agency, the Division of  
5 Juvenile Justice of the Department of Public Safety, or the Department of  
6 Adult Correction and includes the designated staff of those agencies.

7 (b) In providing transportation as required by this section, a high-risk juvenile transporter  
8 may use reasonable force to restrain the high-risk juvenile if it appears necessary to protect the  
9 high-risk juvenile transporter or other individuals. Any use of restraints shall be as reasonably  
10 determined by the high-risk juvenile transporter to be necessary under the circumstances for the  
11 safety of the high-risk juvenile, the high-risk juvenile transporter, or other persons.

12 (c) No high-risk juvenile transporter providing transportation of a high-risk juvenile may  
13 be held criminally or civilly liable for assault, false imprisonment, or other torts or crimes on  
14 account of reasonable measures taken under the authority of this Article. Additionally, a high-risk  
15 juvenile transporter is immune from any civil or criminal liability that might otherwise be  
16 incurred or imposed as a result of any omission or action taken pursuant to the requirements of  
17 this section, provided the high-risk juvenile transporter was acting in good faith. The immunity  
18 established by this subsection does not extend to gross negligence, wanton conduct, or intentional  
19 wrongdoing that would otherwise be actionable.

20 (d) The director of the county department of social services may enter into a  
21 "transportation agreement" with a high-risk juvenile transporter to establish requirements,  
22 procedures, and guidelines for transporting high-risk juveniles. The cost and expenses of  
23 transporting a high-risk juvenile pursuant to this section are the responsibility of the county  
24 department of social services having custody of the high-risk juvenile."

25  
26  
27 **PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH**  
28 **DISABILITIES**

29  
30 **PART IX-L. HHS MISCELLANEOUS**

31  
32 **CONFORM PRIVILEGE EXEMPTIONS FOR PSYCHIATRISTS, LICENSED**  
33 **MARRIAGE AND FAMILY THERAPISTS, SOCIAL WORKERS, CLINICAL**  
34 **MENTAL HEALTH COUNSELORS, AND PSYCHOLOGISTS**

35 **SECTION 9L.1.(a)** G.S. 14-318.6(h) reads as rewritten:

36 "(h) Nothing in this section shall be construed as to require a person with (i) a privilege  
37 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~~  
38 privilege, or (iii) psychiatrist-client or patient privilege to report pursuant to this section if that  
39 privilege would prevent them from doing so. Nothing in this section shall be construed as  
40 requiring a licensed marriage and family therapist with a privilege under G.S. 8-53.5 to report  
41 pursuant to this section if that privilege would prevent that person from doing so, but the privilege  
42 only applies to the primary client and not to any other family members. For purposes of this  
43 subsection, the term "primary client" means a person who contracts with a licensed marriage and  
44 family therapist for professional services for the purpose of diagnosis or treatment."

45 **SECTION 9.1.(b)** This section is effective when it becomes law.

46  
47 **PART IX-M. DHHS BLOCK GRANTS**

48  
49 **DHHS BLOCK GRANTS**

1                   **SECTION 9M.1.(a)** Except as otherwise provided, appropriations from federal  
 2 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according  
 3 to the following schedule:

4  
 5                   **TEMPORARY ASSISTANCE FOR NEEDY                    FY 2023-2024                    FY 2024-2025**  
 6                   **FAMILIES (TANF) FUNDS**

7  
 8                   **Local Program Expenditures**

9  
 10                   **Division of Social Services**

11			
12	01. Work First Family Assistance	\$31,328,255	\$31,259,794
13			
14	02. Work First County Block Grants	80,093,566	80,093,566
15			
16	03. Work First Electing Counties	2,378,213	2,378,213
17			
18	04. Adoption Services – Special Children		
19	Adoption Fund	4,001,676	4,001,676
20			
21	05. Child Protective Services – Child Welfare		
22	Workers for Local DSS	11,387,190	11,387,190
23			
24	06. Child Welfare Program Improvement Plan	775,176	775,176
25			
26	07. Child Welfare Collaborative	400,000	400,000
27			
28	08. Child Welfare Initiatives	1,400,000	1,400,000
29			

30                   **Division of Child Development and Early Education**

31			
32	09. Subsidized Child Care Program	45,813,694	45,813,694
33			
34	10. Swap-Child Care Subsidy	12,600,000	12,600,000
35			
36	11. NC Pre-K Services	68,300,000	68,300,000
37			

38                   **Division of Public Health**

39			
40	12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
41			

42                   **DHHS Administration**

43			
44	13. Division of Social Services	2,478,284	2,478,284
45			
46	14. Division of Child and Family Well-Being	3,976	3,976
47			
48	15. Office of the Secretary	34,042	34,042
49			
50	16. Eligibility Systems – Operations and		
51	Maintenance	431,733	431,733

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17. NC FAST Implementation	428,239	428,239
18. Division of Social Services – Workforce Innovation & Opportunity Act (WIOA)	93,216	93,216
19. Division of Social Services TANF Modernization	1,667,571	1,667,571
<b>Transfers to Other Block Grants</b>		
<b>Division of Child Development and Early Education</b>		
20. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
<b>Division of Social Services</b>		
21. Transfer to Social Services Block Grant for Child Protective Services – Training	285,612	285,612
22. Transfer to Social Services Block Grant for Child Protective Services	5,040,000	5,040,000
23. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	13,097,783	13,166,244
24. Transfer to Social Services Block Grant – Foster Care Services	3,422,219	3,422,219
25. Transfer to Social Services Block Grant – Child Advocacy Centers	1,582,000	1,582,000
<b>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS</b>	<b>\$312,353,987</b>	<b>\$312,353,987</b>
<b>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</b>		
<b>Local Program Expenditures</b>		
<b>Division of Child Development and Early Education</b>		
01. Subsidized Child Care	\$34,440,000	\$35,440,000
<b>TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS</b>	<b>\$34,440,000</b>	<b>\$35,440,000</b>
<b>SOCIAL SERVICES BLOCK GRANT</b>		

1  
2 **Local Program Expenditures**

3  
4 **Divisions of Social Services and Aging and Adult Services**

5			
6	01. County Departments of Social Services	\$19,905,849	\$19,837,388
7			
8	02. County Departments of Social Services		
9	(Transfer From TANF)	13,097,783	13,166,244
10			
11	03. EBCI Tribal Public Health and Human Services	244,740	244,740
12			
13	04. Child Protective Services		
14	(Transfer From TANF)	5,040,000	5,040,000
15			
16	05. State In-Home Services Fund	1,943,950	1,943,950
17			
18	06. Adult Protective Services	2,138,404	2,138,404
19			
20	07. State Adult Day Care Fund	1,994,084	1,994,084
21			
22	08. Child Protective Services/CPS		
23	Investigative Services – Child Medical		
24	Evaluation Program	901,868	901,868
25			
26	09. Special Children Adoption Incentive Fund	462,600	462,600
27			
28	10. Child Protective Services – Child		
29	Welfare Training for Counties		
30	(Transfer From TANF)	285,612	285,612
31			
32	11. Home and Community Care Block		
33	Grant (HCCBG)	2,696,888	2,696,888
34			
35	12. Child Advocacy Centers		
36	(Transfer From TANF)	1,582,000	1,582,000
37			
38	13. Guardianship – Division of Social Services	1,802,671	1,802,671
39			
40	14. Foster Care Services		
41	(Transfer From TANF)	3,422,219	3,422,219
42	14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000
43			

44 **Division of Mental Health, Developmental Disabilities, and Substance Use Services**

45			
46	15. Mental Health Services – Adult and		
47	Child/Developmental Disabilities Program/		
48	Substance Use Services – Adult	4,149,595	4,149,595
49			
50	15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392
51			

1	15B. The Arc of North Carolina, Inc.	271,074	271,074
2			
3	15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
4			
5	<b>DHHS Program Expenditures</b>		
6			
7	<b>Division of Services for the Blind</b>		
8			
9	16. Independent Living Program & Program		
10	Oversight	3,880,429	3,880,429
11			
12	<b>Division of Health Service Regulation</b>		
13			
14	17. Adult Care Licensure Program	557,598	557,598
15			
16	18. Mental Health Licensure and		
17	Certification Program	266,158	266,158
18			
19	<b>Division of Aging and Adult Services</b>		
20			
21	19. Guardianship	3,825,443	3,825,443
22			
23	<b>DHHS Administration</b>		
24			
25	20. Division of Aging and Adult Services	743,284	743,284
26			
27	21. Division of Social Services	1,042,894	1,042,894
28			
29	22. Office of the Secretary/Controller's Office	639,167	639,167
30			
31	23. Legislative Increases/Fringe Benefits	293,655	587,310
32			
33	24. Division of Child Development and		
34	Early Education	13,878	13,878
35			
36	25. Division of Mental Health, Developmental		
37	Disabilities, and Substance Use Services	28,325	28,325
38			
39	26. Division of Health Service Regulation	258,960	258,960
40			
41	<b>TOTAL SOCIAL SERVICES BLOCK GRANT</b>	<b>\$75,992,579</b>	<b>\$76,286,234</b>
42			
43	<b>LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT</b>		
44			
45	<b>Local Program Expenditures</b>		
46			
47	<b>Division of Social Services</b>		
48			
49	01. Low-Income Energy Assistance		
50	Program (LIEAP)	\$67,836,069	\$67,836,069
51			

1	02. Crisis Intervention Program (CIP)	45,214,330	45,214,330
2			
3	<b>Local Administration</b>		
4			
5	<b>Division of Social Services</b>		
6			
7	03. County DSS Administration	8,789,246	8,789,246
8			
9	<b>DHHS Administration</b>		
10			
11	<b>Division of Social Services</b>		
12			
13	04. Administration	10,000	10,000
14			
15	05. Energy Portal (FIS Transaction Fees)	25,000	25,000
16			
17	<b>Division of Central Management and Support</b>		
18			
19	06. Office of the Secretary/Division of Information Resource		
20	Management (DIRM) (Accountable Results for		
21	Community Action (AR4CA) Replacement System)	166,750	166,750
22			
23	07. Office of the Secretary/DIRM	278,954	278,954
24			
25	08. Office of the Secretary/Controller's Office	18,378	18,378
26			
27	09. NC FAST Development	627,869	627,869
28			
29	10. NC FAST Operations and Maintenance	1,330,323	1,330,323
30			
31	<b>Transfers to Other State Agencies</b>		
32			
33	<b>Department of Environmental Quality</b>		
34			
35	11. Weatherization Program	13,220,309	13,220,309
36			
37	12. Heating Air Repair and Replacement		
38	Program (HARRP)	8,075,029	8,075,029
39			
40	13. Local Residential Energy Efficiency Service		
41	Providers – Weatherization	787,097	787,097
42			
43	14. Local Residential Energy Efficiency Service		
44	Providers – HARRP	437,276	437,276
45			
46	15. DEQ – Weatherization Administration	859,976	859,976
47			
48	16. DEQ – HARRP Administration	539,307	539,307
49			
50	<b>Department of Administration</b>		
51			

1	17. N.C. Commission on Indian Affairs	87,736	87,736
2			
3	<b>TOTAL LOW-INCOME ENERGY</b>		
4	<b>ASSISTANCE BLOCK GRANT</b>	<b>\$148,303,649</b>	<b>\$148,303,649</b>
5			
6	<b>CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT</b>		
7			
8	<b>Local Program Expenditures</b>		
9			
10	<b>Division of Child Development and Early Education</b>		
11			
12	01. Child Care Services	\$289,070,072	\$289,070,072
13			
14	02. Smart Start Subsidy	7,392,654	7,392,654
15			
16	03. Transfer from TANF Block Grant		
17	for Child Care Subsidies	21,773,001	21,773,001
18			
19	04. Quality and Availability Initiatives		
20	(TEACH Program \$3,800,000)	61,980,526	61,980,526
21			
22	<b>DHHS Administration</b>		
23			
24	<b>Division of Child Development and Early Education</b>		
25			
26	05. DCDEE Administrative Expenses	9,710,886	9,710,886
27			
28	06. Indirect Cost	7,346	7,346
29			
30	<b>Division of Social Services</b>		
31			
32	07. Direct Deposit for Child Care Payments	5,000	5,000
33			
34	08. Local Subsidized Child Care		
35	Services Support	18,780,355	18,780,355
36			
37	<b>Division of Central Management and Support</b>		
38			
39	09. NC FAST Operations and Maintenance	1,450,316	1,450,316
40			
41	10. DHHS Central Administration – DIRM		
42	Technical Services	979,762	979,762
43			
44	11. DHHS Central Administration	68,000	68,000
45			
46	<b>Division of Child and Family Well-Being</b>		
47			
48	12. Child Care Health Consultation Contracts	62,205	62,205
49			
50	<b>TOTAL CHILD CARE AND DEVELOPMENT</b>		
51	<b>FUND BLOCK GRANT</b>	<b>\$411,280,123</b>	<b>\$411,280,123</b>



**COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

**Local Program Expenditures**

01. Mental Health Services – Child	\$2,477,666	\$2,477,666
02. Mental Health Services – Adult/Child	19,690,452	19,690,452
03. Mental Health Services – First Psychotic Symptom Treatment	5,416,756	5,416,756
04. Child Behavioral Health (Division of Child and Family Well-Being)	5,246,350	5,246,350

**DHHS Administration**

**Division of Child and Family Well-Being**

05. Administration	140,000	140,000
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**Division of Mental Health, Developmental Disabilities, and Substance Use Services**

06. Crisis Services	2,877,047	2,877,047
07. Administration	332,351	332,351
08. Adult/Child Mental Health Services	350,150	350,150

**Division of Public Health**

09. NC Detect – Behavioral Health ER	35,000	35,000
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**TOTAL COMMUNITY MENTAL HEALTH SERVICES  
BLOCK GRANT**

<b>\$36,565,772</b>	<b>\$36,565,772</b>
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**SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES  
BLOCK GRANT**

**Local Program Expenditures**

**Division of Mental Health, Developmental Disabilities, and Substance Use Services**

01. Substance Abuse – IV Drug	\$2,000,000	\$2,000,000
02. Substance Abuse Prevention	20,245,927	20,245,927
03. Substance Use Services – Treatment for Children/Adults (Healing Transitions, Inc. \$200,000; Triangle Residential Options for Substance		

1	Abusers, Inc., (TROSAs) \$3,225,000;		
2	First Step Farm of WNC, Inc. \$100,000;		
3	Addiction Recovery Care Association, Inc.,		
4	(ARCA) \$2,000,000)	45,176,849	45,176,848
5			
6	<b>DHHS Program Expenditures</b>		
7			
8	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
9			
10	04. Crisis Solutions Initiatives – Collegiate		
11	Wellness/Addiction Recovery	1,545,205	1,545,205
12			
13	05. Veterans Initiatives	250,000	250,000
14			
15	<b>DHHS Administration</b>		
16			
17	<b>Division of Mental Health, Developmental Disabilities, and Substance Use Services</b>		
18			
19	07. Administration	2,297,852	2,297,852
20			
21	08. Controlled Substance Reporting System	675,000	675,000
22			
23	<b>TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY</b>		
24	<b>SERVICES BLOCK GRANT</b>	<b>\$72,190,833</b>	<b>\$72,190,832</b>
25			
26	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>		
27			
28	<b>Local Program Expenditures</b>		
29			
30	<b>Division of Child and Family Well-Being</b>		
31			
32	01. Children's Health Services		
33	(Prevent Blindness \$575,000;		
34	Nurse-Family Partnership \$1,102,308)	\$11,321,889	\$11,321,889
35			
36	<b>Division of Public Health</b>		
37			
38	02. Women's and Children's Health Services		
39	(March of Dimes \$350,000; Sickle Cell		
40	Centers \$100,000; Teen Pregnancy Prevention		
41	Initiatives \$650,000; Perinatal & Neonatal Outreach		
42	Coordinator Contracts \$440,000; Mountain Area		
43	Pregnancy Services \$50,000)	3,609,392	3,609,392
44			
45	03. Oral Health	51,119	51,119
46			
47	04. Evidence-Based Programs in Counties		
48	With the Highest Infant Mortality Rates	1,727,307	1,727,307
49			
50	<b>DHHS Program Expenditures</b>		
51			

1	05. Children's Health Services	1,344,492	1,344,492
2			
3	06. Women's Health – Maternal Health	252,695	252,695
4			
5	07. Women's and Children's Health – Perinatal		
6	Strategic Plan Support Position	80,669	80,669
7			
8	08. State Center for Health Statistics	158,583	158,583
9			
10	09. Health Promotion – Injury and		
11	Violence Prevention	87,271	87,271
12			
13	<b>DHHS Administration</b>		
14			
15	10. Division of Public Health Administration	340,646	340,646
16			
17	11. Division of Child and Family Well-Being		
18	Administration	211,925	211,925
19			
20	<b>TOTAL MATERNAL AND CHILD</b>		
21	<b>HEALTH BLOCK GRANT</b>	<b>\$19,185,988</b>	<b>\$19,185,988</b>
22			
23	<b>PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT</b>		
24			
25	<b>Local Program Expenditures</b>		
26			
27	01. Physical Activity and Prevention	\$3,081,442	\$3,081,442
28			
29	<b>DHHS Program Expenditures</b>		
30			
31	<b>Division of Public Health</b>		
32			
33	02. HIV/STD Prevention and		
34	Community Planning	135,063	135,063
35			
36	03. Oral Health Preventive Services	150,000	150,000
37			
38	04. Injury and Violence Prevention		
39	(Services to Rape Victims – Set-Aside)	217,935	217,935
40			
41	05. Performance Improvement and		
42	Accountability	560,182	560,182
43			
44	06. State Center for Health Statistics	48,000	48,000
45			
46	<b>DHHS Administration</b>		
47			
48	<b>Division of Public Health</b>		
49			
50	07. Division of Public Health	65,000	65,000
51			

1	<b>TOTAL PREVENTIVE HEALTH AND HEALTH</b>		
2	<b>SERVICES BLOCK GRANT</b>	<b>\$4,257,622</b>	<b>\$4,257,622</b>
3			
4	<b>COMMUNITY SERVICES BLOCK GRANT</b>		
5			
6	01. Community Action Agencies	\$22,862,029	\$20,244,923
7			
8	02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
9			
10	03. Office of Economic Opportunity	1,077,552	1,124,718
11			
12	04. Office of the Secretary/DIRM (Accountable Results for		
13	Community Action (AR4CA) Replacement System)	560,000	560,000
14			
15	05. Office of Economic Opportunity – Workforce		
16	Investment Opportunities Act (WIOA)	60,000	60,000
17			
18	<b>TOTAL COMMUNITY SERVICES</b>		
19	<b>BLOCK GRANT</b>	<b>\$25,017,134</b>	<b>\$22,494,359</b>
20			

## GENERAL PROVISIONS

22 **SECTION 9M.1.(b)** Information to be Included in Block Grant Plans. – The  
 23 Department of Health and Human Services shall submit a separate plan for each Block Grant  
 24 received and administered by the Department, and each plan shall include the following:

- 25 (1) A delineation of the proposed allocations by program or activity, including  
 26 State and federal match requirements.
- 27 (2) A delineation of the proposed State and local administrative expenditures.
- 28 (3) An identification of all new positions to be established through the Block  
 29 Grant, including permanent, temporary, and time-limited positions.
- 30 (4) A comparison of the proposed allocations by program or activity with two  
 31 prior years' program and activity budgets and two prior years' actual program  
 32 or activity expenditures.
- 33 (5) A projection of current year expenditures by program or activity.
- 34 (6) A projection of federal Block Grant funds available, including unspent federal  
 35 funds from the current and prior fiscal years.
- 36 (7) The required amount of maintenance of effort and the amount of funds  
 37 qualifying for maintenance of effort in the previous year delineated by  
 38 program or activity.

39 **SECTION 9M.1.(c)** Changes in Federal Fund Availability. – If the Congress of the  
 40 United States increases the federal fund availability for any of the Block Grants or contingency  
 41 funds and other grants related to existing Block Grants administered by the Department of Health  
 42 and Human Services from the amounts appropriated in this act, the Department shall allocate the  
 43 increase proportionally across the program and activity appropriations identified for that Block  
 44 Grant in this section. In allocating an increase in federal fund availability, the Office of State  
 45 Budget and Management shall not approve funding for new programs or activities not  
 46 appropriated in this act.

47 If the Congress of the United States decreases the federal fund availability for any of  
 48 the Block Grants or contingency funds and other grants related to existing Block Grants  
 49 administered by the Department of Health and Human Services from the amounts appropriated  
 50 in this act, the Department shall develop a plan to adjust the Block Grants based on reduced  
 51 federal funding.

1 Notwithstanding the provisions of this subsection, for fiscal years 2023-2024 and  
2 2024-2025, increases in the federal fund availability for the Temporary Assistance to Needy  
3 Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy  
4 program to pay for child care and shall not be used to supplant State funds.

5 Prior to allocating the change in federal fund availability, the proposed allocation  
6 must be approved by the Office of State Budget and Management. If the Department adjusts the  
7 allocation of any Block Grant due to changes in federal fund availability, then a report shall be  
8 made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal  
9 Research Division.

10 **SECTION 9M.1.(d)** Except as otherwise provided, appropriations from federal  
11 Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according  
12 to the schedule enacted for State fiscal years 2023-2024 and 2024-2025, or until a new schedule  
13 is enacted by the General Assembly.

14 **SECTION 9M.1.(e)** Except as otherwise provided in subsection (e1) of this section,  
15 all changes to the budgeted allocations to the Block Grants or contingency funds and other grants  
16 related to existing Block Grants administered by the Department of Health and Human Services  
17 that are not specifically addressed in this section shall be approved by the Office of State Budget  
18 and Management. The Office of State Budget and Management shall not approve funding for  
19 new programs or activities not appropriated in this section. Additionally, if budgeted allocations  
20 are decreased, the Office of State Budget and Management shall not approve any reduction of  
21 funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the  
22 Substance Use Prevention, Treatment, and Recovery Services Block Grant or (ii) Item 01 or 02  
23 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall  
24 consult with the Joint Legislative Oversight Committee on Health and Human Services for  
25 review prior to implementing any changes. In consulting, the report shall include an itemized  
26 listing of affected programs, including associated changes in budgeted allocations. All changes  
27 to the budgeted allocations to the Block Grants shall be reported immediately to the Joint  
28 Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
29 Division. This subsection does not apply to Block Grant changes caused by legislative salary  
30 increases and benefit adjustments.

31 **SECTION 9M.1.(e1)** The Department of Health and Human Services shall have the  
32 authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in  
33 the Maternal and Child Health Block Grant to maintain federal compliance and programmatic  
34 alignment, so long as the realignment does not result in a reduction of funds designated for  
35 subrecipients under subsection (a) of this section. The Department of Health and Human Services  
36 is authorized to realign appropriated funds between the Maternal and Child Health Block Grant  
37 categories as provided in this subsection without prior consultation with the Joint Legislative  
38 Oversight Committee on Health and Human Services or without exceeding the total amount  
39 appropriated for the items.

40 **SECTION 9M.1.(f)** Except as otherwise provided, the Department of Health and  
41 Human Services shall have flexibility to transfer funding between the Temporary Assistance for  
42 Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant  
43 so long as the total allocation for the line items within those Block Grants remains the same.  
44

#### 45 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS**

46 **SECTION 9M.1.(g)** The sum of eighty million ninety-three thousand five hundred  
47 sixty-six dollars (\$80,093,566) for each year of the 2023-2025 fiscal biennium appropriated in  
48 this act in TANF funds to the Department of Health and Human Services, Division of Social  
49 Services, shall be used for Work First County Block Grants. The Division shall certify these  
50 funds in the appropriate State-level services based on prior year actual expenditures. The Division  
51 has the authority to realign the authorized budget for these funds among the State-level services

1 based on current year actual expenditures. The Division shall also have the authority to realign  
2 appropriated funds from Work First Family Assistance for electing counties to the Work First  
3 County Block Grant for electing counties based on current year expenditures so long as the  
4 electing counties meet Maintenance of Effort requirements.

5 **SECTION 9M.1.(h)** The sum of eleven million three hundred eighty-seven thousand  
6 one hundred ninety dollars (\$11,387,190) for each year of the 2023-2025 fiscal biennium  
7 appropriated in this act to the Department of Health and Human Services, Division of Social  
8 Services, in TANF funds for child welfare improvements shall be allocated to the county  
9 departments of social services for hiring or contracting staff to investigate and provide services  
10 in Child Protective Services cases; to provide foster care and support services; to recruit, train,  
11 license, and support prospective foster and adoptive families; and to provide interstate and  
12 post-adoption services for eligible families.

13 Counties shall maintain their level of expenditures in local funds for Child Protective  
14 Services workers. Of the Block Grant funds appropriated for Child Protective Services workers,  
15 the total expenditures from State and local funds for fiscal years 2023-2024 and 2024-2025 shall  
16 not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

17 **SECTION 9M.1.(i)** The sum of four million one thousand six hundred seventy-six  
18 dollars (\$4,001,676) for each year of the 2023-2025 fiscal biennium appropriated in this act in  
19 TANF funds to the Department of Health and Human Services, Special Children Adoption Fund,  
20 shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation  
21 with the North Carolina Association of County Directors of Social Services and representatives  
22 of licensed private adoption agencies, shall develop guidelines for the awarding of funds to  
23 licensed public and private adoption agencies upon the adoption of children described in  
24 G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund  
25 by participating agencies shall be used exclusively to enhance the adoption services program. No  
26 local match shall be required as a condition for receipt of these funds.

27 **SECTION 9M.1.(j)** The sum of one million four hundred thousand dollars  
28 (\$1,400,000) appropriated in this act in TANF funds to the Department of Health and Human  
29 Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall  
30 be used for child welfare initiatives to (i) enhance the skills of social workers to improve the  
31 outcomes for families and children involved in child welfare and (ii) enhance the provision of  
32 services to families in their homes in the least restrictive setting.

33 **SECTION 9M.1.(k)** Of the three million five hundred thirty-eight thousand five  
34 hundred forty-one dollars (\$3,538,541) allocated in this section in TANF funds to the Department  
35 of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal  
36 biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars  
37 (\$500,000) in each year of the 2023-2025 fiscal biennium shall be used to provide services for  
38 youth in foster care or the juvenile justice system.

#### 39 **SOCIAL SERVICES BLOCK GRANT**

40 **SECTION 9M.1.(l)** The sum of nineteen million nine hundred five thousand eight  
41 hundred forty-nine dollars (\$19,905,849) for the 2023-2024 fiscal year and the sum of nineteen  
42 million eight hundred thirty-seven thousand three hundred eighty-eight dollars (\$19,837,388) for  
43 the 2024-2025 fiscal year appropriated in this act in the Social Services Block Grant to the  
44 Department of Health and Human Services, Division of Social Services, and the sum of thirteen  
45 million ninety-seven thousand seven hundred eighty-three dollars (\$13,097,783) for the  
46 2023-2024 fiscal year and the sum of thirteen million one hundred sixty-six thousand two  
47 hundred forty-four dollars (\$13,166,244) for the 2024-2025 fiscal year transferred from funds  
48 appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall  
49 certify these funds in the appropriate State-level services based on prior year actual expenditures.  
50 The Division has the authority to realign the authorized budget for these funds, as well as State  
51

1 Social Services Block Grant funds, among the State-level services based on current year actual  
2 expenditures.

3 **SECTION 9M.1.(m)** The sum of two hundred eighty-five thousand six hundred  
4 twelve dollars (\$285,612) appropriated in this act in the Social Services Block Grant to the  
5 Department of Health and Human Services, Division of Social Services, for each fiscal year of  
6 the 2023-2025 fiscal biennium shall be used to support various child welfare training projects as  
7 follows:

8 (1) Provide a regional training center in southeastern North Carolina.

9 (2) Provide training for residential child caring facilities.

10 (3) Provide for various other child welfare training initiatives.

11 **SECTION 9M.1.(n)** The Department of Health and Human Services is authorized,  
12 subject to the approval of the Office of State Budget and Management, to transfer Social Services  
13 Block Grant funding allocated for departmental administration between divisions that have  
14 received administrative allocations from the Social Services Block Grant.

15 **SECTION 9M.1.(o)** Social Services Block Grant funds appropriated for the Special  
16 Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

17 **SECTION 9M.1.(p)** The sum of five million forty thousand dollars (\$5,040,000)  
18 appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025  
19 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated  
20 to the Department of Health and Human Services, Division of Social Services. The Division shall  
21 allocate these funds to local departments of social services to replace the loss of Child Protective  
22 Services State funds that are currently used by county governments to pay for Child Protective  
23 Services staff at the local level. These funds shall be used to maintain the number of Child  
24 Protective Services workers throughout the State. These Social Services Block Grant funds shall  
25 be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R  
26 .0201(3) requiring a local match of twenty-five percent (25%).

27 **SECTION 9M.1.(q)** The sum of one million five hundred eighty-two thousand  
28 dollars (\$1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal  
29 year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division  
30 of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds  
31 are exempt from the provisions of 10A NCAC 71R .0201(3).

32 **SECTION 9M.1.(r)** The sum of three million eight hundred twenty-five thousand  
33 four hundred forty-three dollars (\$3,825,443) for each fiscal year of the 2023-2025 fiscal  
34 biennium appropriated in this act in the Social Services Block Grant to the Department of Health  
35 and Human Services, Division of Aging and Adult Services, shall be used for guardianship  
36 services pursuant to Chapter 35A of the General Statutes. The Department may expend funds  
37 allocated in this section to support existing corporate guardianship contracts during the  
38 2023-2024 and 2024-2025 fiscal years.

39 **SECTION 9M.1.(s)** Of the two million one hundred thirty-eight thousand four  
40 hundred four dollars (\$2,138,404) appropriated in this act in the Social Services Block Grant to  
41 the Division of Aging and Adult Services for Adult Protective Services for each year of the  
42 2023-2025 fiscal biennium, the sum of eight hundred ninety-three thousand forty-one dollars  
43 (\$893,041) for each year of the 2023-2025 fiscal biennium shall be used to increase the number  
44 of Adult Protective Services workers where these funds can be the most effective. These funds  
45 shall be used to pay for salaries and related expenses and shall not be used to supplant any other  
46 source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring  
47 a local match of twenty-five percent (25%).

#### 49 **LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT**

50 **SECTION 9M.1.(t)** The Division of Social Services shall have the authority to  
51 realign appropriated funds between the State-level services Low-Income Energy Assistance

1 Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative  
2 Oversight Committee on Health and Human Services to ensure needs are effectively met without  
3 exceeding the total amount appropriated for these State-level service items. Additional  
4 emergency contingency funds received may be allocated for Energy Assistance Payments or  
5 Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight  
6 Committee on Health and Human Services. Additional funds received shall be reported to the  
7 Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research  
8 Division upon notification of the award. The Department of Health and Human Services shall  
9 not allocate funds for any activities, including increasing administration, other than assistance  
10 payments, without prior consultation with the Joint Legislative Oversight Committee on Health  
11 and Human Services.

12 **SECTION 9M.1.(u)** The sum of sixty-seven million eight hundred thirty-six  
13 thousand sixty-nine dollars (\$67,836,069) for each year of the 2023-2025 fiscal biennium  
14 appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of  
15 Health and Human Services, Division of Social Services, shall be used for Energy Assistance  
16 Payments for the households of (i) elderly persons age 60 and above with income up to one  
17 hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for  
18 services funded through the Division of Aging and Adult Services.

19 County departments of social services shall submit to the Division of Social Services  
20 an outreach plan for targeting households with 60-year-old household members no later than  
21 August 1 of each year. The outreach plan shall comply with the following:

- 22 (1) Ensure that eligible households are made aware of the available assistance,  
23 with particular attention paid to the elderly population age 60 and above and  
24 disabled persons receiving services through the Division of Aging and Adult  
25 Services.
- 26 (2) Include efforts by the county department of social services to contact other  
27 State and local governmental entities and community-based organizations to  
28 (i) offer the opportunity to provide outreach and (ii) receive applications for  
29 energy assistance.
- 30 (3) Be approved by the local board of social services or human services board  
31 prior to submission.

### 32 **CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT**

33 **SECTION 9M.1.(v)** Payment for subsidized child care services provided with  
34 federal TANF funds shall comply with all regulations and policies issued by the Division of Child  
35 Development and Early Education for the subsidized child care program.

36 **SECTION 9M.1.(w)** If funds appropriated through the Child Care and Development  
37 Fund Block Grant for any program cannot be obligated or spent in that program within the  
38 obligation or liquidation periods allowed by the federal grants, the Department may move funds  
39 to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order  
40 to use the federal funds fully.

41 **SECTION 9M.1.(x)** Of the sixty-one million nine hundred eighty thousand five  
42 hundred twenty-six dollars (\$61,980,526) appropriated in this act in the Child Care and  
43 Development Block Grant for each year of the 2023-2025 fiscal biennium to the Department of  
44 Health and Human Services, Division of Child Development and Early Education, the sum of  
45 one million three hundred fifty thousand dollars (\$1,350,000) for each year of the 2023-2025  
46 fiscal biennium shall be used to establish 18 new positions.

### 47 **COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT**

48 **SECTION 9M.1.(y)** The sum of five million four hundred sixteen thousand seven  
49 hundred fifty-six dollars (\$5,416,756) for each year of the 2023-2025 fiscal biennium  
50  
51



1 appropriated in this act in the Community Mental Health Services Block Grant to the Department  
2 of Health and Human Services, Division of Mental Health, Developmental Disabilities, and  
3 Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom  
4 Treatment.

5 **SECTION 9M.1.(z)** Of the funds appropriated in this act in the Community Mental  
6 Health Services Block Grant to the Department of Health and Human Services, Division of  
7 Mental Health, Developmental Disabilities, and Substance Use Services, for each fiscal year of  
8 the 2023-2025 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars  
9 (\$350,150) shall be used for three positions and cover operating costs focused on developing  
10 pilot programs and implementing policy to improve services to transition-aged youth and adults  
11 with serious mental illness or serious emotional disturbance.

### 12 13 **SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES** 14 **BLOCK GRANT**

15 **SECTION 9M.1.(aa)** Of the two million two hundred ninety-seven thousand eight  
16 hundred fifty-two dollars (\$2,297,852) provided in this section in the Substance Use Prevention,  
17 Treatment, and Recovery Services Block Grant for each year of the 2023-2025 fiscal biennium  
18 to the Department of Health and Human Services, Division of Mental Health, Developmental  
19 Disabilities, and Substance Use Services, for administration, the sum of nine hundred fifty-nine  
20 thousand four hundred dollars (\$959,400) shall be used to support nine new positions.

21 **SECTION 9M.1.(bb)** Notwithstanding any other provision of law or provision of  
22 the Committee Report described in Section 43.2 of S.L. 2022-74 to the contrary, the sum of one  
23 million five hundred thousand dollars (\$1,500,000) in nonrecurring funds provided to Haywood  
24 County and the sum of one million five hundred thousand dollars (\$1,500,000) in nonrecurring  
25 funds provided to Madison County under the federal Substance Abuse Prevention and Treatment  
26 Block Grant in Item 3 of Section 9L.1(a) and Section 9L.1(z2)(1) of S.L. 2021-180, as amended  
27 in Section 9L.1 of S.L. 2022-74, for the 2022-2023 fiscal year for substance use treatment shall  
28 remain available for expenditure in the 2023-2024 fiscal year.

### 29 30 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

31 **SECTION 9M.1.(cc)** If federal funds are received under the Maternal and Child  
32 Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42  
33 U.S.C. § 710), for the 2023-2024 fiscal year or the 2024-2025 fiscal year, then those funds shall  
34 be transferred to the State Board of Education to be administered by the Department of Public  
35 Instruction. The Department of Public Instruction shall use the funds to establish an abstinence  
36 until marriage education program consistent with G.S. 115C-81.30. The Department of Public  
37 Instruction shall carefully and strictly follow federal guidelines in implementing and  
38 administering the abstinence education grant funds.

39 **SECTION 9M.1.(dd)** The sum of one million seven hundred twenty-seven thousand  
40 three hundred seven dollars (\$1,727,307) appropriated in this act in the Maternal and Child  
41 Health Block Grant to the Department of Health and Human Services, Division of Public Health,  
42 for each year of the 2023-2025 fiscal biennium shall be used for evidence-based programs in  
43 counties with the highest infant mortality rates. The Division shall report on (i) the counties  
44 selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the  
45 number of women served, and (iv) any impact on the counties' infant mortality rate. The Division  
46 shall report its findings to the House of Representatives Appropriations Committee on Health  
47 and Human Services, the Senate Appropriations Committee on Health and Human Services, and  
48 the Fiscal Research Division no later than December 31 of each year.

49 **SECTION 9M.1.(ee)** The sum of eighty thousand six hundred sixty-nine dollars  
50 (\$80,669) allocated in this section in the Maternal and Child Health Block Grant to the  
51 Department of Health and Human Services, Division of Public Health, Women and Children's

1 Health Section, for each fiscal year of the 2023-2025 fiscal biennium shall not be used to supplant  
2 existing State or federal funds. This allocation shall be used for a Public Health Program  
3 Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic  
4 Plan and provide staff support for the stakeholder work group.

5 **SECTION 9M.1.(ff)** At least ninety percent (90%) of the funds allocated for  
6 Mountain Area Pregnancy Services, a nonprofit organization, in the Maternal and Child Health  
7 Block Grant for each year of the 2023-2025 fiscal biennium shall be used for direct services.

8 **SECTION 9M.1.(gg)** Notwithstanding any provision of law to the contrary, the  
9 Department of Health and Human Services, Division of Public Health, shall have the authority  
10 to realign appropriated funds between the Maternal and Child Health Block Grant categories to  
11 maintain federal compliance and programmatic alignment without exceeding the total amount  
12 appropriated for the Maternal and Child Health Block Grant.

## 13 **PART X. AGRICULTURE AND CONSUMER SERVICES**

### 14 **LARGE ANIMAL HEALTH ENHANCEMENT FUND**

15  
16 **SECTION 10.1.(a)** Funds appropriated in this act to the Department of Agriculture  
17 and Consumer Services for the enhancement of large animal veterinary services in the State shall  
18 be allocated to the Large Animal Healthcare Enhancement Fund created in Article 88 of Chapter  
19 106 of the General Statutes, as enacted by subsection (b) of this section, for the purposes set forth  
20 therein.

21  
22 **SECTION 10.1.(b)** Chapter 106 of the General Statutes is amended by adding a new  
23 Article to read:

24 "Article 88.

25 "Large Animal Healthcare Enhancement Act.

#### 26 **"§ 106-1071. Title.**

27 This Article shall be known and may be cited as the "Large Animal Healthcare Enhancement  
28 Act of 2023."

#### 29 **"§ 106-1072. Definitions.**

30 The following definitions apply in this Article:

- 31 (1) Advisory Committee. – The Large Animal Healthcare Enhancement Advisory  
32 Committee, as established by G.S. 106-1073.
- 33 (2) Authority. – The North Carolina Agricultural Finance Authority, as created  
34 by G.S. 122D-4.
- 35 (3) Board. – The North Carolina Board of Agriculture, as created by G.S. 106-2.
- 36 (4) Commissioner. – The Commissioner of Agriculture.
- 37 (5) Department. – The Department of Agriculture and Consumer Services.
- 38 (6) Designated county. – A county in this State with a population of less than  
39 100,000 people according to the latest decennial census.
- 40 (7) Fund. – The Large Animal Healthcare Enhancement Fund, as created by  
41 G.S. 106-1074.
- 42 (8) Large animal veterinarian. – A person who is actively engaged in and is  
43 licensed to practice veterinary medicine pursuant to Article 11 of Chapter 90  
44 of the General Statutes and whose specialties include livestock, poultry, or  
45 equine animals.
- 46 (9) Large animal veterinary medicine. – The practice of veterinary medicine, as  
47 defined in G.S. 90-181, for livestock, poultry, or equine animals.

#### 48 **"§ 106-1073. Advisory Committee.**

49 (a) Committee Established. – The Large Animal Healthcare Enhancement Advisory  
50 Committee is established within the North Carolina Agricultural Finance Authority and shall  
51 consist of membership as follows:

- 1           (1) The Commissioner of Agriculture or an employee of the Department  
2           designated by the Commissioner, who shall serve as chair.
- 3           (2) The State Veterinarian or the State Veterinarian's designee.
- 4           (3) A member of the Food Animal Scholars Program steering and mentoring  
5           committee.
- 6           (4) Two practicing large animal veterinarians, to be appointed by the  
7           Commissioner. The veterinarians shall have different specialties in their  
8           practice.
- 9           (5) Two representatives of the livestock industry, to be appointed by the  
10           Commissioner. The representatives shall represent different segments of the  
11           livestock industry.
- 12           (6) The Executive Director of the Authority or the Executive Director's designee,  
13           who shall not be a voting member.

14           The Commissioner and the State Veterinarian may each designate one additional at-large  
15           member of the Advisory Committee.

16           (b) Terms of Members. – Members of the Advisory Committee shall serve terms of four  
17           years, beginning effective July 1 of the year of appointment.

18           (c) Vacancies. – Any appointment to fill a vacancy on the Commission created by the  
19           resignation, dismissal, death, or disability of a member shall be made by the original appointing  
20           authority and shall be for the balance of the unexpired term.

21           (d) Removal. – The appointing authority shall have the power to remove any member of  
22           the Commission appointed by that authority from office for misfeasance, malfeasance, or  
23           nonfeasance.

24           (e) Reimbursement. – The members of the Commission shall receive per diem and  
25           necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

26           (f) Meetings. – The Advisory Committee shall meet at least once every six months and  
27           may meet more often upon the call of the chair. A majority of the members of the Commission  
28           shall constitute a quorum for the transaction of business.

29           (g) Ethics. – Members of the Advisory Committee are public servants as defined by  
30           G.S. 138A-3(70).

31           (h) Staff. – The staff of the Authority shall serve as staff to assist the Advisory Committee  
32           in carrying out administrative functions in the discharge of its duties and responsibilities.

33           **"§ 106-1074. Large Animal Healthcare Enhancement Fund.**

34           (a) Fund Created. – The Large Animal Healthcare Enhancement Fund is created as a  
35           special fund within the Department of Agriculture and Consumer Services. The Fund shall be  
36           administered by the Authority. The purpose of the fund is to make grants to encourage veterinary  
37           students to enter and stay in large animal veterinarian practice and to support large animal  
38           veterinarian practices to enable them to better serve their designated counties.

39           (b) Fund Sources. – The Fund shall consist of any money appropriated to it by the General  
40           Assembly and any money received from public or private sources. Unexpended, unencumbered  
41           money in the Fund from sources other than appropriations from the General Assembly shall not  
42           revert and shall remain available for expenditure in accordance with this section. The Authority  
43           may use up to five percent (5%) of General Fund appropriations in each fiscal year for  
44           administrative support.

45           (c) Grant Eligibility. – A large animal veterinarian who practices or plans to practice in  
46           one or more designated counties may be eligible for a grant of up to twenty-five thousand dollars  
47           (\$25,000) per fiscal year. Applicants shall apply in a format to be determined by the Advisory  
48           Commission, but the application shall require the applicant to state the designated counties in  
49           which the large animal veterinarian is practicing or plans to practice, the amount of funding  
50           requested, and the approved use for which the applicant intends to use the funds. When

determining which applicants shall be awarded grant funds, the Advisory Committee shall consider all of the following criteria:

- (1) The geographic area of the State that an applicant serves or would serve and the need for large animal veterinary services in that area of the State.
- (2) The number of designated counties that an applicant serves or would serve.
- (3) The number of different large animal veterinarian specialties in which the applicant practices.
- (4) The percentage of time the applicant devotes to large animal veterinary services.
- (5) Any additional criteria the Advisory Committee determines to be appropriate.

(d) Uses of Grant Funds. – The grant recipient may use the funds to support the recipient's large animal veterinary practice, including any of the following:

- (1) The repayment of educational loans related to the recipient's veterinary degree.
- (2) The purchase of equipment or technology for use in the recipient's large animal veterinary practice.
- (3) Any additional uses the Advisory Committee determines is appropriate to promote and develop large animal veterinarians to practice in designated counties.

(e) Limitations. –The Advisory Committee shall review applicants on an annual basis to determine eligibility under the criteria developed under subsection (c) of this section. The Advisory Committee shall also review each recipient of grant funds at the end of each fiscal year. A recipient whose veterinary license expires, is revoked, or is suspended during the fiscal year in which the grant is awarded, or who fails to practice large animal veterinary medicine in the designated counties named in the recipient's application, shall repay the amount received from the Fund.

(f) Report. – The Agricultural Finance Authority shall report no later than October 1 each year to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly regarding the implementation of this section during the previous fiscal year. The report shall include a list of the recipients of grants from the Fund for the previous fiscal year, the amount of the grants received, how recipients used awarded grant funds, and whether any awarded funds were required to be repaid by recipients."

**SECTION 10.1.(c)** The Agricultural Finance Authority, in consultation with the Large Animal Healthcare Enhancement Advisory Committee established by G.S. 106-1073, as enacted by subsection (b) of this section, shall adopt temporary rules to implement this section as soon as practicable and shall concurrently begin adopting permanent rules to replace the temporary rules.

**SECTION 10.1.(d)** This section is effective when it becomes law.

## **NORTH CAROLINA AGRICULTURE MANUFACTURING AND PROCESSING INITIATIVE**

**SECTION 10.2.(a)** Findings and Purpose. – The General Assembly finds that the lack of capacity for value-added processing of agricultural commodities near the farms where those commodities are produced in the State creates competitive disadvantages to North Carolina farmers by imposing increased transportation costs to remote commodity processing facilities and presenting economic barriers to farmers who wish to participate in the market for higher profit margin processed food products. The General Assembly further finds that grants to increase agricultural processing opportunities in the State will create jobs and increase local property tax bases in this State, will benefit agricultural and farming operations in the State with decreased costs and increased profit options, and are consistent with promoting agricultural operations, a

1 vital sector of the State's economy. The purpose of this section is to fund and promote the  
2 establishment of value-adding agricultural manufacturing and food processing facilities across  
3 the State to fill existing gaps in the processing of agricultural products and to create a diverse and  
4 economically competitive array of high value-added goods and products manufactured in this  
5 State from agricultural products grown or produced in this State.

6 **SECTION 10.2.(b)** Establishment. – There is created within the Department of  
7 Agriculture and Consumer Services (Department), the North Carolina Agricultural  
8 Manufacturing and Processing Initiative (NCAMPI). Funds allocated to NCAMPI by this section  
9 will be used for the following activities:

10 (1) Up to five hundred thousand dollars (\$500,000) of funds in the first year of  
11 the program for the Department to engage independent industry-recognized  
12 experts to identify and assess opportunities to increase value-added processing  
13 of commodities produced in the State and address categorical or geographical  
14 gaps in agricultural manufacturing and processing. The Department shall use  
15 a portion of the funds allocated by this subdivision up to one hundred thousand  
16 dollars (\$100,000) to identify and assess opportunities and gaps for the dairy  
17 industry in the State.

18 (2) Up to two hundred fifty thousand dollars (\$250,000) of the funds provided in  
19 each year of the program for the Department to market and recruit agricultural  
20 manufacturing and processing facilities to fill identified gaps in access to such  
21 facilities by North Carolina farmers based on the assessment described in  
22 subdivision (1) of this subsection.

23 (3) Remaining NCAMPI funds to provide grants to local governments and  
24 nonprofit economic development entities to support the creation or expansion  
25 of agricultural manufacturing facilities. Grant funds may be used for site  
26 development, infrastructure costs (including water, wastewater, or  
27 transportation improvements), building construction or rehabilitation costs, or  
28 equipment. As a part of the application, applicants must demonstrate in a  
29 manner determined by the Department that they have applied for or otherwise  
30 sought other sources of applicable funding for the proposed project. New  
31 facilities and expansions of existing facilities will be eligible for grants under  
32 this subdivision. Shared-use facilities and incubators are ineligible for grants  
33 under this subdivision. Before entering into a grant agreement, the Department  
34 must find that the total benefits of the project to the State outweigh its  
35 anticipated costs and render the grant appropriate for the project.

36 **SECTION 10.2.(c)** Administration of Initiative. – In consultation with the nonprofit  
37 corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b),  
38 the Department shall develop guidelines related to the administration of NCAMPI. The  
39 guidelines shall require a finding that a grant under this section is necessary for the construction  
40 or expansion of a facility to be used by a business entity (as that term is defined in G.S. 55-1-40)  
41 that will engage in agricultural manufacturing or processing activities in this State. At least 20  
42 days before the effective date of any guidelines or nontechnical amendments to the guidelines,  
43 the Department shall publish the proposed guidelines on its website and provide notice to persons  
44 who have requested notice of proposed guidelines. In addition, the Department shall accept oral  
45 and written comments on the proposed guidelines and shall, in its discretion, consider those  
46 comments before finalizing the guidelines. Guidelines adopted under this section shall not be  
47 subject to the requirements of Article 2A of Chapter 150B of the General Statutes and shall  
48 include all of the following:

49 (1) Criteria for evaluating grant applicants, including job creation, concentration  
50 of production of the agricultural product the facility will process in proximity  
51 to the proposed location, and reductions in (i) transportation costs and (ii)

- 1 estimated damage rates for agricultural products created as a result of greater  
2 geographical proximity to the proposed manufacturing or processing facility.  
3 (2) Criteria for determining grant eligibility, the amounts of awards, not to exceed  
4 five million dollars (\$5,000,000) per facility, and the required cost-share for  
5 grant recipients. The Department may consider the economic development tier  
6 of the county of a grant recipient under G.S. 143B-437.08 in setting cost-share  
7 amounts.

8 **SECTION 10.2.(d)** Report. – Until all funds allocated by this section have been  
9 expended, the Department shall annually report no later than October 1 on NCAMPI activities  
10 during the prior fiscal year to the chairs of the Joint Legislative Oversight Committee on  
11 Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report  
12 shall include, at a minimum, all of the following:

- 13 (1) Total amount of grants awarded.  
14 (2) A list of award recipients and the amount awarded to each recipient.  
15 (3) Matching funds required and provided by grant recipients.  
16 (4) Activities to ready sites and associated costs.  
17 (5) Any major employers located at an improved or acquired site.  
18 (6) Any unallocated amount for grants remaining in the NCAMPI Fund.  
19 (7) Assessment of additional remaining needs for agricultural manufacturing and  
20 processing facilities in the State.

21 **SECTION 10.2.(e)** Funding. – Of the funds appropriated from the interest earned in  
22 the State Fiscal Recovery Reserve to the Department of Agriculture and Consumer Services, the  
23 sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and  
24 the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2024-2025 fiscal year  
25 shall be used for NCAMPI. Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary,  
26 these funds shall not revert at the end of the fiscal year in which they are appropriated but shall  
27 remain available for the purposes set forth in this section. The Department may use up to five  
28 percent (5%) of the funds allocated by this section for administrative costs of program  
29 administration.  
30

### 31 **FARMERS APPRECIATION DAY FUNDS**

32 **SECTION 10.3.** Of the funds appropriated to the Department of Agriculture and  
33 Consumer Services, the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring  
34 funds for the 2023-2024 fiscal year shall be used as a directed grant for North Carolina State  
35 Grange, Inc., a nonprofit corporation, (NC Grange) to develop a plan to raise awareness of and  
36 promote the first annual North Carolina Farmers Appreciation Day. These funds shall be  
37 disbursed to NC Grange at the discretion of the Department upon the request of NC Grange for  
38 that purpose and shall be subject to Section 5.3(b)(4) of this act.  
39

### 40 **ANIMAL WASTE FERTILIZER CONVERSION COST-SHARE PROGRAM**

41 **SECTION 10.4.(a)** Funding. – Funds appropriated in this act to provide a directed  
42 grant to the NC Foundation for Soil and Water Conservation, Inc., a nonprofit corporation, shall  
43 be used to establish a cost-share program for statewide deployment of processes and technologies  
44 developed for conversion of animal waste to fertilizer through the Foundation's Innovative  
45 Livestock Waste Management programs.

46 **SECTION 10.4.(b)** Program. – The program shall provide cost-share grants for  
47 eligible projects with grant funding limited to one grant for eligible projects associated with any  
48 particular liquid animal waste management system. Application processes and criteria for the  
49 award of grants shall be determined by the Foundation.

1           **SECTION 10.4.(c)** Cost-Share. – Persons receiving grants under this section shall  
2 provide a match in cash or in-kind equivalents equal to one dollar (\$1.00) for every one dollar  
3 (\$1.00) distributed to them from the program.

4           **SECTION 10.4.(d)** Report. – The Foundation shall report no later than October 1 of  
5 each year regarding activities funded by this section during the previous fiscal year. The report  
6 shall include a list of projects funded, scope and location of each project, and the total quantity  
7 of liquid animal waste management system residual sludges converted to fertilizer or other soil  
8 additives during that year. The Foundation shall provide a final report no later than October 1,  
9 2028, providing the data required by this section for the entire five years of the program.

10           **SECTION 10.4.(e)** Definitions. – The following definitions apply in this section:

- 11           (1) Eligible entity. – Any person who owns or operates an anaerobic lagoon or  
12 other liquid animal waste management system treating animal waste from a  
13 livestock operation that generates sludge suitable for conversion into fertilizer  
14 products.
- 15           (2) Eligible project. – Costs associated with the site engineering, permitting,  
16 acquisition, or installation of sludge collection and processing equipment  
17 needed for production of fertilizers and other soil additives meeting applicable  
18 State and federal requirements for use in agricultural operations.
- 19           (3) Foundation. – The NC Foundation for Soil and Water Conservation, Inc., a  
20 nonprofit corporation.
- 21           (4) Livestock. – Cattle, sheep, swine, goats, farmed cervids, or bison.
- 22           (5) Person. – Any individual, trust, estate, partnership, receiver, association,  
23 company, limited liability company, corporation, or other entity or group.
- 24           (6) Program. – The Animal Waste Fertilizer Conversion Cost-Share Program  
25 created by this section.

26           **SECTION 10.4.(f)** Reversion. – Funds allocated in this section that are not expended  
27 or encumbered by June 30, 2028, shall revert to the General Fund.

28           **SECTION 10.4.(g)** Administrative Expenses. – The Foundation may retain up to  
29 four percent (4%) of the funds allocated by this section for its expenses in administering the  
30 program.

## 31 **CUSTOM EXEMPT MEAT PROCESSING GRANTS**

32           **SECTION 10.6.(a)** Findings. – The General Assembly finds that small and  
33 independent meat processors who serve small livestock producers are critical to meeting the  
34 State's meat processing needs. The General Assembly further finds that financial assistance to  
35 eligible facilities as defined in this section is necessary to assure their continued functioning.

36           **SECTION 10.6.(b)** Funding. – The Department of Agriculture and Consumer  
37 Services (Department) shall use the following funds for the grant program established by this  
38 section:

- 39           (1) Funds allocated to the Department for technical and administrative support of  
40 the Meat and Seafood Processing Grant Program by Section 10.7 of S.L.  
41 2021-180, as amended, that remain unencumbered and unexpended on the  
42 date this act becomes law.
- 43           (2) Two hundred fifty thousand dollars (\$250,000) of the funds appropriated in  
44 this act from the interest earned in the State Fiscal Recovery Reserve to the  
45 Department.

46           **SECTION 10.6.(c)** Use of Funds. – Funds allocated by this section shall be used by  
47 the Department to provide grants to eligible facilities to bring them into compliance with the  
48 regulations of the Department and of the North Carolina Department of Health and Human  
49 Services (DHHS). The following limitations and reservations apply:  
50

- 1 (1) For purposes of grants under this section, an eligible facility is any meat  
2 processing operation (including registered mobile slaughter units) operating  
3 under the custom exemption from the requirements of Article 49B of Chapter  
4 106 of the General Statutes with review by the Department's Meat and Poultry  
5 Inspection Division (MPID) as set forth in G.S. 106-549.27(a)(2).
- 6 (2) The grants shall be available only to eligible facilities that were existing and  
7 recognized as such by MPID on July 1, 2023.
- 8 (3) The grants may be used for conformance with applicable regulations and  
9 technical assistance, including development of Hazard Analysis Critical  
10 Control Point (HACCP) Plans.
- 11 (4) The Department may use up to three percent (3%) of the total funds allocated  
12 in this section for administrative costs related to the disbursement of grants  
13 under this section.
- 14 (5) Funds allocated by this section shall not revert, but remain available until  
15 expended.

16 **SECTION 10.6.(d)** Grant Criteria. – The Department shall develop policies and  
17 procedures for the disbursement of the grants authorized by this section that include, at a  
18 minimum, the following:

- 19 (1) Prioritization. – The Department may prioritize projects that will create  
20 additional jobs.
- 21 (2) Limitation. – Grants under this section shall not exceed thirty thousand dollars  
22 (\$30,000) per grantee.
- 23 (3) Cost-sharing. – Recipients shall provide matching funds for a grant under this  
24 section in the amount of one dollar (\$1.00) from non-State sources for every  
25 two dollars (\$2.00) provided by the grant.
- 26 (4) Clawback. – If fixtures or equipment purchased with grant funds provided  
27 under this Article are disposed of during a period of time as the Department  
28 shall specify following the date the fixtures or equipment funded by this act  
29 are placed in service, the grant recipient shall repay to the Department a  
30 proportionate share of the grant funding received as the Department shall  
31 specify. As used in this subdivision, the term "disposed of" includes discarded,  
32 sold, taken out of service, or moved out of State.

33 **SECTION 10.6.(e)** Report. – The Department shall annually report no later than  
34 October 1 until all funds have been expended to the Joint Legislative Oversight Committee on  
35 Agriculture and Natural and Economic Resources and the Fiscal Research Division of the  
36 General Assembly on the grants provided under this section during the prior fiscal year. The  
37 report shall include, at a minimum, the total number and geographic location of applicants and  
38 of grant recipients (including the county), a brief description of the project supported by the grant,  
39 and any clawbacks made by the Department under subdivision (d)(4) of this section.  
40

#### 41 **LIVESTOCK FARMER SUPPORT IN FRENCH BROAD RIVER BASIN**

42 **SECTION 10.7.(a)** Funds appropriated in this act for the Agriculture Cost Share  
43 Program for Nonpoint Source Pollution Control from the State Capital and Infrastructure Fund  
44 shall be used to provide cost share assistance to farmers engaged in farming in the watershed of  
45 the Upper French Broad River in Transylvania, Henderson, Buncombe, and Madison Counties  
46 for the installation of fences, alternative livestock watering systems, pasture management, and  
47 other measures deemed appropriate by the local Soil and Water Conservation District to keep  
48 livestock out of existing streams and watercourses that constitute or drain into the Upper French  
49 Broad River.

50 **SECTION 10.7.(b)** Funds used pursuant to subsection (a) of this section are subject  
51 to the following requirements and limitations:



- 1 (1) All requirements and limitations set forth in G.S. 106-850(b), except the
- 2 description of eligible measures in G.S. 106-850(b)(5).
- 3 (2) In addition, applicants must demonstrate that the measures for which they seek
- 4 cost share assistance would mitigate or prevent stream impacts from livestock
- 5 in or adjacent to surface waters in the Upper French Broad River basin.

6 **SECTION 10.7.(c)** As a portion of the report required by G.S. 106-850(e), as  
 7 modified by subsection (d) of this section, the Soil and Water Conservation Commission shall  
 8 report on all funds used pursuant to subsection (a) of this section, including a brief description of  
 9 funded projects, their distribution across counties, and the amount of the cost share assistance  
 10 provided to each project.

11 **SECTION 10.7.(d)** G.S. 106-850(e) reads as rewritten:

12 "(e) The Soil and Water Conservation Commission shall report on or before January 31  
 13 of each year to the Environmental Review Commission, the Department of Agriculture and  
 14 Consumer ~~Services, Services,~~ the Joint Legislative Oversight Committee on Agriculture and  
 15 Natural and Economic Resources, and the Fiscal Research Division. This report shall include a  
 16 list of projects that received State funding pursuant to the program, the results of the evaluations  
 17 conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the  
 18 effectiveness of each of these projects to accomplish its primary purpose, and any  
 19 recommendations to assure that State funding is used in the most cost-effective manner and  
 20 accomplishes the greatest improvement in water quality. This report shall be submitted to the  
 21 Environmental Review ~~Commission-Commission,~~ the Joint Legislative Oversight Committee on  
 22 Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division-Division,~~  
 23 with the reports required by G.S. 106-860(e) and ~~G.S. 139-60(d)~~ G.S. 139-60(d), as a single  
 24 report."

25 **SECTION 10.7.(e)** Subsection (d) of this section is effective when it becomes law  
 26 and applies to reports generated on or after that date.

27  
 28 **PART XI. COMMERCE**

29  
 30 **COMMUNITY DEVELOPMENT BLOCK GRANTS**

31 **SECTION 11.1.(a)** Allocations. – Of the funds appropriated in this act for federal  
 32 block grant funds, the following allocations are made for the fiscal years ending June 30, 2024,  
 33 and June 30, 2025, according to the following schedule:

34  
 35 **COMMUNITY DEVELOPMENT BLOCK GRANT**

36		
37	1. State Administration	\$1,560,286
38		
39	2. Neighborhood Revitalization	7,521,789
40		
41	3. Economic Development	13,482,687
42		
43	4. Infrastructure	18,994,905
44		
45	5. Rural Community Development	4,748,726
46		

47	<b>TOTAL COMMUNITY DEVELOPMENT</b>	
48	<b>BLOCK GRANT – 2024 Program Year</b>	<b>\$46,308,393</b>
49	<b>2025 Program Year</b>	<b>\$46,308,393.</b>
50		

1           **SECTION 11.1.(b)** Availability Reduction. – If federal funds are reduced below the  
2 amounts specified in this section after the effective date of this act, then every program in each  
3 of these federal block grants shall be reduced by the same percentage as the reduction in federal  
4 funds.

5           **SECTION 11.1.(c)** Availability Increase. – Any block grant funds appropriated by  
6 the Congress of the United States in addition to the funds specified in this section shall be  
7 expended as follows: each program category under the Community Development Block Grant  
8 shall be increased by the same percentage as the increase in federal funds.

9           **SECTION 11.1.(d)** Reallocation. – The Department of Commerce shall consult with  
10 the Joint Legislative Commission on Governmental Operations prior to reallocating Community  
11 Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever  
12 the Director of the Budget finds either of the following conditions exist:

- 13           (1) If a reallocation is required because of an emergency that poses an imminent  
14 threat to public health or public safety, then the Director of the Budget may  
15 authorize the reallocation without consulting the Commission. The  
16 Department of Commerce shall report to the Commission on the reallocation  
17 no later than 30 days after it was authorized and shall identify in the report the  
18 emergency, the type of action taken, and how it was related to the emergency.
- 19           (2) If the State will lose federal block grant funds or receive less federal block  
20 grant funds in the next fiscal year unless a reallocation is made, then the  
21 Department of Commerce shall provide a written report to the Commission  
22 on the proposed reallocation and shall identify the reason that failure to take  
23 action will result in the loss of federal funds. If the Commission does not hear  
24 the issue within 30 days of receipt of the report, the Department may take the  
25 action without consulting the Commission.

26           **SECTION 11.1.(e)** Report. – By October 1, 2023, and September 1, 2024, the  
27 Department of Commerce shall report to the chairs of the House of Representatives  
28 Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of  
29 the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the  
30 chairs of the Joint Legislative Economic Development and Global Engagement Oversight  
31 Committee; and the Fiscal Research Division on the use of Community Development Block  
32 Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- 33           (1) A discussion of each of the categories of funding, including information on  
34 the statewide need in each category.
- 35           (2) Information on the number of applications that were received in each category  
36 and the total dollar amount requested in each category.
- 37           (3) A list of grantees, including the grantee's name, county, category under which  
38 the grant was funded, the amount awarded, and a narrative description of the  
39 project.

40           **SECTION 11.1.(f)** Neighborhood Revitalization. – Funds allocated to the  
41 Neighborhood Revitalization Category in subsection (a) of this section shall be made available  
42 as grants for eligible activities listed in this subsection. The funds available for grants under this  
43 category may be used for all of the following, subject to the national objectives and eligible  
44 activities allowed under guidance issued by the United States Department of Housing and Urban  
45 Development (HUD):

- 46           (1) Essential repairs to prevent abandonment and deterioration of housing in  
47 low- and moderate-income neighborhoods.
- 48           (2) Demolition and rehabilitation of buildings and improvements.
- 49           (3) Public improvements, including parks, streets, sidewalks, and water and sewer  
50 lines.

1           **SECTION 11.1.(g)** Economic Development. – Funds allocated to the Economic  
2 Development Category in subsection (a) of this section shall be made available as grants for  
3 eligible activities listed in this subsection. The funds available for grants under this category may  
4 be used for all of the following, subject to the national objectives and eligible activities allowed  
5 under guidance issued by HUD:

- 6           (1) Acquisition of real property.
- 7           (2) Demolition and rehabilitation of buildings and improvements.
- 8           (3) Removal of material and architectural barriers.
- 9           (4) Public improvements, including parks, streets, sidewalks, and water and sewer  
10 lines.
- 11           (5) Loans and grants to public or private nonprofit entities for construction and  
12 rehabilitation activities.
- 13           (6) Assistance to private, for-profit entities for economic development.
- 14           (7) Technical assistance to public or nonprofit entities for neighborhood  
15 revitalization or economic development activities.
- 16           (8) Assistance to for-profit and nonprofit entities to facilitate economic  
17 development activities.

18           **SECTION 11.1.(h)** Infrastructure. – For purposes of this section, eligible activities  
19 under the Infrastructure Category in subsection (a) of this section shall be defined as provided in  
20 the HUD State Administered Community Development Block Grant definition of the term  
21 "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated  
22 to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other  
23 category.

24           **SECTION 11.1.(i)** Rural Community Development. – Funds allocated for the Rural  
25 Community Development Category in subsection (a) of this section shall be made available as  
26 grants for eligible activities listed in this subsection. These funds shall provide grants that support  
27 community development and comprehensive growth projects to be awarded by the Department  
28 of Commerce. The Rural Community Development Category will provide grants to units of local  
29 government in development tier one and development tier two areas, as defined in  
30 G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other  
31 area to support projects that promote broad-based community development activities, increased  
32 local investment and economic growth, and stronger and more viable rural neighborhoods. In  
33 awarding grants under this section, preference shall be given to projects in development tier one  
34 areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be  
35 used for all of the following, subject to the national objectives and eligible activities allowed  
36 under guidance issued by HUD:

- 37           (1) Essential repairs to prevent abandonment and deterioration of housing in  
38 low- and moderate-income neighborhoods.
- 39           (2) Public improvements, including parks, streets, sidewalks, and water and sewer  
40 lines.
- 41           (3) Public facilities, including neighborhood and community facilities and  
42 facilities for individuals with special needs.
- 43           (4) Public services, including employment, crime prevention, and energy  
44 conservation.
- 45           (5) Assistance to private, for-profit entities for economic development.
- 46           (6) Technical assistance to public or nonprofit entities for neighborhood  
47 revitalization or economic development activities.
- 48           (7) Assistance to for-profit and nonprofit entities to facilitate economic  
49 development activities.

50           **SECTION 11.1.(j)** Deobligated Funds. – Throughout each year, deobligated funds  
51 arise in the various funding categories and program years of the Community Development Block

1 Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being  
2 cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in  
3 the CDBG program may vary from year to year based upon the amount of State-appropriated  
4 funds allocated and the amount of eligible in-kind funds identified. To allow the Department of  
5 Commerce and the Department of Environmental Quality to quickly deploy deobligated and  
6 surplus federal administrative funds as they are identified throughout the program year, the  
7 following shall apply to the use of deobligated CDBG funds and surplus federal administrative  
8 funds:

- 9 (1) All surplus federal administrative funds shall be divided proportionally  
10 between the Departments of Commerce and Environmental Quality and shall  
11 be used as provided in subdivisions (2) and (3) of this subsection.
- 12 (2) All deobligated funds allocated to the Department of Commerce and any  
13 surplus federal administrative funds, as provided for in subdivision (1) of this  
14 subsection, may be used by the Department for all of the following:
  - 15 a. To issue grants in the CDBG Economic Development or  
16 Neighborhood Revitalization Program Category.
  - 17 b. For providing training and guidance to local governments relative to  
18 the CDBG program, its management, and administrative requirements.
  - 19 c. For any other purpose consistent with the Department's administration  
20 of the CDBG program if an equal amount of State matching funds is  
21 available.
- 22 (3) All deobligated funds allocated to the Department of Environmental Quality  
23 and any surplus federal administrative funds, as provided for in subdivision  
24 (1) of this subsection, may be used by the Department for all of the following:
  - 25 a. To issue grants in the CDBG Infrastructure Category.
  - 26 b. For any other purpose consistent with the Department's administration  
27 of the CDBG program if an equal amount of State matching funds is  
28 available.

## 30 **COMMERCE NONPROFITS/REPORTING REQUIREMENTS**

31 **SECTION 11.2.(a)** The entities listed in subsection (b) of this section shall do the  
32 following for each year that State funds are expended:

- 33 (1) By September 1 of each year, and more frequently as requested, report to the  
34 chairs of the Joint Legislative Oversight Committee on Agriculture and  
35 Natural and Economic Resources; the chairs of the House of Representatives  
36 Appropriations Committee on Agriculture and Natural and Economic  
37 Resources; the chairs of the Senate Appropriations Committee on Agriculture,  
38 Natural, and Economic Resources; and the Fiscal Research Division on prior  
39 State fiscal year program activities, objectives, and accomplishments and prior  
40 State fiscal year itemized expenditures and fund sources. If State funds are  
41 used to provide matching funds for competitive grants from the federal  
42 government or a nongovernmental entity, the report should include a list and  
43 description of the grants that are awarded.
- 44 (2) Provide to the chairs of the Joint Legislative Oversight Committee on  
45 Agriculture and Natural and Economic Resources; the chairs of the House of  
46 Representatives Appropriations Committee on Agriculture and Natural and  
47 Economic Resources; the chairs of the Senate Appropriations Committee on  
48 Agriculture, Natural, and Economic Resources; and the Fiscal Research  
49 Division a copy of the entity's annual audited financial statement within 30  
50 days of issuance of the statement.

1           **SECTION 11.2.(b)** The following entities shall comply with the requirements of  
2 subsection (a) of this section:

- 3           (1) North Carolina Biotechnology Center.
- 4           (2) High Point Market Authority.
- 5           (3) RTI International.
- 6           (4) National Institute for Minority Economic Development.
- 7           (5) Carolina Small Business Development Fund.

#### 8 9 **NC BIOTECHNOLOGY CENTER**

10           **SECTION 11.3.(a)** Except for the funds appropriated in subsection (b) of this  
11 section, funds appropriated in this act to the Department of Commerce for the North Carolina  
12 Biotechnology Center (Center) for each fiscal year in the 2023-2025 biennium shall be allocated  
13 for the following purposes in the following proportions:

- 14           (1) Twenty-one percent (21%) for job creation, including funding for the  
15 AgBiotech Initiative, economic and industrial development, and related  
16 activities.
- 17           (2) Sixty-five percent (65%) for science and commercialization, including  
18 science and technology development, Centers of Innovation, business and  
19 technology development, education and training, and related activities.
- 20           (3) Fourteen percent (14%) for Center operations, including administration,  
21 professional and technical assistance and oversight, corporate  
22 communications, human resource management, financial and grant  
23 administration, legal, and accounting.

24           **SECTION 11.3.(b)** Of the funds appropriated in this act to the Department of  
25 Commerce for the Center, five hundred thousand dollars (\$500,000) of recurring funds in each  
26 fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina  
27 agricultural technology companies.

28           **SECTION 11.3.(c)** The Center shall not use any of the recurring funds allocated in  
29 subsection (b) of this section for administrative costs and shall report on the expenditure of those  
30 funds each year pursuant to Section 11.2 of this act.

31           **SECTION 11.3.(d)** The Center shall prioritize funding and distribution of loans over  
32 funding and distribution of grants.

33           **SECTION 11.3.(e)** Up to ten percent (10%) of the sum of each of the allocations in  
34 subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this  
35 section if, in the judgment of Center management, the reallocation will advance the mission of  
36 the Center.

#### 37 38 **NC BIOTECHNOLOGY CENTER PROFIT SHARING MODIFICATION**

39           **SECTION 11.4.** The Attorney General's Office and the North Carolina  
40 Biotechnology Center (the Center) shall renegotiate the memorandum of understanding entered  
41 into pursuant to Section 20.8 of S.L. 2001-424, and its amendments, to provide that the Center is  
42 required to pay the State fifty percent (50%) of only those net profits that exceed one million  
43 dollars (\$1,000,000).

#### 44 45 **MODIFICATION FOR GOLDEN LEAF**

46           **SECTION 11.5.** G.S. 143-712 reads as rewritten:

47 **"§ 143-712. Articles of incorporation; reporting.**

48           The Attorney General shall draft articles of incorporation for the Golden LEAF Foundation  
49 to enable the Golden LEAF Foundation to carry out its mission as set out in the Consent Decree.  
50 The articles of incorporation shall provide for the following:

- 1           (1)     ~~Consultation; reporting.—The Golden LEAF Foundation shall consult with~~  
 2     ~~the Joint Legislative Commission on Governmental Operations prior to the~~  
 3     ~~board of directors (i) adopting bylaws and (ii) adopting the annual operating~~  
 4     ~~budget.~~ Reporting. — The Golden LEAF Foundation shall also report on its  
 5     programs and activities to the Joint Legislative Oversight Committee on  
 6     Agriculture and Natural and Economic Resources, and the Joint Legislative  
 7     Economic Development and Global Engagement Oversight Committee on or  
 8     before September 15 of each fiscal year and more frequently as requested by  
 9     any of these entities. The report shall include all of the following information:  
 10     a.       Grants made in the prior fiscal year, including the amount, term, and  
 11             purpose of the grant.  
 12     b.       Outcome data collected by the Golden LEAF Foundation, including  
 13             the number of jobs created.  
 14     c.       Cumulative grant data by program and by county.  
 15     d.       Unaudited actual administrative expenses and grants made in the prior  
 16             fiscal year.  
 17     e.       Current fiscal year budget, planned activities, and goals for the current  
 18             fiscal year.

19     The Golden LEAF Foundation shall also provide to the Joint Legislative  
 20     Oversight Committee on Agriculture and Natural and Economic Resources  
 21     and the Joint Legislative Economic Development and Global Engagement  
 22     Oversight Committee an itemized report of its administrative expenses for the  
 23     previous fiscal year by September 15 of each year, a copy of its annual audited  
 24     financial statement for the previous fiscal year within 30 days of having  
 25     received an audit report from an independent auditor, and a copy of its annual  
 26     federal income tax return for the previous fiscal year within 30 days of filing.

- 27     (1a)     Amendment of articles of incorporation. — The Golden LEAF Foundation may  
 28     periodically amend its articles of incorporation to maintain conformity with  
 29     the provisions of this Article and any other act of the General Assembly.  
 30     Subject to the conditions set forth in G.S. 55A-10-02, 55A-10-05, 120-76.1,  
 31     and Article XIV of the Articles of Incorporation, the Golden LEAF  
 32     Foundation shall consult with the Joint Legislative Commission on  
 33     Governmental Operations prior to submitting articles of amendment to the  
 34     Secretary of State.

35     ...."

36  
 37     **RAPID RECOVERY LOAN TECHNICAL CORRECTIONS**

38             **SECTION 11.5A.(a)** Section 4.2 of S.L. 2020-4, as amended by Section 1.6 of S.L.  
 39     2020-97, Section 20.11 of S.L. 2022-6, and Section 11.12 of S.L. 2022-74, reads as rewritten:

40             **"SECTION 4.2.(a)** Program. – Of the funds allocated in subdivision (45) of Section 3.3 of  
 41     this act, Golden LEAF shall provide grants to entities for the purpose of making emergency loans  
 42     to assist small businesses with business needs during periods of economic hardship occasioned  
 43     by the COVID-19 pandemic. It is the intent of the General Assembly for an equitable portion of  
 44     funds allocated in this section to be used for the benefit of historically underutilized small  
 45     businesses. The following shall apply to the program and loans made under the program:

- 46             ...  
 47             (5)     Except as provided in subdivision (9a) of this subsection, the term of the loan  
 48             shall not exceed ~~144~~168 months and shall be amortized over the term of the  
 49             loan.  
 50             ...

(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) an amount equal to the amount of non-State funds provided as matching funds pursuant to subsection (c) of this section.

...."

SECTION 11.5A.(b) This section is effective when this act becomes law.

**GOLDEN LEAF SHELL BUILDING PILOT PROGRAM**

SECTION 11.7.(a) Of the funds appropriated in this act to the Department of Commerce for the 2023-2024 fiscal year, the nonrecurring sum of ten million dollars (\$10,000,000) shall be allocated to Golden LEAF (Long-Term Economic Advancement Foundation), Inc., (Golden LEAF), a nonprofit corporation, for a pilot program to provide grants to increase the number of available, publicly owned industrial buildings suitable for new or expanding businesses, other than retail, entertainment, or sports projects. Governmental entities and charitable nonprofit entities located in Ashe, Bladen, Columbus, Franklin, Halifax, Robeson, and Scotland Counties are eligible to apply for funding under the program. It is the intent of the General Assembly that funds be awarded equitably among the eligible counties; however, Golden LEAF shall consider the merits and competitiveness of applications received when making awards which may result in differences in total amounts awarded among counties. Awards shall be prioritized based on the number of appropriate sites in a community and the number of available shell buildings. Funds allocated in this section must be encumbered by December 31, 2025. Golden LEAF may use up to one percent (1%) of the funds allocated in this section for administration of the program and shall establish guidelines providing for administration of the program. Those guidelines shall include the following provisions, which shall apply to each grant under the program:

- (1) Funds for shell buildings can only be used for (i) identifying potential industrial sites, (ii) grading, clearing, and other site preparation activities, and (iii) planning, design, and other preconstruction and construction activities for shell buildings.
- (2) Grants awarded shall require a match in the amount of one dollar (\$1.00) of non-State funds for every three State dollars (\$3.00).
- (3) Grant awards may not exceed two million five hundred thousand dollars (\$2,500,000).
- (4) Grants may only be awarded for shell building projects owned by an entity eligible to apply for funding and reasonably anticipated to result in the creation of new jobs.

- 1 (5) A wage standard, if any, deemed appropriate or beneficial for the purpose of  
2 the program, as determined in the sole discretion of Golden LEAF.

3 **SECTION 11.7.(b)** Golden LEAF shall include the pilot program in the report  
4 required pursuant to G.S. 143-712 until the year following the year in which all funds have been  
5 expended. The information provided for the pilot program shall include, at a minimum, the  
6 number of shell buildings built, the number of shell buildings that remain vacant and the length  
7 of time they have been vacant, the number of shell buildings that have been occupied and the  
8 name of the company that occupied them, and the number of jobs based in the shell buildings  
9 that have been occupied. Funds allocated under this section are not subject to the provisions of  
10 G.S. 143C-6-23.

#### 11 12 **NASCAR ALL-STAR RACE FUNDING CLARIFICATION**

13 **SECTION 11.8.(a)** Funds appropriated in this act from the projected interest in the  
14 State Fiscal Recovery Reserve to the Department of Commerce (the "Department") for the  
15 NASCAR All-Star Race at the North Wilkesboro Speedway, LLC, may be used for repairs,  
16 renovations, and other capital improvements at the speedway if the Department enters into an  
17 agreement with the grant recipient to host one NASCAR Series race at the speedway, which shall  
18 be in addition to the 2023 All-Star Race, before the end of the 2028 race season. These funds  
19 may be used by the grant recipient to cover expenditures made prior to the effective date of this  
20 act.

21 **SECTION 11.8.(b)** If the grant recipient receives funds pursuant to subsection (a)  
22 of this section but does not host one additional NASCAR Series race at the speedway, in addition  
23 to the 2023 All-Star Race, before the end of the 2028 race season, the grant recipient must forfeit  
24 the grant awarded under this section and is liable for the amounts received.

25 **SECTION 11.8.(c)** No later than December 1, 2023, the Department shall report on  
26 the use of such funds to the chairs of the Joint Legislative Oversight Committee on Agriculture  
27 and Natural and Economic Resources and the Joint Legislative Economic Development and  
28 Global Engagement Oversight Committee, and to the Fiscal Research Division.

#### 29 30 **NCINNOVATION**

31 **SECTION 11.9.(a)** Chapter 143 of the General Statutes is amended by adding a new  
32 Article to read:

33 "Article 76B.

34 "NCInnovation.

#### 35 **"§ 143-728. NCInnovation.**

36 (a) Findings. – The General Assembly of North Carolina finds the following:

- 37 (1) North Carolina is competing with other states for the ability to commercialize  
38 innovations resulting from in-State, world-class higher education research  
39 institutions.
- 40 (2) By fully optimizing the commercialization of those innovations, the State has  
41 opportunities for creating new jobs and new companies and achieving greater  
42 economic prosperity, particularly in rural areas.
- 43 (3) Other states have successfully used a public-private partnership model to  
44 harness innovation efforts from research universities so as to create jobs, to  
45 accelerate commercial opportunities, and to support the commercial growth  
46 and scale of emerging technologies.
- 47 (4) North Carolina will benefit from similar efforts to accelerate  
48 commercialization of theoretical and applied science and inventions stemming  
49 from the efforts and activities of its higher education research institutions.

50 (b) Purpose. – The purpose of this section is to establish a framework whereby the State  
51 may provide funds to be used by a nonprofit corporation, acting on behalf of and for the primary



1 benefit of the State, to establish and support a network of regional innovation hubs, to better  
2 leverage the high technology research and development capabilities of its higher education  
3 research institutions, and to provide funding to bridge the gap between such research and  
4 development capabilities and the application and commercialization of the same, and to support  
5 such commercialization and application, along with resulting emerging technologies, to promote  
6 the welfare of the people of the State and to maximize the economic growth in the State.

7 (c) Endowment. – NCInnovation is approved to receive funds from the State for the  
8 purposes and on the terms and conditions set forth in this Article.

9 (d) Requirements. – In order to receive the endowment and retain State funds, all of the  
10 following requirements must be met:

11 (1) NCInnovation shall adhere to the following governance provisions related to  
12 its governing board:

13 a. The board shall be composed of 13 voting members as follows: four  
14 members appointed by the General Assembly upon recommendation  
15 of the Speaker of the House of Representatives, four members  
16 appointed by the General Assembly upon recommendation of the  
17 President Pro Tempore of the Senate, and the remaining members  
18 elected as provided in the bylaws of NCInnovation. The directors shall  
19 hold staggered four-year terms and shall elect their own chair from  
20 among their number. Appointing and electing authorities shall ensure  
21 that appointed and elected members have expertise and experience in  
22 one or more of the following areas: research, development, product  
23 commercialization, entrepreneurial business development, and capital  
24 formation.

25 b. NCInnovation shall comply with the limitations on lobbying set forth  
26 in section 501(c)(3) of the Internal Revenue Code.

27 c. No State employee or elected official may serve on the board.

28 d. The board shall meet at least quarterly at the call of its chair.

29 e. The amount of State funds that may be used for the annual salary of  
30 any one officer or employee of NCInnovation shall not exceed the  
31 greater of (i) one hundred forty thousand dollars (\$140,000) or (ii) the  
32 amount most recently set by the General Assembly in a Current  
33 Operations Appropriations Act.

34 f. Members of the board may not be compensated for their services. The  
35 amount of State funds that may be used to provide per diems and  
36 allowances to a member of the board engaged in carrying out the  
37 purposes and requirements of this Article shall not exceed the amount  
38 provided in G.S. 138-5.

39 (2) NCInnovation shall amend its articles of incorporation to enable  
40 NCInnovation to carry out the purposes and requirements of this Article. The  
41 articles of incorporation, as amended, shall provide for the following:

42 a. Consultation; reporting. – NCInnovation shall consult with the Joint  
43 Legislative Commission on Governmental Operations prior to the  
44 board of directors adopting bylaws or any amendment to its bylaws.  
45 NCInnovation shall also report on its programs and activities to the  
46 Joint Legislative Commission on Governmental Operations, the Joint  
47 Legislative Economic Development and Global Engagement  
48 Oversight Committee, and the Fiscal Research Division on or before  
49 September 15 of each fiscal year and more frequently as requested by  
50 any of these entities. The report shall include all of the following  
51 information:

- 1                    1.    Every expenditure for establishing and supporting a network
- 2                    of regional innovation hubs and every award of grants, funds,
- 3                    or other support by NCInnovation in the prior fiscal year. This
- 4                    information shall include, at a minimum, the recipient, amount,
- 5                    term, and purpose of the award.
- 6                    2.    Outcome data collected by NCInnovation, including the
- 7                    number of jobs created.
- 8                    3.    Cumulative regional innovation hub network expenditure and
- 9                    funding award data by program and by county.
- 10                  4.    An unaudited report, itemized by category, of overhead and
- 11                  administrative costs for the previous fiscal year.
- 12                  5.    Current fiscal year budget, planned activities, and goals for the
- 13                  current fiscal year.
- 14                  6.    Developed performance metrics for recipients of funding and
- 15                  support by NCInnovation.
- 16                  7.    A detailed explanation of how annual salaries are determined,
- 17                  including base pay schedules and any additional salary
- 18                  amounts or bonuses that may be earned as a result of job
- 19                  performance. The explanation shall include the means used by
- 20                  NCInnovation to foster employee efforts in rural and
- 21                  low-income areas in the State.

22                                NCInnovation shall also provide to the Joint Legislative

23                                Commission on Governmental Operations, the Joint Legislative

24                                Economic Development and Global Engagement Oversight

25                                Committee, and the Fiscal Research Division (i) a copy of its annual

26                                audited financial statement for the previous fiscal year within 30 days

27                                of having received an audit report from an independent auditor and (ii)

28                                a copy of its annual federal income tax return for the previous fiscal

29                                year within 30 days of filing. In addition, the State Auditor may

30                                perform audits of NCInnovation pursuant to Article 5A of Chapter 147

31                                of the General Statutes to ensure that funds are being managed in

32                                accordance with the provisions of this Article.

- 33                    b.    Transfer of assets. – NCInnovation shall not dispose of assets pursuant
- 34                    to G.S. 55A-12-02 without the approval of the General Assembly.
- 35                    c.    Charter repeal. – The charter of NCInnovation may be repealed at any
- 36                    time by the General Assembly pursuant to Section 1 of Article VIII of
- 37                    the North Carolina Constitution. NCInnovation shall not amend its
- 38                    articles of incorporation without the approval of the General
- 39                    Assembly.
- 40                    d.    Dissolution. – NCInnovation may be dissolved pursuant to Chapter
- 41                    55A of the General Statutes or by the General Assembly. Upon
- 42                    dissolution, (i) all funds, other than excluded amounts and interest
- 43                    earned on excluded amounts, and (ii) all assets acquired with State
- 44                    funds shall be transferred to the General Fund.

45                    (3)    NCInnovation shall act on behalf of, and perform its duties for the benefit of,

46                    the State. Where those duties involve the distribution of investment income,

47                    NCInnovation shall (i) consult with the North Carolina Collaboratory

48                    (Collaboratory), established under G.S. 116-255, for purposes of making

49                    determinations regarding terms and amounts of distributions and (ii) use the

50                    Collaboratory to manage the distributions. NCInnovation shall, at a minimum,

51                    perform the following duties:

- 1                   a.     Establish and support a network of regional innovation hubs by doing  
2                   one or more of the following:  
3                   1.     Establishing four university research hubs, each located in  
4                   areas of the State where regional collaboration between  
5                   academic, industrial, and capital formation networks are at or  
6                   below average in comparison to the rest of the State.  
7                   2.     Providing full-time, colocated educational liaisons, business  
8                   consultants, and technology transfer consultants in each  
9                   university research hub established for the purposes of (i)  
10                  building new and strengthening existing relationships between  
11                  senior educational and regional industry leaders to facilitate  
12                  ongoing engagement within and among regional networks and  
13                  (ii) creating communication and information exchange  
14                  between regional networks to identify areas of potential  
15                  collaboration, filling needs, and otherwise maximizing  
16                  complementary research, development, and  
17                  commercialization.  
18                  3.     Conducting analysis of research activities, capacities, and  
19                  capabilities of each higher education research institution in  
20                  each university research hub in light of commercial innovation  
21                  needs in the hub, including (i) identifying specific strengths  
22                  and gaps that could benefit from regional collaboration, (ii)  
23                  identifying existing patents and research and, where  
24                  applicable, how the patents or research might have commercial  
25                  application for industry needs, and (iii) creating a strategic plan  
26                  to guide future investments and identify resources or  
27                  infrastructure required to implement and apply patents and  
28                  research into commercialized innovation.  
29                  4.     Providing the results of, and associated guidance concerning,  
30                  conducted analyses to assist connecting hub-specific  
31                  capabilities with regional commercial needs and to ensure  
32                  applied research investments are aligned with regional  
33                  strengths, capabilities, and commercial opportunities.  
34                  5.     Funding, supporting, and facilitating the development of  
35                  partnerships and building capacity between regional industries  
36                  and higher education research institutions.  
37                  6.     Drafting guidance for researchers to use in prioritizing targeted  
38                  commercial opportunities and leveraging identified research  
39                  strengths.  
40                  7.     Soliciting applications for grants to commercialize or develop  
41                  the capability to commercialize applied research opportunities.  
42                  b.     Award grants, funds, and other resources to higher education research  
43                  institutions under programs designed to do any of the following:  
44                  1.     Provide capacity building to (i) expand applied research  
45                  federal grant scouting and (ii) provide project management and  
46                  support for researchers engaged in collaborations between  
47                  such institutions.  
48                  2.     Support technology development, start-up support, and  
49                  licensing assistance.  
50                  3.     Pursue intellectual property protections, including patent  
51                  prosecution.

- 1                                   4.     Provide direct, non-dilutive funding designed to advance  
2   research and development to proof of commercial viability.
- 3                                   5.     Furnish additional support services after proof of commercial  
4   viability designed to assist researchers at such institutions in  
5   attaining, from sources other than NCInnovation, venture  
6   capital and capital formation.
- 7                                   c.     Protect the use of State funds by requiring, as a condition of awarding  
8   funds or providing support, that the recipient, for a minimum of five  
9   years, (i) have its headquarters and principal place of business in the  
10    State and (ii) be organized under the laws of this State for any  
11    commercialization resulting from or furthered by, in whole or part,  
12    such funds or support. NCInnovation may receive from a recipient  
13    neither future earnings or revenue of any kind nor equity or ownership  
14    interests of any kind.
- 15                                   (4)   NCInnovation shall contract with an independent investment manager to  
16    manage and invest the endowment for the purpose of generating investment  
17    income. The contract shall establish the annual compensation for the  
18    investment manager, including any management fee, which shall reflect  
19    asset-based pricing using a tiered structure, with an overall blended rate not to  
20    exceed 15 basis points. Amounts paid pursuant to this subdivision are  
21    overhead and administrative costs of NCInnovation. The contract shall require  
22    that the investment manager disclose to NCInnovation any interest that it or  
23    an owner, stockholder, partner, officer, director, member, employee, or agent  
24    of the investment manager has in a recipient of investment income from  
25    NCInnovation to the extent the investment manager is aware of such  
26    recipients. The activities and investments of the investment manager are not  
27    subject to the reporting requirements of this Article.
- 28                                   (5)   NCInnovation may draw from, distribute, and otherwise expend investment  
29    income, including, without limitation, to make funding awards and establish  
30    or support a network of regional innovation hubs, in accordance with this  
31    Article, and such activities are subject to the reporting requirements of this  
32    Article. NCInnovation shall develop criteria for and notify the Joint  
33    Legislative Commission on Governmental Operations regarding each  
34    program NCInnovation will use to advance the purposes of this Article prior  
35    to using investment income for the program. NCInnovation shall provide a  
36    copy of materials describing each program to the Fiscal Research Division  
37    within 15 days of finalizing the program.
- 38                                   (6)   NCInnovation shall have received from fundraising efforts and sources, other  
39    than State funds, commitments to donate at least twenty-five million dollars  
40    (\$25,000,000) in private funds for support of its operations. The minimum  
41    commitment amount required by this subdivision must be received within five  
42    years of the receipt of any portion of the endowment.
- 43                                   (7)   NCInnovation shall adopt, publish, and provide to the Joint Legislative  
44    Commission on Governmental Operations a resolution or policy regarding  
45    conflicts of interest to guide actions by the governing board members, officers,  
46    and employees of NCInnovation in the performance of their duties and to  
47    prevent such persons from benefiting from or holding an equity position in  
48    any intellectual property, licensing, or business entity supported or funded by  
49    NCInnovation. The conflict of interest policy shall contain, at a minimum, that  
50    no subject person of NCInnovation may take any official action or use the  
51    subject person's official position to profit in any manner the subject person,

1 the subject person's immediate family, a business with which the subject  
2 person or the subject person's immediate family has a business association, or  
3 a client of the subject person or the subject person's immediate family with  
4 whom the subject person, or the subject person's immediate family, has an  
5 existing business relationship. No subject person shall attempt to profit from  
6 a proposed project lead resulting from commercialization of, or business  
7 formation resulting from, research if the profit is greater than that which would  
8 be realized by other persons living in the area where the project lead is located.  
9 If the profit under this subdivision would be greater for the subject person than  
10 other persons living in the area where the project lead is located, not only shall  
11 the subject person abstain from voting on that issue, but, once the conflict of  
12 interest is apparent, the subject person shall not discuss the project lead with  
13 any other subject person except to state that a conflict of interest exists. Under  
14 this subdivision, a subject person is presumed to profit if the profit would be  
15 realized by the subject person, the subject person's immediate family, a  
16 business with which the subject person or the subject person's immediate  
17 family has a business association, or a client of the subject person or the  
18 subject person's immediate family with whom the subject person or the subject  
19 person's immediate family has an existing business relationship with a  
20 company that is the subject of a proposed project lead. No subject person, in  
21 contemplation of official action by the subject person, or in reliance on  
22 information that was made known to the subject person in the subject person's  
23 official capacity and that has not been made public, shall (i) acquire a  
24 pecuniary interest in any property, transaction, or enterprise or gain any  
25 pecuniary benefit that may be affected by such information or official action  
26 or (ii) intentionally aid another to do any of the above acts. As used in this  
27 subdivision, the following terms mean:

- 28 a. Board. – The governing board of NCInnovation.  
29 b. Board member. – A member of the board.  
30 c. Business association. – A director, employee, officer, or partner of a  
31 business entity, or owner of more than ten percent (10%) interest in  
32 any business entity.  
33 d. Immediate family. – Spouse, children, parents, brothers, and sisters.  
34 e. Official action. – Actions taken in connection with the subject person's  
35 duties, including, but not limited to, voting on matters before the  
36 board, discussing investment matters with other subject persons in an  
37 effort to further the matter after the conflict of interest has been  
38 discovered, or taking actions in the course and scope of the position as  
39 a subject person and actions leading to or resulting in profit.  
40 f. Profit. – Receive monetary or economic gain or benefit, including an  
41 increase in value whether or not recognized by sale or trade.  
42 g. Subject person. – A board member, officer, or employee of  
43 NCInnovation.

- 44 (8) NCInnovation shall adopt, publish, and provide to the Joint Legislative  
45 Commission on Governmental Operations a resolution or policy regarding  
46 gifts to guide actions by the governing board members, officers, and  
47 employees of NCInnovation in the performance of their duties. The gift policy  
48 required by this subdivision shall, at a minimum, prohibit an employee,  
49 officer, or member of the board of NCInnovation from knowingly accepting  
50 a gift from a person whom the employee, officer, or member of the board  
51 knows or has reason to know (i) is seeking to do business of any kind in the

1 State or (ii) has financial interests that may be substantially and materially  
2 affected, in a manner distinguishable from the public generally, by the  
3 performance or nonperformance of official duties of the employee, officer, or  
4 member of the board. This prohibition shall not apply to either of the  
5 following:

6 a. Gifts given to the employee, officer, or member of the board where the  
7 gift is food or beverages, transportation, lodging, entertainment, or  
8 related expenses associated with responsibilities or duties the  
9 employee, officer, or member of the board is responsible for  
10 conducting on behalf of NCInnovation, provided (i) the employee,  
11 officer, or member of the board did not solicit the gift and did not  
12 accept the gift in exchange for the performance or nonperformance of  
13 corporate duties and (ii) the employee, officer, or member of the board  
14 reports electronically to the corporation within 30 days of receipt of  
15 the gift, including a description and value of the gift and a description  
16 of how the gift contributed to responsibilities or duties on behalf of  
17 NCInnovation.

18 b. Gifts of personal property valued at less than one hundred dollars  
19 (\$100.00) given to the employee, officer, or member of the board in  
20 the commission of corporate duties if the gift is given as a personal gift  
21 in another country as part of an overseas trade mission and the giving  
22 and receiving of such personal gifts is considered a customary protocol  
23 in the other country.

24 (9) NCInnovation shall maintain separate accounting records for and separate  
25 accounts for State funds and excluded amounts and shall not commingle State  
26 funds and excluded amounts. NCInnovation shall maintain records and  
27 accounts according to generally accepted accounting principles.

28 (10) NCInnovation shall specifically and separately report on incidences where a  
29 person, including a related member of a person, has made a reported  
30 contribution and has received funds or support from NCInnovation.  
31 NCInnovation shall include the record in the report required to be filed  
32 pursuant to this section.

33 (11) NCInnovation shall limit the use of State funds for the severance pay of the  
34 chief executive officer and other officers of the nonprofit corporation to no  
35 more than the salary limitation contained in subdivision (1) of this subsection.

36 (12) NCInnovation complies with the following:

37 a. State funds shall not be used to hire a lobbyist.

38 b. No State funds may be used for overhead and administrative costs. It  
39 is the intent of the General Assembly (i) to make a determination of  
40 the appropriate maximum amount of investment income that may be  
41 used for overhead and administrative costs based on observed costs  
42 occurring within the first three years of receipt of the endowment, (ii)  
43 to allow for that maximum amount to be used for those purposes in  
44 subsequent years, and (iii), at that time, to require NCInnovation to  
45 prioritize the use of excluded amounts for overhead and administrative  
46 costs to the extent practicable.

47 c. Only excluded amounts may be used for any of the following: (i)  
48 alcohol, (ii) first-class airfare, (iii) charter flights, (iv) holiday parties  
49 or similar social gatherings, and (v) any meeting, whether a formal  
50 public meeting or an informal retreat, located outside of the State.

1       (e) Benefits. – An officer, employee, or member of a governing board of NCInnovation  
2 is not a State employee, is not covered by Chapter 126 of the General Statutes, and is not entitled  
3 to State-funded employee benefits, including membership in the Teachers' and State Employees'  
4 Retirement System and the State Health Plan for Teachers and State Employees.

5       (f) Use of Funds. – NCInnovation shall comply with the following:

6           (1) Endowment. – The endowment may be used solely to produce investment  
7 income by an independent investment manager, as provided in this Article.

8           (2) Investment income. – Investment income may be used for the following:

9               a. Establishing and supporting a network of regional innovation hubs.

10              b. Awarding grants, funds, and other resources to advance duties owed  
11 by NCInnovation under this Article.

12              c. Any other purpose expressly and specifically allowed for investment  
13 income in this Article.

14           (3) State funds. – State funds may not be used for lobbying purposes.

15           (4) Excluded amounts. – Excluded amounts may not be invested with the  
16 endowment.

17       (g) Applicable Laws. – NCInnovation is subject to the requirements of (i) Chapter 132 of  
18 the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Notwithstanding  
19 the provisions of this subsection, public records relating to programs, recipients, and projects  
20 funded by NCInnovation may be withheld so long as their inspection, examination, or copying  
21 would, as determined in the sole discretion of NCInnovation, frustrate the purpose for which such  
22 public records were created or would result in the harmful dissemination of confidential  
23 intellectual property of a recipient; however, the provisions of this subsection allowing public  
24 records to be withheld no longer apply as soon as that frustration or harmful dissemination ceases,  
25 and NCInnovation shall disclose as soon as practicable, and within 25 business days, public  
26 records from that time.

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

28           (1) Endowment. – Funds provided to NCInnovation by the State upon meeting  
29 the requirements set forth in this section and any future funds NCInnovation  
30 receives from the State.

31           (2) Excluded amounts. – Any funds raised by NCInnovation through fundraising  
32 efforts and returns or earnings of any kind resulting directly or indirectly from  
33 investment of such funds.

34           (3) Higher education research institution. – A postsecondary constituent  
35 institution of The University of North Carolina, as defined in G.S. 116-2, or a  
36 community college, as defined in G.S. 115D-2.

37           (4) Investment income. – Returns and earnings of any kind resulting directly or  
38 indirectly from investment of the endowment by an independent investment  
39 manager as allowed by this Article.

40           (5) NCInnovation. – NCInnovation, Inc., a North Carolina nonprofit corporation  
41 under section 501(c)(3) of the Internal Revenue Code, provided it has its  
42 headquarters and principal place of business in the State and meets the  
43 requirements of this Article necessary to receive and retain the endowment.

44           (6) State funds. – The endowment and investment income."

45       **SECTION 11.9.(b)** Notwithstanding the provisions of Article 76B of Chapter 143  
46 of the General Statutes, NCInnovation may use up to fifty million dollars (\$50,000,000) of the  
47 endowment as investment income in the 2023-2024 fiscal year and ninety million dollars  
48 (\$90,000,000) of the endowment as investment income in the 2024-2025 fiscal year, as those  
49 terms are defined in G.S. 143-728, as enacted by subsection (a) of this section. Funds not used  
50 for purposes allowed in this section at the end of the fiscal year for which the allowance is made

1 shall be returned to and used in conformity with the endowment, as provided in Article 76B of  
2 Chapter 143 of the General Statutes.

3 Notwithstanding the provisions of Article 76B of Chapter 143 of the General Statutes,  
4 investment income earned on the endowment during the 2023-2025 fiscal biennium shall be  
5 retained and invested with the endowment. To the extent that funds are used from the endowment  
6 in accordance with this section, NCInnovation shall replenish such funds in the future from  
7 investment income to the extent practicable in the reasonable discretion of the board, balancing  
8 the amount of investment income and NCInnovation's performance of the purposes of this  
9 section.

## 10 **EDPNC MARKETING FUNDING EXTENSION**

11 **SECTION 11.10.** Section 11.4(b) of S.L. 2022-74 reads as rewritten:

12 **"SECTION 11.4.(b)** There is appropriated from the Economic Development Project  
13 Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the  
14 nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the  
15 sum of sixty million dollars (\$60,000,000) to be used for the following purposes in the following  
16 amounts:  
17

- 18 (1) Thirty million dollars (\$30,000,000) for travel and tourism marketing of the  
19 State.
- 20 (2) Thirty million dollars (\$30,000,000) for business marketing of the State.

21 Of the funds allocated in subdivisions (1) and (2) of this subsection, the nonprofit corporation  
22 shall use no more than twenty million dollars (\$20,000,000) for each purpose by June 30, 2023,  
23 and the remainder of the funds allocated by this section by ~~December 31, 2024.~~ June 30, 2025.  
24 The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this  
25 section for administrative costs."  
26

## 27 **EIC FUNDING APPROVAL FOR MEGASITES PROGRAM/MODIFICATIONS TO** 28 **MEGASITES PROGRAM**

29 **SECTION 11.11.(a)** Of the funds appropriated from the Economic Development  
30 Project Reserve established in Section 2.2 of this act to the Department of Commerce  
31 (Department) to be allocated to the nonprofit corporation with which the Department contracts  
32 pursuant to G.S. 143B-431.01(b), the sum of one hundred seven million eight hundred thousand  
33 dollars (\$107,800,000) shall be used by the nonprofit corporation as follows:

- 34 (1) Ten million dollars (\$10,000,000) in nonrecurring funds for the 2023-2024  
35 fiscal year to be used to support local governments or a partnership of local  
36 governments in conducting due diligence as described in subdivision (4a) of  
37 Section 11.11(a) of S.L. 2022-74, as amended by subsection (b) of this section.
- 38 (2) Ninety-seven million eight hundred thousand dollars (\$97,800,000) in  
39 nonrecurring funds for the 2024-2025 fiscal year, to be used for purposes  
40 consistent with the megasites readiness program established in Section 11.11  
41 of S.L. 2022-74.

42 **SECTION 11.11.(b)** Section 11.11 of S.L. 2022-74 reads as rewritten:

43 **"SECTION 11.11.(a)** Purpose. – It is in the best economic and developmental interests of  
44 the State to support the development of megasites to ensure the State's ongoing competitiveness  
45 for major manufacturing opportunities, ~~including~~ including, but not limited to, the aerospace,  
46 automotive, clean energy, food processing, semiconductor, and life science industries. The  
47 purpose of this section is to establish a competitive grant program serving to do the following:

- 48 (1) Identify and evaluate up to ~~five~~ seven megasites for preferred development  
49 and marketing.
- 50 (2) ~~Enable~~ Assist local governments or a partnership of local governments to  
51 ~~acquire~~ in the acquisition of a newly identified or existing megasite.



1 (3) Support local governments or a partnership of local governments to ~~install~~  
 2 analyze, plan, install, or upgrade public infrastructure, including publicly  
 3 owned water, gas, and sewer systems, transportation infrastructure, and the  
 4 electrical utility lines necessary to meet the needs of prospective employers  
 5 for megasites.

6 (4) Support local governments or a partnership of local governments to fund  
 7 on-site preparation, including clearing, grading, or other related expenses for  
 8 megasites.

9 (4a) Support local governments or a partnership of local governments in  
 10 conducting due diligence, including, but not limited to, the following: site  
 11 characteristics, preliminary engineering reports for water and wastewater  
 12 provision to the site, assessments related to road and highway infrastructure  
 13 to serve the site, and other assessments as needed.

14 (5) Facilitate coordination between the economic development ~~entities and~~  
 15 entities, the North Carolina Department of Environmental Quality Quality,  
 16 and the North Carolina Department of Transportation to expedite any  
 17 ~~environmental~~-needs related to timely site development.

18 "SECTION 11.11.(b) Fund Established. – There is created in the Department a special fund  
 19 to be known as the North Carolina Megasite Fund for grants awarded by EDPNC for purposes  
 20 consistent with this section. EDPNC shall be responsible for administering the program. The  
 21 provisions prohibiting EDPNC from awarding of grants contained in G.S. 143B-431.01 do not  
 22 apply to the Fund.

23 "SECTION 11.11.(c) Definitions. – The following definitions apply in this section:

24 ...  
 25 (5) Megasite. – A parcel of contiguous property consisting of more than 1,000  
 26 acres that is viable for industrial development and listed in the report produced  
 27 pursuant to subsection ~~(d)~~(g) of this section.

28 "SECTION 11.11.(d) Allocation. – EDPNC shall allocate monies in the Fund on the  
 29 following basis:

30 (1) The first one million dollars (\$1,000,000) appropriated to the Fund for  
 31 engaging a national site selection firm through a competitive bid process to  
 32 produce a report evaluating sites in the State and determining the ~~five~~seven  
 33 megasites best positioned for advanced manufacturing site selection searches  
 34 conducted by major employers.  
 35 ...

36 "SECTION 11.11.(f) Agreements Required. – Monies may be disbursed from the Fund only  
 37 in accordance with agreements that are (i) entered into between EDPNC and a local government  
 38 or a government partnership partnership and (ii) approved by the Economic Investment  
 39 Committee established pursuant to G.S. 143B-437.54. The agreement must include all of the  
 40 performance criteria, remedies, and other safeguards required to secure the assistance provided  
 41 to ready the megasite for a major employer and must require EDPNC to recapture a proportionate  
 42 amount of assistance provided under this section for failure by a local government or government  
 43 partnership to meet and maintain the megasite for availability for the purposes for which the  
 44 assistance was provided.

45 ...."

46 SECTION 11.11.(c) G.S. 132-6 reads as rewritten:

47 "§ 132-6. Inspection, examination and copies of public records.

48 ...

49 (d1) Notwithstanding the provisions of subsections (a) and (b) of this section, public  
 50 records relating to the potential location, evaluation, and acquisition of a qualifying site may be  
 51 withheld so long as their inspection, examination, or copying would frustrate the purpose for

1 which such public records were created, including increasing costs of acquisition. Once (i) the  
2 land comprising a qualifying site has been acquired or on which options have been secured or  
3 (ii) the qualifying site is evaluated but ultimately deemed unsuitable for further development, the  
4 provisions of this subsection allowing public records to be withheld by the agency no longer  
5 apply. Once the provisions of this subsection no longer apply, the agency shall disclose as soon  
6 as practicable, and within 25 business days, public records requested for the qualifying site that  
7 are not otherwise made confidential by law. For purposes of this subsection, a qualifying site is  
8 a megasite or selectsite for which State funding for identification, evaluation, and acquisition is  
9 approved by the Economic Investment Committee from the North Carolina Megasite Fund or  
10 North Carolina Selectsite Fund.

11 ...."

12 **SECTION 11.11.(d)** Subsection (c) of this section is effective when it becomes law.

### 14 **SELECTSITE READINESS PROGRAM**

15 **SECTION 11.12.(a)** Funds appropriated by Section 11.4 of S.L. 2022-74 to the  
16 Department of Commerce (Department) and allocated to the nonprofit corporation with which  
17 the Department contracts pursuant to G.S. 143B-431.01(b) that remain unspent as of June 30,  
18 2023, shall be transferred to the North Carolina Selectsite Fund established in subsection (c) of  
19 this section to be used for purposes consistent with subdivision (e)(1) of this section. Of the funds  
20 appropriated from the Economic Development Project Reserve established in Section 2.2 of this  
21 act to the Department to be allocated to the nonprofit corporation with which the Department  
22 contracts pursuant to G.S. 143B-431.01(b), the sum of ten million dollars (\$10,000,000) in  
23 nonrecurring funds for the 2024-2025 fiscal year shall be used to support local governments or a  
24 partnership of local governments in conducting due diligence as described in subdivision (b)(5)  
25 of this section.

26 **SECTION 11.12.(b)** Purpose. – It is in the best economic and developmental  
27 interests of the State to support the development of selectsites to ensure the State's ongoing  
28 competitiveness for major manufacturing opportunities, including, but not limited to, the  
29 aerospace, automotive, clean energy, food processing, semiconductor, and life science industries.  
30 The purpose of this section is to establish a competitive grant program serving to do the  
31 following:

- 32 (1) Identify and evaluate up to 15 selectsites of less than 1,000 acres for preferred  
33 development and marketing.
- 34 (2) Assist local governments or a partnership of local governments in the  
35 acquisition of a newly identified or existing selectsite.
- 36 (3) Support local governments or a partnership of local governments to analyze,  
37 plan, install, or upgrade public infrastructure, including publicly owned water,  
38 gas, and sewer systems; transportation infrastructure; and the electrical utility  
39 lines necessary to meet the needs of prospective employers for selectsites.
- 40 (4) Support local governments or a partnership of local governments to fund  
41 on-site preparation, including clearing, grading, or other related expenses for  
42 selectsites.
- 43 (5) Support local governments or a partnership of local governments in  
44 conducting due diligence, including, but not limited to, the following: site  
45 characteristics, preliminary engineering reports for water and wastewater  
46 provision to the site, assessments related to road and highway infrastructure  
47 to serve the site, and other assessments as needed.
- 48 (6) Facilitate coordination between the economic development entities and the  
49 North Carolina Department of Environmental Quality and the North Carolina  
50 Department of Transportation to expedite needs related to timely site  
51 development.

1           **SECTION 11.12.(c)** Fund Established. – There is created in the Department a special  
2 fund to be known as the North Carolina Selectsite Fund for grants awarded by the Economic  
3 Development Partnership of North Carolina (EDPNC) for purposes consistent with this section.  
4 EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC  
5 from the awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

6           **SECTION 11.12.(d)** Definitions. – The definitions in Section 11.11(c) of S.L.  
7 2022-74 apply in this section. For purposes of this section, a "selectsite" is a parcel of contiguous  
8 property consisting of less than 1,000 acres that is viable for industrial development and listed in  
9 the report pursuant to subsection (h) of this section. For purposes of this section, "Fund" is the  
10 North Carolina Selectsite Fund.

11           **SECTION 11.12.(e)** Allocation. – EDPNC shall allocate monies in the Fund on the  
12 following basis:

- 13           (1) Unspent funds transferred pursuant to subsection (a) of this section shall be  
14 used for engaging a national site selection firm through a competitive bid  
15 process to produce a report identifying and evaluating 15 selectsites for  
16 preferred development and marketing, of which seven must be less than 500  
17 acres and of which an additional two must be less than 100 acres.
- 18           (2) Funds appropriated to the Fund for local government grants shall be allocated  
19 for the purposes outlined in subdivisions (b)(2), (b)(3), (b)(4), and (b)(5) of  
20 this section for selectsites determined pursuant to subdivision (1) of this  
21 subsection. EDPNC shall prioritize local government grants that have the  
22 greatest potential to reduce the time for site readiness and reduce the risk of  
23 unforeseen conditions that could affect the site viability for advanced  
24 manufacturing projects. EDPNC shall base the grant amount on total  
25 development needs for the selectsite, prior investment in the selectsite by one  
26 or more local governments, the ability of one or more local governments to  
27 invest in the selectsite, and the ability and level of participation promised by  
28 the local government in exchange for a grant from the Fund. Monies may only  
29 be granted for, and used to acquire, a selectsite for which (i) one or more local  
30 governments have a binding option or offer to purchase and (ii) all basic due  
31 diligence has been completed, including, but not limited to, boundary surveys,  
32 title searches, State Historic Preservation Office reviews, and wetlands  
33 delineation.

34           **SECTION 11.12.(f)** Matching Funds. – If a grant is awarded that includes site  
35 acquisition assistance, the local governments to which a grant is awarded shall provide the  
36 remainder of the cost of purchasing the selectsite not provided by the grant.

37           **SECTION 11.12.(g)** Agreements Required. – Monies may be disbursed from the  
38 Fund only in accordance with agreements entered into between EDPNC and a local government  
39 or a government partnership. The agreement must include all of the performance criteria,  
40 remedies, and other safeguards required to secure the assistance provided to ready the selectsite  
41 for a major employer and must require EDPNC to recapture a proportionate amount of assistance  
42 provided under this section for failure by a local government or government partnership to meet  
43 and maintain the selectsite for availability for the purposes for which the assistance was provided.

44           **SECTION 11.12.(h)** Reporting. – EDPNC shall file an annual report to the  
45 Department on or before April 1 of each year. The annual report prepared will document the total  
46 amount of grants awarded, matching funds required, activities to ready selectsites and associated  
47 costs, any major employers locating at an improved or acquired selectsite, and the unallocated  
48 amount for grants remaining in the Fund. The Department shall prepare and file on or before  
49 May 1 of each year with the Senate Appropriations Committee on Agriculture, Natural, and  
50 Economic Resources; the House of Representatives Appropriations Committee on Agriculture  
51 and Natural and Economic Resources; the Joint Legislative Economic Development and Global

1 Engagement Oversight Committee; the Office of State Budget and Management; and the Fiscal  
2 Research Division a consolidated report for the preceding fiscal year concerning the information  
3 required by this section.

4 **SECTION 11.12.(i) Program Guidelines.** – EDPNC shall develop guidelines related  
5 to the administration of this program. At least 20 days before the effective date of any guidelines  
6 or nontechnical amendments to the guidelines, EDPNC shall publish the proposed guidelines on  
7 its website and provide notice to persons who have requested notice of proposed guidelines. In  
8 addition, EDPNC must accept oral and written comments on the proposed guidelines and shall,  
9 in its discretion, consider such comments before finalizing the guidelines during the 15 business  
10 days beginning on the first day that EDPNC has completed these notifications. Guidelines  
11 adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B  
12 of the General Statutes.

### 13 SHELLFISH GROWERS LOAN PROGRAM MODIFICATION

14 **SECTION 11.13.(a) G.S. 113-211 reads as rewritten:**

#### 15 "§ 113-211. Shellfish Growers Loan Program.

16 (a) Definitions. – For purposes of this section, the following definitions apply:

17 (1) Applicable federal rate. – The minimum interest rate that the Internal Revenue  
18 Service sets and adjusts monthly for private loans.

19 (1a) Department. – The Department of Commerce.

20 (2) Governmental crop insurance. – Insurance coverage through the United States  
21 Department of Agriculture Noninsured Crop Disaster Assistance Program.

22 (3) ~~Prime rate.~~ – ~~The interest rate that a commercial bank holds out as its lowest~~  
23 ~~rate for a loan with less than a 36-month term to its most creditworthy~~  
24 ~~borrowers.~~

25 ...

26 (b) Program. – There is established the Shellfish Growers Loan Program to be  
27 administered by the Rural Center. The program shall provide a revolving source of low-interest  
28 working capital and equipment loans to emerging and existing small shellfish growers in this  
29 State. Funds credited to the program are available in perpetuity and must be used only to provide  
30 loans to eligible businesses or for administrative expenses as allowed in this section.

31 (c) Loans. – The following shall apply to the program and loans made under the program:

32 (1) A loan provided under the program shall have a fixed interest rate that is equal  
33 to the ~~prime~~ applicable federal rate plus two and one-quarter percent (2.25%)  
34 and shall be amortized over the term of the loan. For the purposes of each  
35 loan, the qualifying lender shall use the applicable federal interest rate that  
36 aligns with the term of the loan and shall match the applicable federal rate for  
37 the month in which the qualifying business receives the loan.

38 ...

39 (2) A working capital loan shall have a term of at least 12 months and shall not  
40 exceed ~~24~~ 72 months.

41 (3) An equipment loan shall have a term of at least 12 months and shall not exceed  
42 ~~60~~ 72 months.

43 ...

44 (7) Loans are made pursuant to an agreement with a qualifying business that  
45 includes at least the following:

46 ...

47 e. A provision requiring proof that the qualifying business ~~possesses~~  
48 ~~current~~ has submitted a completed application for governmental crop  
49 insurance to protect from disasters.

- f. A provision allowing for losses from disasters in excess of governmental crop insurance coverage on loans made to the qualifying business to be covered by the program funds up to the remaining unpaid principal loaned to the qualifying business but not repaid at the time of the loss.

...."

**SECTION 11.13.(b)** The qualifying lender shall seek to renegotiate the interest rate for any loans already disbursed or agreed to regarding loans that are already issued on or before the date this section becomes law, if the new interest rate at that time is lower than the interest rate currently agreed to between the qualifying lender and qualifying business.

**SECTION 11.13.(c)** This section is effective when it becomes law.

### NORTH CAROLINA INNOVATION COUNCIL

**SECTION 11.14.(a)** G.S. 169-1(b)(14) reads as rewritten:

"(14) Waiver. – A document issued pursuant to this Chapter that allows a ~~person~~ sandbox participant to temporarily test an innovative product or service on a limited basis without otherwise being subject to the same licensing or authorization provisions of the laws of this State or in full compliance with the laws of this State."

**SECTION 11.14.(b)** G.S. 169-3 reads as rewritten:

**"§ 169-3. Regulatory sandbox program established; innovation waivers; limitations.**

(a) Notwithstanding any other provision of law, a person who makes an innovative product or service available to consumers in the regulatory sandbox may be granted a waiver of specified requirements imposed by statute or ~~rule, or portions thereof, if these statutes or rules do not currently permit the product or service to be made available to consumers.~~ rule.

(b) A waiver under subsection (a) of this section shall be no broader than necessary to accomplish the purposes set forth in this ~~Aet, Chapter,~~ Chapter, as determined by the applicable State agency.

(c) A waiver is valid for the duration of participation in the regulatory sandbox, not to exceed 24 months from the date of admission into the regulatory sandbox program unless an extension is granted.

(d) Unless otherwise provided in this Chapter, nothing in this section shall limit or affect the authority of any State agency or otherwise alter existing State law."

**SECTION 11.14.(c)** G.S. 169-4(a) reads as rewritten:

"(a) The North Carolina Innovation Council is established. ~~The purpose of the Innovation Council is to~~ The Council shall be administratively housed in the Department of Commerce. The purpose, powers, and duties of the Council are as follows:

(1) To support innovation, investment, and job creation within North Carolina by encouraging participation in the regulatory ~~sandbox.~~ sandbox created by this Chapter.

(2) ~~The Council is empowered to~~ To set standards, principles, guidelines, and policy priorities for the types of innovations that the regulatory sandbox program will support.

(3) ~~The Council shall~~ To be responsible for admission into the regulatory sandbox program and for assigning selected participants to the applicable State agency.

(4) To adopt rules further implementing this Chapter, including, but not limited to:

a. The operation, supervision, managing, and communication of the regulatory sandbox under this Chapter;

b. The information required and the process for receiving, reviewing, accepting, and denying applications to the regulatory sandbox;

- 1                   c.     Establishing conditions of the waiver; and  
2                   d.     The termination or removal of any participant from the regulatory  
3                         sandbox."

4                   **SECTION 11.14.(d)** G.S. 169-5 reads as rewritten:

5     **"§ 169-5. Regulatory assistance; technical assistance; nonprofit organizations.**

6     A designated nonprofit organization which has been duly authorized by the Office of the  
7     Secretary of State shall be recognized as partners that may help sandbox applicants navigate the  
8     regulatory sandbox application process. Certain participating nonprofit organizations may also  
9     assist sandbox participants with the design and implementation of products and services during  
10    the regulatory sandbox program period. Nonprofit organizations wishing to assist regulatory  
11    sandbox applicants and participants shall submit an application to the Innovation Council for  
12    approval. Such organizations shall additionally be empowered to explore, provide input, analyze,  
13    and make recommendations to the Council with respect to innovations and the application of  
14    innovative technologies that would additionally provide benefit to the State, its consumers, and  
15    its industry. The Innovation Council may also remove a previously approved nonprofit partner  
16    at its discretion. Selection, denial, or removal of a nonprofit under this section is exempt from  
17    the contested case process provided in Chapter 150B of the General Statutes.

18    Nothing shall prevent a nonprofit applicant from reapplying to assist sandbox applicants  
19    under this section after the nonprofit application is denied. Any nonprofit partner removed may  
20    not reapply to be a nonprofit partner of the Innovation Council for a period of two years, or within  
21    such time as the Council may approve."

22                   **SECTION 11.14.(e)** G.S. 169-6 reads as rewritten:

23     **"§ 169-6. Regulatory sandbox applications.**

24     ...

25     (c1) Upon receipt of an application for the regulatory sandbox, the Innovation Council  
26     shall first determine if the application is within the jurisdiction of the Council. If the application  
27     is not within the Innovation Council's jurisdiction, the Council shall deny the application.  
28     Approval of an applicant into the regulatory sandbox shall be by a simple majority vote of the  
29     Innovation Council at a duly noticed public hearing.

30     ...

31     (e) The Innovation Council may deny an application in its discretion, provided defined  
32     reasons are given for the action. A denial may be resolved with an applicant through the informal  
33     procedures specified in G.S. 150B-22; however, no applicant shall be entitled to convert any  
34     dispute unresolved by informal procedures into a contested case, nor shall any applicant be  
35     entitled to judicial review under Article 4 of Chapter 150B of the General Statutes. Nothing shall  
36     prevent an applicant from reapplying for entry to the regulatory sandbox under this ~~Chapter~~  
37     section after the application is denied as long as if the applicant has taken action to address the  
38     reasons for denial given by the applicable State agency."

39                   **SECTION 11.14.(f)** G.S. 169-7 reads as rewritten:

40     **"§ 169-7. Regulatory sandbox requirements; procedures.**

41     (a) Upon approval of an applicant's application for entry into the regulatory sandbox, the  
42     applicant will have a period of 24 months ~~after the date of approval~~ to test the innovative product  
43     or service. The Council may revoke the waiver if the applicant fails to meet any of the conditions  
44     of the waiver. Innovations tested within the regulatory sandbox must be offered only to  
45     consumers who are residents of the State, except for any innovative products or services  
46     associated with a money transmitter, in which case only the physical presence of the consumer  
47     in the State at the time of the transaction may be required. The Council, in coordination with the  
48     applicable State agency ~~agency~~, may, on a case by case basis, specify ~~the maximum number of~~  
49     ~~consumers permitted to receive an~~ reporting requirements and limits or restrictions on the  
50     innovative product or service. The sandbox participant ~~participant~~, the Council, and the  
51     applicable State agency may agree, by mutual agreement, to extend the 24-month sandbox period

1 or to increase the ~~applicable cap in terms of numbers of consumers or dollar limits, for the~~  
2 ~~particular product or service, specified limits, if applicable.~~ The Innovation Council or applicable  
3 State agency has discretion to publish a list of sandbox participants or a public notice of the  
4 existence of any innovation waivers. Consumer contracts shall not bind sandbox participants to  
5 provide service more than 90 days past the sandbox period, provided that the applicable State  
6 agency may require the sandbox participant to provide the services beyond the 90-day period as  
7 may be necessary to prevent consumer harm, as set forth in subsections (d) and (e) of this section.  
8 Sandbox participants shall include in all consumer contracts and renewals that all services may  
9 be terminated according to this Chapter and waiver.

10 (b) A sandbox participant may be required to post a consumer protection bond, or  
11 alternatively, a deposit of cash or readily marketable securities, with the applicable State agency  
12 in an amount determined by ~~it, the applicable State agency,~~ as security for potential losses  
13 suffered by consumers. This security may be cancelled or refunded when the ~~waiver has expired~~  
14 ~~or when the applicable State agency has determined that any all consumer claims have been~~  
15 ~~satisfied, or four years after the waiver expires, whichever is later, sooner.~~

16 (c) Not later than 30 days before the end of the sandbox period, a sandbox participant  
17 may request an extension of not more than 12 months for the purpose of obtaining a license or  
18 other authorization required by law. The applicable State agency shall grant or deny a request for  
19 an extension by the end of the sandbox period. The Innovation Council and the applicable State  
20 agency shall provide for an expedited process for an innovative product or service that is  
21 substantially similar to a product or service for which a waiver has previously been granted.

22 (d) At the end of the sandbox period, the sandbox participant shall submit a final report  
23 in a manner and format prescribed by the applicable State agency. If the sandbox participant  
24 cannot obtain regulatory compliance within 90 days following the expiration of the sandbox  
25 period, the participant shall wind down operations with existing consumers within 90 days after  
26 the conclusion of the sandbox period, ~~except that the sandbox participant may (i) collect and~~  
27 ~~receive money owed by the consumer based on agreements made before conclusion of the~~  
28 ~~sandbox period, (ii) take necessary legal actions, and (iii) take such other actions that are~~  
29 ~~authorized by the applicable State agency, as directed by the applicable State agency.~~ If a sandbox  
30 participant has ongoing duties after the expiration date of the sandbox regulatory waiver, the  
31 sandbox participant shall continue to fulfill only those duties or arrange for ~~another person or~~  
32 ~~entity to fulfill those duties after the date the waiver terminates.~~ a third party, acceptable to the  
33 applicable State agency, to fulfill those duties after the date the waiver terminates, provided that  
34 the sandbox participant shall remain liable for any consumer harm resulting from its sandbox  
35 participation or winding down regardless of whether a third party assists in the winding down.

36 (e) If a sandbox participant's business objectives fail before the end of the testing period,  
37 the sandbox participant must notify the applicable State agency and take such actions as directed  
38 by the applicable State agency to ensure consumers have not been harmed as a result of the  
39 sandbox participant's participation in the sandbox or its innovative product or service.

40 (f) Each instance where a sandbox participant fails to comply with any requirement of  
41 subsections (d) and (e) of this section is a separate violation of G.S. 75-1.1. This provision is in  
42 addition to, and not in lieu of, any other causes of action or relief available to consumers, the  
43 applicable State agency, the Innovation Council, or the Attorney General for violation of this  
44 section."

45 **SECTION 11.14.(g)** G.S. 169-8 reads as rewritten:

46 **"§ 169-8. Consumer protections.**

47 ...

48 (b) Prior to offering an innovative product or service to consumers, a sandbox participant  
49 shall make all of the following disclosures to consumers:

50 (1) The name and contact information of the sandbox participant.

- 1 (2) That the innovative product or service is authorized pursuant to the regulatory  
2 sandbox for a temporary testing period.
- 3 (3) That neither the State of North Carolina nor any of the applicable State  
4 agencies endorses or recommends the innovative product or service and is not  
5 subject to any liability for losses or damages caused by the product or service.
- 6 (4) That the consumer may contact the applicable State agency, including the  
7 Office of the Attorney General, to file complaints, notices of suspected legal  
8 violations, or other comments relating to the innovative product or service  
9 being tested and provide the consumer with the requisite agency telephone  
10 number and website address or other contact information where complaints or  
11 other comments may be filed.

12 (b1) All disclosures to consumers must be in a clear and conspicuous format in both  
13 English and Spanish.

14 (c) Any other A sandbox participant shall make any other statements or additional  
15 disclosures that may be required by the relevant applicable State agency or by regulation to  
16 further the purposes of this Chapter.

17 (d) Nothing in this act Chapter affects the applicable State agency's exercise of its  
18 authority with respect to the efficacy of an innovative insurance product or service or limits the  
19 ability of an applicable State agency to ensure the financial capability of a sandbox participant  
20 transacting business with consumers."

21 **SECTION 11.14.(h)** G.S. 169-10 reads as rewritten:

22 **"§ 169-10. Privacy; confidentiality of records.**

23 (a) The Innovation Council or applicable State agency may collect personal information  
24 that is relevant and necessary to accomplish a lawful purpose. The Innovation Council or  
25 applicable State agency may not disclose personal information without the consent of the subject  
26 of the information, or unless required by law or regulation.

27 (b) Documents, materials, or other information in the possession of the applicable State  
28 agency that are obtained by, or disclosed to, that agency or any other person in the course of  
29 filing for review and approval of an innovative product or service under this ~~Act~~ Chapter are not  
30 public records under Chapter 132 of the General Statutes, and except in actions brought for a  
31 violation of G.S. 169-7, are confidential and privileged, are not subject to a subpoena or  
32 discovery, and are inadmissible in evidence in any civil action. The Council or the applicable  
33 State agency may also use the documents, materials, or other information in the furtherance of  
34 any regulatory or legal action brought as part of their official duties or this Chapter.

35 (c) Nothing in this section shall prohibit a sandbox participant, upon approval of the  
36 applicable State agency, from disclosing information to an insurance carrier for the purpose of  
37 obtaining insurance coverage required for participation in the sandbox program; provided,  
38 however, that the insurance carrier must agree in writing to maintain the confidentiality of the  
39 information."

40 **SECTION 11.14.(i)** Chapter 169 of the General Statutes is amended by adding a  
41 new section to read:

42 **"§ 169-13. Executive Director; appointment.**

43 (a) The Innovation Council shall appoint an Executive Director for a renewable term of  
44 two years with compensation to be determined by the Office of State Human Resources.

45 (b) The Executive Director shall serve at the pleasure of the Council, with the position  
46 being exempt from Chapter 126 of the General Statutes, the State Human Resources Act.

47 (c) The Executive Director shall be responsible for encouraging participation in the  
48 regulatory sandbox and for staffing, administration, and execution of the decisions and orders of  
49 the NC Innovation Council and shall perform such other responsibilities as may be assigned by  
50 the NC Innovation Council."



1           **SECTION 11.14.(j)** Effective July 1, 2023, there is created the position of Executive  
2 Director of the North Carolina Innovation Council, who shall perform all duties imposed by  
3 statute and such duties as may be assigned by the North Carolina Innovation Council.  
4

#### 5 **AGRIBUSINESS ECONOMIC DEVELOPMENT IN NORTH CAROLINA**

6           **SECTION 11.15.(a)** Of the funds appropriated in this act from the General Fund to  
7 the Department of Commerce (the "Department"), the Department shall allocate to the nonprofit  
8 corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) (the  
9 "Corporation") the nonrecurring sum of five hundred thousand dollars (\$500,000) for the  
10 2023-2024 fiscal year to be used to conduct comprehensive research and data collection,  
11 including surveys, interviews, market analysis, and utilization of technology capabilities such as  
12 aerial drones, satellites, and aircraft, to gather information about agribusiness opportunities,  
13 challenges, and potential growth areas related to agribusiness economic development in North  
14 Carolina.

15           **SECTION 11.15.(b)** The Corporation may contract with a third-party entity to  
16 conduct data collection activities involving the use of aerial drones, satellites, and aircraft for  
17 research and data collection purposes consistent with subsection (a) of this section. The  
18 Corporation shall use the funds allocated in subsection (a) of this section for the purposes  
19 specified therein by June 30, 2025.

20           **SECTION 11.15.(c)** No later than September 15 of each year, the Department, in  
21 collaboration with the Corporation and any third-party entity with which the Corporation  
22 contracts, if applicable, shall submit a report detailing the prior State fiscal year's expenditure of  
23 funds allocated under this section and the results of all research and data collection conducted  
24 under this section to the chairs of the Joint Legislative Oversight Committee on Agriculture and  
25 Natural and Economic Resources and the Fiscal Research Division.  
26

#### 27 **EMPLOYEE CLASSIFICATION AND COMPENSATION EXEMPTIONS FOR** 28 **UTILITIES COMMISSION AND PUBLIC STAFF**

29           **SECTION 11.16.(a)** G.S. 62-14 reads as rewritten:

##### 30 **"§ 62-14. Commission staff; structure and function.**

31           (a) The Commission is authorized and empowered to employ hearing examiners; court  
32 reporters; a chief clerk and deputy clerk; a commission attorney and assistant commission  
33 attorney; transportation and pipeline safety inspectors; and such other professional,  
34 administrative, technical, and clerical personnel as the Commission may determine to be  
35 necessary in the proper discharge of the Commission's duty and responsibility as provided by  
36 law. The chairman shall organize and direct the work of the Commission staff.

37           (b) The salaries and compensation of all such personnel shall be fixed in the manner  
38 provided by law for fixing and regulating salaries and compensation by other State  
39 ~~agencies-agencies~~, except that the Commission and its employees are exempt from the  
40 classification and compensation rules established by the State Human Resources Commission  
41 pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work,  
42 vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer;  
43 G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay  
44 programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

45           (c) The chairman, within allowed budgetary limits and as allowed by law, shall authorize  
46 and approve travel, subsistence and related expenses of such personnel, incurred while traveling  
47 on official business."

48           **SECTION 11.16.(b)** G.S. 62-15 reads as rewritten:

##### 49 **"§ 62-15. Office of executive director; Public Staff, structure and function.**

50           (a) There is established in the Commission the office of executive director, whose salary  
51 and longevity pay shall be the same as that fixed for members of the Commission. "Service" for

1 purposes of longevity pay means service as executive director of the Public Staff. The executive  
 2 director shall be appointed by the Governor subject to confirmation by the General Assembly by  
 3 joint resolution. The name of the executive director appointed by the Governor shall be submitted  
 4 to the General Assembly on or before May 1 of the year in which the term of his office begins.  
 5 The term of office for the executive director shall be six years, and the initial term shall begin  
 6 July 1, 1977. The executive director may be removed from office by the Governor in the event  
 7 of his incapacity to serve; and the executive director shall be removed from office by the  
 8 Governor upon the affirmative recommendation of a majority of the Commission, after  
 9 consultation with the Joint Legislative Oversight Committee on Agriculture and Natural and  
 10 Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and  
 11 Economic Resources, and the chairs of the House of Representatives Appropriations Committee  
 12 on Agriculture and Natural and Economic Resources of the General Assembly. In case of a  
 13 vacancy in the office of executive director for any reason prior to the expiration of his term of  
 14 office, the name of his successor shall be submitted by the Governor to the General Assembly,  
 15 not later than four weeks after the vacancy arises. If a vacancy arises in the office when the  
 16 General Assembly is not in session, the executive director shall be appointed by the Governor to  
 17 serve on an interim basis pending confirmation by the General Assembly.

18 (b) There is established in the Commission a Public Staff. The Public Staff shall consist  
 19 of the executive director and such other professional, administrative, technical, and clerical  
 20 personnel as may be necessary in order for the Public Staff to represent the using and consuming  
 21 public, as hereinafter provided. All such personnel shall be hired, supervised, and directed by the  
 22 executive director, as provided by law. The Public Staff shall not be subject to the supervision,  
 23 direction, or control of the Commission, the chairman, or members of the Commission.

24 (c) Except for the executive director, the salaries and compensation of all such personnel  
 25 shall be fixed in the manner provided by law for fixing and regulating salaries and compensation  
 26 by other State agencies-agencies, except that the Public Staff and its employees are exempt from  
 27 the classification and compensation rules established by the State Human Resources Commission  
 28 pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work,  
 29 vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer;  
 30 G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay  
 31 programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

32 ...."

33 **SECTION 11.16.(c)** G.S. 126-5(c11) reads as rewritten:

34 "(c11) The following are exempt from (i) the classification and compensation rules  
 35 established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4);  
 36 (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii)  
 37 G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies  
 38 to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter  
 39 126 of the General Statutes, except for G.S. 126-7.1:

40 (1) The Office of the Commissioner of Banks and its employees.

41 (2) The following employees of the Department of Natural and Cultural  
 42 Resources:

- 43 a. Director and Associate Directors of the North Carolina Museum of  
 44 History.
- 45 b. Program Chiefs and Curators.
- 46 c. Regional History Museum Administrators and Curators.
- 47 d. North Carolina Symphony.
- 48 e. Director, Associate Directors, and Curators of Tryon Palace.
- 49 f. Director, Associate Directors, and Curators of Transportation  
 50 Museum.
- 51 g. Director and Associate Directors of the North Carolina Arts Council.

1 h. Director, Assistant Directors, and Curators of the Division of State  
2 Historic Sites.

3 (3) Employees of the Department of Information Technology (DIT), and  
4 employees in all agencies, departments, and institutions with similar  
5 classifications as DIT employees, who voluntarily relinquish annual longevity  
6 payments, relinquish any claim to longevity pay, voluntarily relinquish any  
7 claim to career status or eligibility for career status as approved by the State  
8 Chief Information Officer and the Director of the Office of State Human  
9 Resources (OSHR).

10 (4) Employees of the Utilities Commission and the Commission's Public Staff."

11  
12 **MODIFY QUALIFYING HIGH-YIELD ECONOMIC DEVELOPMENT PROJECTS**

13 **SECTION 11.17.(a)** Section 11.13 of S.L. 2022-74, as amended by Section 20(a) of  
14 S.L. 2022-75, reads as rewritten:

15 "SECTION 11.13.(a) Provided (i) the condition regarding election in Section 11.19(c) of  
16 S.L. 2021-180 imposed on the manufacturer is met and (ii) the manufacturer agrees to, no later  
17 than December 31, 2034, both create at least 4,500 eligible and expansion positions in, and invest  
18 at least four billion seven hundred million dollars (\$4,700,000,000) in private funds in, this State,  
19 there is appropriated from the Economic Development Project Reserve established in Section 2.2  
20 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year  
21 the sum of two hundred twenty-five million dollars (\$225,000,000). Private funds, as used in this  
22 section, do not include funds received from or reimbursed by the State. The Department shall  
23 allocate the funds appropriated in this section as follows:

24 (1) One hundred seventy-five million dollars (\$175,000,000) for reimbursement  
25 of costs incurred by the manufacturer for purposes listed in Section 11.19(c)  
26 of S.L. 2021-180. Funds appropriated in this subsection are subject to  
27 proportionate recapture based on the performance shortfall relative to the (i)  
28 total four billion seven hundred million dollar (\$4,700,000,000) investment  
29 and (ii) total 4,500 job creation requirements in the event the manufacturer  
30 fails to meet the preceding requirements.

31 ...."

32 **SECTION 11.17.(b)** This section is effective when it becomes law.

33  
34 **SPORTS WAGERING TECHNICAL CORRECTIONS**

35 **SECTION 11.18.(a)** G.S. 143B-437.111(4), as enacted by Section 2 of S.L. 2023-42,  
36 reads as rewritten:

37 "(4) Major event. – An entertainment, musical, political, sporting, or theatrical  
38 event that satisfies the following conditions:

39 a. The event is either of the following:

40 1. Held at (i) a sports ~~facility~~ facility or (ii) an indoor venue that  
41 is not a sports facility but that hosts sporting events and is  
42 designed to host 22,000 or more live spectators.

43 2. Sponsored by the National Association for Stock Car Racing,  
44 the Ladies Professional Golf Association, the Professional  
45 Golfers' Association of America, the PGA Tour, or the United  
46 States Golf Association.

47 b. The event is not held more often than annually.

48 c. The location of the event is determined by a site selection organization  
49 through a competitive process.

50 d. The site selection organization considered multiple sites located  
51 outside of the State for the event.

e. The site selection organization selected a site within this State as the sole location for the event."

**SECTION 11.18.(b)** G.S. 18C-901 reads as rewritten:

**"§ 18C-901. Definitions.**

As used in this Article, the following definitions apply:

- ...
  - (4) Covered services. – Any service creating sports wagering markets and determination of sports wager outcomes that involves the operation, management, or control of sports wagers authorized by this Article. The term shall not include any of the following:
    - a. Payment processing and similar financial services.
    - b. Customer identity, age verification, and geolocation services.
    - c. Streaming or other video and data that does not include the determination of odds or line information.
    - d. Telecommunications, internet service providers, and other similar services not specifically designed for sports wagering.
    - e. Other goods or services not specifically designed for use in connection with sports wagering.
    - f. Odds or line information provided by a sports wagering supplier to an interactive sports wagering operator or to a service provider.
    - g. Sports wagering platforms.

- ...
  - (10d) Motorsports facility. – A motorsports racetrack in this State that meets either of the following criteria:
    - a. It annually hosts more than one National Association for Stock Car Auto Racing national touring race.
    - b. It hosted at least one National Association for Stock Car Auto Racing All-Star Race occurring after January 1, 2022.

- ...
  - (12d) Professional golf tournament. – A professional sports event played in this State that is governed by an American governing body of the highest level of professional golf and has more than 50,000 live spectators anticipated to attend based on similar prior sporting events.

- ...
  - (13d) Professional sports team. – A team in this State that competes in the highest level of any of the following professional sports:
    - a. Baseball.
    - b. Men's Soccer.
    - c. Basketball.
    - d. Football.
    - e. Ice Hockey.
    - f. Women's Soccer.

- ...
  - (17) Sports facility. – Any of the following:
    - a. ~~A motorsports facility that annually hosts more than one National Association for Stock Car Auto Racing national touring race facility.~~
    - b. ~~A facility that hosts a professional golf tournament with more than 50,000 live spectators anticipated to attend based on similar prior tournaments-tournament.~~
    - c. ~~A facility that is the home location of a professional sports team that competes in any of the following professional leagues:~~

1. ~~Major League Baseball.~~
2. ~~Major League Soccer.~~
3. ~~National Basketball Association.~~
4. ~~National Football League.~~
5. ~~National Hockey League.~~
6. ~~National Women's Soccer League team.~~

...."

**SECTION 11.18.(c)** G.S. 18C-902(a) reads as rewritten:

"(a) Notwithstanding any provision of Article 37 of Chapter 14 of the General Statutes, sports wagering on sporting events as authorized by this Article shall not be considered unlawful. All sports wagering authorized under this Article shall be placed via an interactive account or at a place of public accommodation and shall be initiated and received within this State except as provided in G.S. 18C-928. The interactive sports wagering operator shall comply with all of the following:

- (1) Ensure that the registered player is located within the State, and not present on Indian lands within the State, when placing any sports wager, by utilizing geofencing.
- (2) Monitor and block attempts to place unauthorized sports wagers."

**SECTION 11.18.(d)** G.S. 18C-904 reads as rewritten:

**"§ 18C-904. Interactive sports wagering license.**

(a) It shall be unlawful for any person to offer or accept sports wagers on sporting events in this State without a valid interactive sports wagering license. Except as provided in G.S. 18C-928, the Commission shall ~~authorize no more than 12 only~~ license interactive sports wagering operators who have a written designation agreement in accordance with G.S. 18C-905 to offer and accept sports wagers on sporting events, which shall include any of the following:

- (1) Professional sports.
- (2) College sports.
- (3) Electronic sports.
- (4) Amateur sports.
- (5) Any other event approved by the Commission in accordance with this Article.

(b) The Commission shall review and issue interactive sports wagering licenses to qualified applicants. The applicant shall complete and submit an application on a form prescribed by the Commission and a licensing fee of one million dollars (\$1,000,000). If the application is denied, the licensing fee shall be refunded, minus five percent (5%) of the licensing fee which shall be used by the Commission to offset associated expenses in reviewing the application.

(c) The application shall set forth all of the following:

- (1) The proposed initial business plan, including ~~the~~ all of the following:
  - a. The range of contemplated types and modes of sports wagering.
  - b. The name and address of the registered agent in this State of all parties to the written designation agreement.
  - c. The name, address, and other contact information of the person listed as the authorized representative in the written designation agreement.
- (2) The proposed measures to address age and identity verification and geolocation requirements.
- (3) The proposed internal controls that will prevent ineligible persons from participating in sports wagering.
- (4) A documented history of working to prevent compulsive gambling, including training programs for its employees.
- (5) A written information security program detailing information security governance and the designation of a chief security officer or equivalent.

- 1           (6)    The proposed sports wagering brand that the applicant plans to hold out to the  
2           public displaying its sports wagering platform.
- 3           (7)    Any personal information the Commission may deem necessary concerning  
4           the applicant's key persons.
- 5           (8)    A documented history ~~of job~~ of economic investment in this State, including  
6           all of the following:
- 7           a.     Job creation in this State and a plan for continued job creation in this  
8           State.
- 9           b.     Commitment to improve or maintain buildings or infrastructure to  
10           further the tourism and entertainment industries in this State.
- 11           c.     Support of nonprofit and educational organizations in this State.
- 12           d.     Willingness to partner with State and local governments to achieve  
13           common goals of improving quality of life in this State through  
14           economic development.
- 15           (9)    A documented history of capital investment in this State and a plan for  
16           continued capital investment in this State.
- 17           (10)   A ~~documented history of partnership with a sports facility, if any, and the~~  
18           ~~intentions of that partnership to offer the placement of sports wagers at a place~~  
19           ~~of public accommodation in accordance with this Article.~~ copy of the written  
20           designation agreement.
- 21           (11)   Any other information the Commission may deem necessary.
- 22        (d)    Information provided to the Commission under subdivisions (8) through (10) of  
23        subsection (c) of this section are informational in nature and ~~intended to~~ may be used for any of  
24        the following purposes by the Commission:
- 25           (1)    To provide additional insight regarding applicants who intend to operate a  
26           place of public accommodation.
- 27           (2)    To evaluate an applicant's potential to maximize revenue to this State.
- 28        ...
- 29        ~~(g)    The Commission shall grant or deny all applications under this section. The grounds~~  
30        ~~for denial of an interactive sports wagering license shall be the same as in G.S. 18C 906(g). If~~  
31        ~~there are more qualified applicants than the number of interactive sports wagering operators~~  
32        ~~authorized under subsection (a) of this section, the Commission shall select the best qualified~~  
33        ~~applicants, taking into consideration the following factors:~~
- 34           (1)    ~~The contents of the application submitted in accordance with this section.~~
- 35           (2)    ~~The extent to which the applicant demonstrates past experience, financial~~  
36           ~~viability, compliance with applicable laws and regulations in other~~  
37           ~~jurisdictions, and success with sports wagering operations in other~~  
38           ~~jurisdictions.~~
- 39           (3)    ~~The extent to which the applicant is able to meet the duties of an interactive~~  
40           ~~sports wagering operator.~~
- 41           (4)    ~~The amount of gross wagering revenue and associated tax revenue that an~~  
42           ~~applicant is projected to generate.~~
- 43           (5)    ~~The extent to which the applicant, or an affiliate of the applicant, will create~~  
44           ~~jobs in conjunction with sports wagering in this State.~~
- 45           (6)    ~~The extent to which the applicant, or an affiliate of the applicant, has made~~  
46           ~~capital investments in this State, and the timing of such capital investments.~~
- 47           (7)    ~~The extent to which the applicant, or an affiliate of the applicant, has a plan to~~  
48           ~~open and operate a place of public accommodation in accordance with this~~  
49           ~~Article.~~
- 50           (8)    ~~Any other factors the Commission deems relevant.~~
- 51        ...

1 (k) Each interactive sports wagering operator shall promptly report all of the following  
2 to the Commission:

- 3 (1) All criminal or disciplinary proceedings commenced against that interactive  
4 sports wagering operator in connection with its operations to the Commission.  
5 operations.  
6 (2) Each interactive sports wagering operator shall promptly report to the  
7 Commission all All changes in key persons, and all persons. All new key  
8 persons shall consent to a background investigation.  
9 (3) Any breach, discontinuance, or other cessation of the written designation  
10 agreement.

11 ...."

12 **SECTION 11.18.(e)** Article 9 of Chapter 18C of the General Statutes is amended by  
13 adding a new section to read:

14 **"§ 18C-905. Written designation agreements.**

15 (a) In order to qualify as an interactive sports wagering operator, the applicant shall be a  
16 party to a written designation agreement with one of the following:

- 17 (1) A professional sports team.  
18 (2) The owner or operator of one of the following:  
19 a. A motorsports facility.  
20 b. A facility that hosts a professional golf tournament annually.  
21 (3) A sports governing body that annually within the calendar year sanctions more  
22 than one National Association for Stock Car Auto Racing national touring race  
23 in the State.  
24 (4) A sports governing body that annually within the calendar year sanctions more  
25 than one professional golf tournament.

26 (b) Each of the persons listed in subsection (a) of this section may enter into a written  
27 designation agreement with only one interactive sports wagering operator or applicant for  
28 licensure as an interactive sports wagering operator.

29 (c) In accordance with G.S. 18C-926, places of public accommodation associated with a  
30 sports facility shall be operated solely by the interactive sports wagering operator with whom the  
31 person listed in subsection (a) of this section entered into the written designation agreement.

32 (d) A copy of the written designation agreement shall be included with the application  
33 for licensure or renewal as an interactive sports wagering operator. The Commission shall be  
34 immediately notified of the following with respect to the written designation agreement:

- 35 (1) Any modifications, changes, or alterations.  
36 (2) Any breach, discontinuance, or other cessation."

37 **SECTION 11.18.(f)** G.S. 18C-906 reads as rewritten:

38 **"§ 18C-906. Applications for service provider licenses.**

39 (a) It shall be unlawful for any person to provide covered services to any interactive  
40 sports wagering operator in this State without a valid service provider license. ~~An interactive~~  
41 ~~sports wagering operator who provides covered services in-house shall not be required to have a~~  
42 ~~service provider license in addition to the interactive sports wagering operator license. The holder~~  
43 ~~of a service provider license shall be deemed to also hold a sports wagering supplier license under~~  
44 ~~this Article for services, goods, software, or components provided in-house.~~

45 ...

46 (g) Grounds for denial of a license may include the following:

- 47 (1) The applicant is unable to satisfy the requirements under this Article.  
48 (2) The applicant or any key person is not of good character, honesty, or integrity.  
49 (3) The applicant's or any key person's prior activities, criminal record, reputation,  
50 or associations indicate any of the following:  
51 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:

"(a) The Commission may issue a sports wagering supplier license to a sports wagering supplier. A person not providing covered services need not be licensed as an interactive sports wagering operator or as a service provider."

**SECTION 11.18.(h)** G.S. 18C-908(a) reads as rewritten:

"(a) ~~Any~~ Except as provided in this subsection, an interactive sports wagering operator's license issued pursuant to this Article shall be valid for five years, expire upon the earlier of five years or the breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905. All other licenses issued pursuant to this Article shall be valid for five years."

**SECTION 11.18.(i)** G.S. 18C-910(a) is amended by adding the following new subdivisions to read:

"(11) Notify the Commission of any breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905.

(12) Notify the Commission of any modifications, changes, or alterations to the written designation agreement required under G.S. 18C-905.

(13) Notify the Commission of any contract entered into under G.S. 18C-926(f)(2)."

**SECTION 11.18.(j)** G.S. 18C-926 reads as rewritten:

**"§ 18C-926. Places of public accommodation.**

(a) Permanent places of public accommodation for the purpose of placing sports wagers may be associated with each sports facility. ~~Each sports facility may partner with one interactive sports wagering operator to provide places of public accommodation.~~ facility, in accordance with this section and as specified in the written designation agreement.

...

(f) Notwithstanding subsections (a) through (c) of this section, ~~if~~ temporary places of public accommodation may be established by only one of the following means:

(1) If a permanent place of public accommodation is not located at the sports facility as defined in G.S. 18C-901(17)b. that hosts the professional golf tournament, G.S. 18C-901(17)b., no more than one temporary place of public accommodation may be established at the that sports facility as defined in G.S. 18C-901(17)b. during the professional golf tournament. ~~tournament by~~



1           the interactive sports wagering operator that has entered into a written  
2           designation agreement with that sports facility.

3           (2)   The owner or operator of a facility hosting a professional golf event played in  
4           this State that has more than 50,000 live spectators anticipated to attend based  
5           on similar prior golf events may contract with no more than one interactive  
6           sports wagering operator to establish and operate no more than one temporary  
7           place of public accommodation during the professional golf event. The  
8           interactive sports wagering operator shall immediately notify the Commission  
9           of any contract entered into under this subdivision as if it were a written  
10           designation agreement.

11           (f1)   The temporary place of public accommodation established under subsection (f) of this  
12           section need not comply with local ordinances under Chapter 160D of the General Statutes. For  
13           purposes of this ~~subsection, section,~~ "temporary" shall mean opening no more than five calendar  
14           days prior to the professional golf tournament or event and closing no later than five calendar  
15           days after the professional golf ~~tournament, tournament~~ or event.

16           ...."

17           **SECTION 11.18.(k)** Section 7 of S.L. 2023-42 reads as rewritten:

18           ~~"SECTION 7. SECTION 7.(a)~~ The Commission shall establish guidance to parties  
19           regulated by the provisions of Articles 9 and 10 of Chapter 18C of the General Statutes, as  
20           enacted by this act. Such guidance shall address the application of Article 9 of Chapter 18C of  
21           the General Statutes, as enacted by this act, to electronic sports with due consideration to the key  
22           role of game publishers as creators of the underlying video game. When adopting rules under  
23           G.S. 18C-1025, as enacted by this act, the Commission shall adopt rules providing guidance on  
24           the issuance, denial, suspension, or revocation of a license provided under Article 10 of Chapter  
25           18C of the General Statutes as well as guidance on the operation of advance deposit account  
26           wagering by ADW licensees. The Commission may adopt rules prior to January 8, 2024,  
27           however, no rule may become effective until on or after that date.

28           ~~"SECTION 7.(b)~~ The Commission may accept and issue applications for licensure in  
29           accordance with Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act,  
30           prior to January 8, 2024, ~~in order that licensees may begin operations on January 8, 2024. If more~~  
31           ~~than 12 completed interactive sports wagering operator applications are received, the~~  
32           ~~Commission shall select based upon the criteria set forth in G.S. 18C-904(g), as enacted by this~~  
33           ~~act, and notify the qualified applicants it determines will best serve the public interest in~~  
34           ~~maximizing revenue to the State, while preserving the integrity of sports wagering and ensuring~~  
35           ~~accountability and preserving the public trust in licensed sports wagering activities. or the date~~  
36           ~~identified by the Commission in accordance with this section. No license issued by the~~  
37           ~~Commission shall become effective prior to January 8, 2024, however, sports wagering shall not~~  
38           ~~be authorized in the State until a date identified by the Commission, which shall occur as soon~~  
39           ~~as practicable and may be no later than 12 months after the date this act becomes law. June 15,~~  
40           ~~2024."~~

41           **SECTION 11.18.(l)** Subsections (b) through (j) of this section become effective  
42           January 8, 2024, the remainder of this section is effective when it becomes law.

## 43           **PART XII. ENVIRONMENTAL QUALITY**

### 44           **SHALLOW DRAFT FUND DIRECTED GRANTS**

45           **SECTION 12.1.(a)** Funds appropriated in S.L. 2021-180 from the Shallow Draft  
46           Navigation Channel and Aquatic Weed Fund to the Department of Environmental Quality for the  
47           dredging of Walden Pond Lake in Union County shall be transferred to the Office of State Budget  
48           and Management to provide a grant to Union County for the same purposes with no cost-share  
49           requirement under G.S. 143-215.73F(c) and shall remain available until expended.  
50  
51

1           **SECTION 12.1.(b)** Of the funds appropriated in this act for the Shallow Draft  
2 Navigation Channel and Aquatic Weed Fund, the sum of one million five hundred ninety-eight  
3 thousand dollars (\$1,598,000) in nonrecurring funds for the 2023-2024 fiscal year and three  
4 hundred thousand dollars (\$300,000) in nonrecurring funds for the 2024-2025 fiscal year shall  
5 be transferred to the Office of State Budget and Management for directed grants to the following  
6 entities and shall remain available until expended:

- 7           (1) Three hundred thousand dollars (\$300,000) in each year of the 2023-2025  
8 fiscal biennium to the Lake Gaston Weed Control Council, to be used for a  
9 multiyear project to treat *lyngbya* spp., a cyanobacteria, in Lake Gaston.
- 10          (2) Fifty thousand dollars (\$50,000) in the 2023-2024 fiscal year to the Town of  
11 Tabor City, to be used for aquatic weed control in Lake Tabor.
- 12          (3) Seven hundred thousand dollars (\$700,000) in the 2023-2024 fiscal year to  
13 Union County, to be used for the dredging of Walden Pond Lake.
- 14          (4) Five hundred forty-eight thousand dollars (\$548,000) in the 2023-2024 fiscal  
15 year to the Town of Robbins, to be used for a reservoir dredging project and  
16 hydro mapping survey.

17           **SECTION 12.1.(c)** Funds allocated by this section (i) shall not have a cost-share  
18 requirement under G.S. 143-215.73F(c) and (ii) shall not apply toward the aquatic weed control  
19 project limitation set forth in G.S. 143-215.73F(b)(2).  
20

## 21 **WATER AND SEWER INFRASTRUCTURE FUNDS**

22           **SECTION 12.2.(a)** Allocation. – Funds appropriated in this act for each year of the  
23 2023-2025 fiscal biennium from the Clean Water and Drinking Water Reserve to the Department  
24 of Environmental Quality (Department) for the Water Infrastructure Fund are allocated as  
25 follows:

- 26          (1) Ten million dollars (\$10,000,000) to the Viable Utility Reserve to be used for  
27 the purposes set forth in G.S. 159G-34.5.
- 28          (2) Sixteen million one hundred sixty-nine thousand eight hundred fifty-one  
29 dollars (\$16,169,851) to the Local Assistance for Stormwater Infrastructure  
30 Investments Fund established in Section 12.14(a) of S.L. 2021-180. These  
31 funds shall be used to provide grants to eligible entities as defined in Section  
32 12.14 of S.L. 2021-180 for projects that will improve or create infrastructure  
33 for controlling stormwater quantity and quality.
- 34          (3) One billion nine hundred seventy-three million eight hundred thirty thousand  
35 one hundred forty-nine dollars (\$1,973,830,149) to the Drinking Water  
36 Reserve and the Wastewater Reserve to provide project construction grants  
37 for public water systems and wastewater systems as provided in this section.

38           **SECTION 12.2.(b)** Limitation Not Applicable. – The limits set forth in  
39 G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by subdivision (a)(3)  
40 of this section.

41           **SECTION 12.2.(c)** Reversion of Unneeded Funds. – Funds in excess of the amounts  
42 needed for the projects listed in subsection (e) of this section may be used by the Department for  
43 other water and sewer infrastructure projects eligible for funding from the Drinking Water  
44 Reserve or the Wastewater Reserve and subject to the applicable directives set forth in this  
45 section. Reverted funds may also be used for grants to conduct project engineering, design, or  
46 other preconstruction activities by a local government or public entity eligible for grants from  
47 the same Reserve as the reverting local government or public entity.

48           **SECTION 12.2.(d)** Choice of Funding. – The Department may exchange projects  
49 funded from the State Fiscal Recovery Fund in S.L. 2021-180 and S.L. 2022-74 with projects  
50 awarded grant funding from other funding sources to meet the deadline for expenditure of State  
51 Fiscal Recovery Funds set forth in applicable federal law and guidance.

1           **SECTION 12.2.(e)** Projects. – Of the funds allocated by subsection (a) of this section  
2 for project grants, the following sums shall be granted to the indicated local governments and  
3 public entities for water and wastewater infrastructure projects:

- 4           (1) Two hundred thousand dollars (\$200,000) to the Village of Alamance.
- 5           (2) Seventeen million three hundred thousand dollars (\$17,300,000) to the City  
6 of Albemarle.
- 7           (3) Five million one hundred twenty-two thousand five hundred eighty-six dollars  
8 (\$5,122,586) to Alexander County to be distributed as follows:
  - 9           a. Two million six hundred twenty-two thousand five hundred eighty-six  
10 dollars (\$2,622,586) for the Bethlehem water tank.
  - 11           b. Two million five hundred thousand dollars (\$2,500,000) for water line  
12 extensions.
- 13           (4) Seven hundred eighty-seven thousand dollars (\$787,000) to the Town of  
14 Andrews.
- 15           (5) Nine million dollars (\$9,000,000) to the Town of Angier.
- 16           (6) Six million dollars (\$6,000,000) to Anson County for a regional water or  
17 wastewater project.
- 18           (7) Seven million dollars (\$7,000,000) to the City of Archdale.
- 19           (8) Four million one hundred seventy thousand five hundred dollars (\$4,170,500)  
20 to the City of Asheboro.
- 21           (9) Two million nine hundred thousand dollars (\$2,900,000) to the Town of  
22 Autryville. Nine hundred thousand dollars (\$900,000) of this allocation shall  
23 be used for stormwater improvements.
- 24           (10) Three million dollars (\$3,000,000) to the Town of Ayden.
- 25           (11) Nine hundred sixty-five thousand dollars (\$965,000) to the Village of Bald  
26 Head Island.
- 27           (12) Fourteen million dollars (\$14,000,000) to the Town of Beech Mountain.
- 28           (13) Ten million dollars (\$10,000,000) to the City of Belmont.
- 29           (14) Sixteen million dollars (\$16,000,000) to the Town of Benson.
- 30           (15) Two million two hundred fifty thousand dollars (\$2,250,000) to the Town of  
31 Bermuda Run.
- 32           (16) Fifteen million dollars (\$15,000,000) to Bladen County. Five million dollars  
33 (\$5,000,000) of this allocation shall be used for water or wastewater projects  
34 related to the Live, Work, Play Project.
- 35           (17) Fourteen million dollars (\$14,000,000) to the Town of Bladenboro.
- 36           (18) One hundred twenty-five thousand dollars (\$125,000) to the Town of  
37 Boardman.
- 38           (19) Three million seven hundred thousand dollars (\$3,700,000) to the Town of  
39 Boone.
- 40           (20) Three million dollars (\$3,000,000) to the Town of Boonville.
- 41           (21) One million three hundred fifty thousand dollars (\$1,350,000) to the Town of  
42 Bostic. One hundred fifty thousand dollars (\$150,000) of this allocation shall  
43 be used for stormwater infrastructure.
- 44           (22) Thirteen million dollars (\$13,000,000) to the City of Brevard.
- 45           (23) One million one hundred sixty-nine thousand five hundred dollars  
46 (\$1,169,500) to the Town of Bridgeton.
- 47           (24) Thirty-five million dollars (\$35,000,000) to Brunswick County.
- 48           (25) Ten million six hundred thousand dollars (\$10,600,000) to the Town of  
49 Burgaw.
- 50           (26) Five hundred thousand dollars (\$500,000) to Burke County for a water and  
51 wastewater study, planning, and mapping in eastern Burke County.

- 1 (27) Six million dollars (\$6,000,000) to the City of Burlington. Five hundred  
2 thousand dollars (\$500,000) of this allocation shall be used to treat PFAS  
3 contamination.
- 4 (28) Sixty-nine million six hundred thousand dollars (\$69,600,000) to the Cabarrus  
5 County Water and Sewer Authority. Six million dollars (\$6,000,000) of this  
6 allocation shall be used for the design and construction of the Muddy Creek  
7 Wastewater Treatment Plant Expansion project, and five million dollars  
8 (\$5,000,000) of this allocation shall be used for the extension of wastewater  
9 lines to and in the Town of Midland.
- 10 (29) Ten million dollars (\$10,000,000) to Camden County.
- 11 (30) One million dollars (\$1,000,000) to the Town of Cameron.
- 12 (31) One million eight hundred thousand dollars (\$1,800,000) to the Town of  
13 Candor.
- 14 (32) Thirty-eight million dollars (\$38,000,000) to the Town of Canton.
- 15 (33) Thirty-five million dollars (\$35,000,000) to the Cape Fear Public Utility  
16 Authority to be used as follows:
- 17 a. Eighteen million dollars (\$18,000,000) for drinking water extensions  
18 to unserved communities in New Hanover County impacted by PFAS.
- 19 b. Seventeen million dollars (\$17,000,000) for municipal consolidation  
20 and regionalization of water and sewer systems in New Hanover  
21 County impacted by PFAS.
- 22 (34) Ten million dollars (\$10,000,000) to the Town of Carthage.
- 23 (35) Twenty million dollars (\$20,000,000) to Catawba County for service  
24 extensions to Sherrills Ford.
- 25 (36) One million six hundred fifty thousand dollars (\$1,650,000) to the City of  
26 Cherryville.
- 27 (37) Eight million dollars (\$8,000,000) to the Chimney Rock Village.
- 28 (38) Thirty million dollars (\$30,000,000) to Chowan County.
- 29 (39) Eighteen million two hundred seventy thousand dollars (\$18,270,000) to the  
30 City of Claremont for the Lyle Creek Sewer Project.
- 31 (40) Twenty million two hundred fifty thousand dollars (\$20,250,000) to the Town  
32 of Clayton. Six million dollars (\$6,000,000) of this allocation shall be used to  
33 improve, upgrade, or reroute the Arbors, Starmount, Liberty-West Main  
34 Street, Little Creek, and Clayton-Raleigh pump stations.
- 35 (41) Four million two hundred ninety thousand dollars (\$4,290,000) to Cleveland  
36 County Water for water treatment sedimentation basins.
- 37 (42) Five million dollars (\$5,000,000) to the City of Clinton.
- 38 (43) Eight hundred thousand dollars (\$800,000) to the Town of Columbus.
- 39 (44) Fifteen million six hundred twenty thousand dollars (\$15,620,000) to  
40 Columbus County.
- 41 (45) Two million five hundred forty-eight thousand five hundred dollars  
42 (\$2,548,500) to the Town of Connelly Springs.
- 43 (46) Twelve million five hundred thousand dollars (\$12,500,000) to the  
44 Contentnea Metropolitan Sewage District.
- 45 (47) Sixteen million dollars (\$16,000,000) to Currituck County to be distributed as  
46 follows:
- 47 a. Six million dollars (\$6,000,000) for the Mainland Water Treatment  
48 Plant project.
- 49 b. Ten million dollars (\$10,000,000) for the Moyock water or wastewater  
50 system.
- 51 (48) Two million dollars (\$2,000,000) to the Town of Dallas.

- 1 (49) Twenty-five million dollars (\$25,000,000) to Davidson County.  
2 (50) Two million dollars (\$2,000,000) to the Town of Denton.  
3 (51) Two million five hundred fifty thousand dollars (\$2,550,000) to the Town of  
4 Dobbins Heights.  
5 (52) One million five hundred fifty thousand dollars (\$1,550,000) to the Town of  
6 Dobson.  
7 (53) Seven million one hundred thousand dollars (\$7,100,000) to the City of Dunn.  
8 (54) Seven million dollars (\$7,000,000) to the City of Eden.  
9 (55) Fourteen million two hundred thousand dollars (\$14,200,000) to Edgecombe  
10 County.  
11 (56) Nine million dollars (\$9,000,000) to the City of Elizabeth City.  
12 (57) Six million five hundred thousand dollars (\$6,500,000) to the Town of Elkin.  
13 (58) One million dollars (\$1,000,000) to the Town of Ellenboro.  
14 (59) Two million dollars (\$2,000,000) to the Town of Elon.  
15 (60) Five hundred thousand dollars (\$500,000) to the Town of Erwin for a  
16 stormwater development plan.  
17 (61) Twenty million dollars (\$20,000,000) to the Town of Eureka.  
18 (62) Twelve million dollars (\$12,000,000) to the Fayetteville Public Works  
19 Commission.  
20 (63) Four million five hundred seventy-eight thousand dollars (\$4,578,000) to the  
21 Town of Forest City.  
22 (64) Twenty million dollars (\$20,000,000) to Forsyth County to expand water and  
23 wastewater services to the southeastern part of the County.  
24 (65) Four million six hundred thousand dollars (\$4,600,000) to the Town of Four  
25 Oaks.  
26 (66) Twenty-eight million six hundred thousand dollars (\$28,600,000) to the Town  
27 of Fuquay-Varina for a conveyance line project.  
28 (67) Twenty-eight million three hundred twenty-six thousand three hundred sixty  
29 dollars (\$28,326,360) to the City of Gastonia. Four million three hundred  
30 twenty-six thousand three hundred sixty dollars (\$4,326,360) of this allocation  
31 shall be used for the Apple Creek Corporate Park sewer upgrade.  
32 (68) Ten million one hundred forty-five thousand dollars (\$10,145,000) to Gates  
33 County. Nine million one hundred forty-five thousand dollars (\$9,145,000) of  
34 this allocation shall be used for a water or wastewater project for the Town of  
35 Gatesville.  
36 (69) [reserved]  
37 (70) Two million dollars (\$2,000,000) to the Town of Gibsonville to be distributed  
38 as follows:  
39 a. One million dollars (\$1,000,000) for an elevated water tank.  
40 b. One million dollars (\$1,000,000) for the NC Highway 61 water line  
41 connector.  
42 (71) Five million dollars (\$5,000,000) to the City of Goldsboro.  
43 (72) Four hundred sixty thousand dollars (\$460,000) to the Town of Goldston.  
44 (73) Two million dollars (\$2,000,000) to the Goldston/Gulf Sanitary District.  
45 (74) Seven million dollars (\$7,000,000) to the City of Greensboro to be distributed  
46 as follows:  
47 a. Five million five hundred thousand dollars (\$5,500,000) for water and  
48 wastewater improvements serving the town of Pleasant Garden.  
49 b. One million five hundred thousand dollars (\$1,500,000) for the  
50 extension of water and wastewater service to Peacehaven Community  
51 Farm.

- 1 (75) One million two hundred thousand dollars (\$1,200,000) to the Town of  
2 Halifax.
- 3 (76) Five million dollars (\$5,000,000) to the City of Hamlet.
- 4 (77) Seven million two hundred fifty thousand dollars (\$7,250,000) to the Handy  
5 Sanitary District.
- 6 (78) Twenty-five million seven hundred ninety-three thousand two hundred dollars  
7 (\$25,793,200) to Harnett County to be distributed as follows:
- 8 a. Ten million seven hundred ninety-three thousand two hundred dollars  
9 (\$10,793,200) for sewer system upgrades to the Buies Creek-Coats  
10 Connector.
- 11 b. Fifteen million dollars (\$15,000,000) for a wastewater treatment plant  
12 expansion.
- 13 (79) Three million five hundred thousand dollars (\$3,500,000) to the City of  
14 Havelock.
- 15 (80) Two hundred thousand dollars (\$200,000) to the City of Henderson.
- 16 (81) Fourteen million seven hundred fifty thousand dollars (\$14,750,000) to the  
17 City of Hendersonville.
- 18 (82) Four million three hundred thousand dollars (\$4,300,000) to the Town of  
19 Hertford to be distributed as follows:
- 20 a. One million three hundred thousand dollars (\$1,300,000) to increase  
21 water capacity.
- 22 b. Three million dollars (\$3,000,000) for water and wastewater projects  
23 related to the Marine Industrial Park.
- 24 (83) Fifteen million dollars (\$15,000,000) to the City of Hickory for the Highway  
25 321 water and wastewater project.
- 26 (84) Five million dollars (\$5,000,000) to the Town of Highlands.
- 27 (85) One million two hundred thousand dollars (\$1,200,000) to Hoke County.
- 28 (86) Two million dollars (\$2,000,000) to the Town of Holden Beach.
- 29 (87) Fifteen million four hundred thousand dollars (\$15,400,000) to the Town of  
30 Holly Springs for the conveyance line project.
- 31 (88) Two hundred fifty thousand dollars (\$250,000) to the Town of Hookerton.
- 32 (89) One million dollars (\$1,000,000) to the Town of Jackson.
- 33 (90) Twenty million dollars (\$20,000,000) to Johnston County.
- 34 (91) Ten million seven hundred thousand dollars (\$10,700,000) to Jones County to  
35 be distributed as follows:
- 36 a. Nine million five hundred thousand dollars (\$9,500,000) for water  
37 treatment plant expansion.
- 38 b. One million two hundred thousand dollars (\$1,200,000) for regional  
39 water system valve additions.
- 40 (92) Eight million dollars (\$8,000,000) to the Town of Kenansville.
- 41 (93) Eight hundred sixty thousand two hundred seventy-five dollars (\$860,275) to  
42 the Town of Kenly.
- 43 (94) Thirty-nine million three hundred eighty-five thousand dollars (\$39,385,000)  
44 to the City of Kings Mountain.
- 45 (95) Four million dollars (\$4,000,000) to the Town of Lake Waccamaw.
- 46 (96) Two million five hundred thousand dollars (\$2,500,000) to the Town of  
47 Landis.
- 48 (97) Three million five hundred thousand dollars (\$3,500,000) to the Town of  
49 Lansing.
- 50 (98) Twenty million dollars (\$20,000,000) to the City of Laurinburg to be  
51 distributed as follows:

- 1 a. Two million five hundred thousand dollars (\$2,500,000) for the
- 2 McColl Road water line replacement.
- 3 b. Seven million five hundred thousand dollars (\$7,500,000) for raw
- 4 water system expansion.
- 5 c. Ten million dollars (\$10,000,000) for wastewater treatment plant
- 6 renovations.
- 7 (99) Seventeen million dollars (\$17,000,000) to the City of Lenoir for the
- 8 Valdese-Lenoir water interconnection.
- 9 (100) Two million dollars (\$2,000,000) to the City of Lexington.
- 10 (101) Eleven million sixty-two thousand five hundred dollars (\$11,062,500) to the
- 11 Town of Lillington.
- 12 (102) Eleven million four hundred fifty thousand dollars (\$11,450,000) to Lincoln
- 13 County. One million four hundred fifty thousand dollars (\$1,450,000) of this
- 14 allocation shall be used for the Lincoln County water line extension.
- 15 (103) Three hundred thirty-one thousand four hundred two dollars (\$331,402) to the
- 16 Town of Linden.
- 17 (104) Fifteen million dollars (\$15,000,000) to the Town of Littleton.
- 18 (105) Ten million dollars (\$10,000,000) to the City of Locust.
- 19 (106) One million five hundred thousand dollars (\$1,500,000) to the Town of Love
- 20 Valley.
- 21 (107) Eight million two hundred fifty thousand dollars (\$8,250,000) to the City of
- 22 Lowell.
- 23 (108) Thirty million dollars (\$30,000,000) to the Lower Cape Fear Water and Sewer
- 24 Authority.
- 25 (109) Four million five hundred thousand dollars (\$4,500,000) to the Town of
- 26 Madison.
- 27 (110) Eighteen million dollars (\$18,000,000) to Madison County.
- 28 (111) Six million dollars (\$6,000,000) to the City of Marion.
- 29 (112) Four million dollars (\$4,000,000) to the Town of Marshville for a regional
- 30 water or wastewater project.
- 31 (113) Four million dollars (\$4,000,000) to the Town of Mayodan for the wastewater
- 32 treatment plant.
- 33 (114) Four million dollars (\$4,000,000) to McDowell County.
- 34 (115) Three million dollars (\$3,000,000) to the City of Mebane.
- 35 (116) One million one hundred thousand dollars (\$1,100,000) to the Town of
- 36 Mocksville.
- 37 (117) Eight million dollars (\$8,000,000) to Montgomery County.
- 38 (118) Fifteen million dollars (\$15,000,000) to Moore County.
- 39 (119) Three million six hundred thousand dollars (\$3,600,000) to the Town of
- 40 Mooresville.
- 41 (120) Thirteen million five hundred sixty thousand dollars (\$13,560,000) to the City
- 42 of Morganton.
- 43 (121) Two million dollars (\$2,000,000) to the City of Mount Airy.
- 44 (122) Ten million dollars (\$10,000,000) to the City of Mount Holly for the
- 45 Riverbend Preserve water extension.
- 46 (123) One million dollars (\$1,000,000) to the Town of Mount Pleasant for South
- 47 Skyland Drive, Senateeca Drive, and Allman Road service line extensions.
- 48 (124) Four million three hundred thousand dollars (\$4,300,000) to the Town of
- 49 Murfreesboro.
- 50 (125) Four hundred thousand dollars (\$400,000) to the Town of Murphy.

- 1 (126) Seventeen million twenty-two thousand five hundred one dollars  
2 (\$17,022,501) to Nash County.
- 3 (127) Forty-five million dollars (\$45,000,000) to New Hanover County. Fifteen  
4 million dollars (\$15,000,000) of this allocation shall be used for water and  
5 wastewater projects related to Blue Clay Business Park.
- 6 (128) One hundred fifteen thousand nine hundred seventy-five dollars (\$115,975) to  
7 the Town of Newport.
- 8 (129) Twelve million dollars (\$12,000,000) to the City of Newton.
- 9 (130) One million five hundred thousand dollars (\$1,500,000) to the Town of  
10 Newton Grove.
- 11 (131) Eighteen million six hundred thousand dollars (\$18,600,000) to Northampton  
12 County.
- 13 (132) Four million five hundred thousand dollars (\$4,500,000) to the Town of Oak  
14 Ridge for the municipal water system.
- 15 (133) One million fifty thousand dollars (\$1,050,000) to the Town of Old Fort.
- 16 (134) Five million dollars (\$5,000,000) to the Onslow Water and Sewer Authority.
- 17 (135) Five million five hundred thousand dollars (\$5,500,000) to the Town of  
18 Oriental.
- 19 (136) Ten million dollars (\$10,000,000) to the City of Oxford for the Kerr Lake  
20 Regional Water project.
- 21 (137) Five million dollars (\$5,000,000) to Pamlico County.
- 22 (138) Nine million three hundred ten thousand dollars (\$9,310,000) to Pasquotank  
23 County.
- 24 (139) Fourteen million dollars (\$14,000,000) to the Town of Pembroke.
- 25 (140) One million five hundred thousand dollars (\$1,500,000) to the Town of Pilot  
26 Mountain.
- 27 (141) One million seven hundred fifty thousand dollars (\$1,750,000) to the Town of  
28 Pine Level.
- 29 (142) Five million two hundred thousand dollars (\$5,200,000) to the Town of  
30 Pinebluff.
- 31 (143) Six hundred thousand dollars (\$600,000) to Pitt County for water and  
32 wastewater projects for Pitt County Schools.
- 33 (144) Two million five hundred twenty thousand dollars (\$2,520,000) to the Town  
34 of Princeton.
- 35 (145) Nine million five hundred thousand dollars (\$9,500,000) to the City of  
36 Raeford.
- 37 (146) Five million one hundred fifty thousand dollars (\$5,150,000) to the City of  
38 Randleman.
- 39 (147) Eighty-five million thirty-four thousand three hundred eleven dollars  
40 (\$85,034,311) to Randolph County.
- 41 (148) Five million dollars (\$5,000,000) to the Town of Ranlo.
- 42 (149) One million six hundred thousand dollars (\$1,600,000) to the City of  
43 Reidsville for the Piedmont and Annie Penn wastewater outfalls.
- 44 (150) Sixteen million dollars (\$16,000,000) to Richmond County to be distributed  
45 as follows:
- 46 a. Twelve million dollars (\$12,000,000) for water and wastewater  
47 projects related to economic development.
- 48 b. Four million dollars (\$4,000,000) for water and wastewater projects.
- 49 (151) Nine million three hundred ninety-three thousand dollars (\$9,393,000) to the  
50 Town of River Bend.



- 1 (152) One million three hundred ninety-five thousand dollars (\$1,395,000) to the  
2 Town of Robbinsville.
- 3 (153) Eight million five hundred forty-five thousand dollars (\$8,545,000) to  
4 Robeson County.
- 5 (154) Thirteen million dollars (\$13,000,000) to the City of Rockingham.
- 6 (155) Fifty-four million five hundred fifty thousand dollars (\$54,550,000) to  
7 Rockingham County to be distributed as follows:
- 8 a. Ten million dollars (\$10,000,000) for water and wastewater projects  
9 along U.S. 220.
- 10 b. Twenty-three million five hundred fifty thousand dollars  
11 (\$23,550,000) for water and wastewater projects.
- 12 c. Twenty-one million dollars (\$21,000,000) for the extension of water  
13 services from Reidsville toward the unincorporated community of  
14 Ruffin.
- 15 (156) One million eight hundred ninety-four thousand four hundred ten dollars  
16 (\$1,894,410) to the Town of Ronda.
- 17 (157) Ten million dollars (\$10,000,000) to the Town of Rosman.
- 18 (158) Twenty-six million dollars (\$26,000,000) to the City of Roxboro.
- 19 (159) Three million six hundred thirty thousand dollars (\$3,630,000) to the Town of  
20 Rutherfordton.
- 21 (160) Two million five hundred thousand dollars (\$2,500,000) to the Town of  
22 Salemburg.
- 23 (161) Two million three hundred four thousand eight hundred seventy-eight dollars  
24 (\$2,304,878) to the City of Saluda.
- 25 (162) Ten million one hundred nineteen thousand three hundred twenty dollars  
26 (\$10,119,320) to Sampson County to be distributed as follows:
- 27 a. Four million one hundred nineteen thousand three hundred twenty  
28 dollars (\$4,119,320) for water lines near the landfill.
- 29 b. Six million dollars (\$6,000,000) for two wells and treatment in the  
30 southern part of the county.
- 31 (163) Seven million five hundred thousand dollars (\$7,500,000) to the City of  
32 Sanford to be distributed as follows:
- 33 a. Two million five hundred thousand dollars (\$2,500,000) for the  
34 development, operation, and management of the Siler City Wastewater  
35 project.
- 36 b. Five million dollars (\$5,000,000) for the Grace School and Fire  
37 Department sewer line.
- 38 (164) Two million six hundred eighty-seven thousand four hundred thirty-nine  
39 dollars (\$2,687,439) to the Town of Sedalia to extend the sewer lines.
- 40 (165) Twelve million eight hundred thousand dollars (\$12,800,000) to the Town of  
41 Selma.
- 42 (166) Twelve million four hundred sixty-one thousand five hundred dollars  
43 (\$12,461,500) to the City of Shelby.
- 44 (167) Seventy-five million two hundred fifty thousand dollars (\$75,250,000) to the  
45 Town of Siler City. Two million five hundred thousand dollars (\$2,500,000)  
46 of this allocation shall be used for construction of an elevated water tank  
47 associated with an economic development project.
- 48 (168) Six million two hundred fifty thousand dollars (\$6,250,000) to the Town of  
49 Smithfield.
- 50 (169) Four million two hundred twenty-two thousand five hundred dollars  
51 (\$4,222,500) to the Town of Snow Hill.

- 1 (170) Five million dollars (\$5,000,000) to the South Granville Water and Sewer  
2 Authority.
- 3 (171) Three million dollars (\$3,000,000) to the Town of Spring Hope.
- 4 (172) Three hundred thousand dollars (\$300,000) to the Town of Spring Lake.
- 5 (173) Two million five hundred thousand dollars (\$2,500,000) to the Town of  
6 Spruce Pine.
- 7 (174) Two million five hundred thousand dollars (\$2,500,000) to the Town of St.  
8 Pauls.
- 9 (175) One million dollars (\$1,000,000) to the Town of Stanley.
- 10 (176) Two million dollars (\$2,000,000) to Stanly County for water and wastewater  
11 projects for Juneberry Ridge.
- 12 (177) Two million six hundred thousand dollars (\$2,600,000) to the Town of  
13 Stantonsburg for a well water project and water line replacement.
- 14 (178) Ten million dollars (\$10,000,000) to the Town of Star.
- 15 (179) Three million dollars (\$3,000,000) to the City of Statesville for water and  
16 wastewater projects pertaining to economic development.
- 17 (180) Fifteen million dollars (\$15,000,000) to the Stokes County Water and Sewer  
18 Authority.
- 19 (181) Four million seven hundred thousand dollars (\$4,700,000) to the Town of  
20 Stoneville to be distributed as follows:
- 21 a. Two million dollars (\$2,000,000) for water and wastewater lines along  
22 U.S. 220 West.
- 23 b. Two million seven hundred thousand dollars (\$2,700,000) for water  
24 system improvements.
- 25 (182) Twenty million dollars (\$20,000,000) to the Town of Surf City.
- 26 (183) Four million dollars (\$4,000,000) to the City of Thomasville.
- 27 (184) Ten million dollars (\$10,000,000) to Transylvania County.
- 28 (185) Four million five hundred thousand dollars (\$4,500,000) to the City of Trinity.
- 29 (186) Fourteen million dollars (\$14,000,000) to the Town of Troutman. Four million  
30 dollars (\$4,000,000) of this allocation shall be used for the connection of the  
31 Duck Creek sewer outfall line to the City of Statesville's Third Creek  
32 Wastewater Treatment Plant.
- 33 (187) Two million two hundred thirty-three thousand five hundred dollars  
34 (\$2,233,500) to the Town of Tryon.
- 35 (188) Twenty-seven million five hundred thousand dollars (\$27,500,000) to Union  
36 County to be distributed as follows:
- 37 a. Twenty-six million dollars (\$26,000,000) for sewer expansion.
- 38 b. One million five hundred thousand dollars (\$1,500,000) for the  
39 Waxhaw graywater system project.
- 40 (189) Seven million dollars (\$7,000,000) to the Town of Valdese for the  
41 Valdese-Lenoir water interconnection.
- 42 (190) Four million dollars (\$4,000,000) to Vance County.
- 43 (191) One hundred sixty-five thousand fifty-two dollars (\$165,052) to the Town of  
44 Wade.
- 45 (192) Five million dollars (\$5,000,000) to Warren County.
- 46 (193) Fifteen million dollars (\$15,000,000) to the Town of Weaverville.
- 47 (194) Eight hundred thousand dollars (\$800,000) to the Town of Weldon.
- 48 (195) Seven hundred twenty-six thousand one hundred fifty dollars (\$726,150) to  
49 the Town of West Jefferson.
- 50 (196) Six million nine hundred thirty thousand dollars (\$6,930,000) to Wilkes  
51 County for the extension of water and wastewater services to the airport.

1 (197) Twenty-three million five hundred fifty thousand dollars (\$23,550,000) to the  
2 City of Wilson. One million fifty thousand dollars (\$1,050,000) of this  
3 allocation shall be used for repair of the Lake Wilson dam.

4 (198) Two million dollars (\$2,000,000) to Wilson County.

5 (199) Twelve million dollars (\$12,000,000) to the Town of Wingate.

6 (200) Three million eight hundred thirty thousand dollars (\$3,830,000) to the Town  
7 of Woodland.

8 (201) Eight million dollars (\$8,000,000) to the Town of Wrightsville Beach.

9 (202) Two hundred eighty-nine thousand two hundred dollars (\$289,200) to the  
10 Town of Yadkinville.

11 **SECTION 12.2.(f)** Other Grants. – Of the funds allocated by subsection (a) of this  
12 section for project grants, the Department of Environmental Quality shall transfer the sum of  
13 thirty-six million three hundred thirty thousand five hundred ninety dollars (\$36,330,590) to the  
14 Office of State Budget and Management to provide a grant to the following entities for the  
15 purposes specified:

16 (1) Three million dollars (\$3,000,000) for a directed grant to Barton College for  
17 water or wastewater projects.

18 (2) Twelve million three hundred sixty thousand five hundred ninety dollars  
19 (\$12,360,590) for a grant to the Burke Partnership for Economic  
20 Development, Inc., to install water and wastewater at the Western NC  
21 Megasite.

22 (3) Five hundred thousand dollars (\$500,000) for a directed grant to the  
23 Catawba-Wateree Water Management Group.

24 (4) One million dollars (\$1,000,000) for a directed grant to Cleveland County  
25 Water for improvements on the property of Cleveland County Water  
26 necessary to accommodate construction of the Stagecoach Greenway  
27 Recreation Trail.

28 (5) Two hundred fifty thousand dollars (\$250,000) for a directed grant to Craven  
29 County for a backup generator for the water plant.

30 (6) Two million dollars (\$2,000,000) for a directed grant to the Eastern Band of  
31 Cherokee Indians for water or wastewater infrastructure.

32 (7) Four hundred thousand dollars (\$400,000) for a directed grant to the Friends  
33 of Camp Kirkwood, Inc.

34 (7a) Five hundred thousand dollars (\$500,000) for a directed grant to the  
35 Aeronautics Authority of the City of Henderson for a water line extension.

36 (8) Four hundred fifty thousand dollars (\$450,000) for a directed grant to the  
37 Town of Hookerton to repay a USDA loan.

38 (9) Four hundred seventy thousand dollars (\$470,000) for a directed grant to  
39 McDowell County to address drainage issues.

40 (10) Fifteen million dollars (\$15,000,000) for a directed grant to the City of Mount  
41 Holly to decommission a wastewater treatment plant.

42 (11) Four hundred thousand dollars (\$400,000) for a directed grant to the Young  
43 Men's Christian Association of Southeastern North Carolina, Inc.

44 **SECTION 12.2.(g)** Siler City Project Directive. – The following limitations and  
45 conditions apply to the funds allocated by subsection (e) of this section to the Town of Siler City:

46 (1) Up to fifteen percent (15%) of the funds may be used at any time after the  
47 effective date of this act for permitting, project design and engineering, and  
48 other preconstruction activities.

49 (2) The remainder of the funds shall not be disbursed by the Department of  
50 Environmental Quality until the Town of Siler City and the City of Sanford

1 have entered into an agreement regarding operation of the Town of Siler City  
2 wastewater improvements funded by this act.

- 3 (3) The limitation set forth in this subsection shall not apply to funds allocated to  
4 the Town of Siler City for the construction of an elevated water tank  
5 associated with an economic development project.

6 **SECTION 12.2.(h) Funding Reallocation.** – Of the funds allocated to the  
7 Department of Environmental Quality from the Clean Water and Drinking Water Reserve by  
8 Section 2.2(p) of S.L. 2022-74, as amended, the sum of three million dollars (\$3,000,000) shall  
9 be reallocated to the Office of State Budget and Management to be used to provide a directed  
10 grant to the Town of Walnut Cove for an administration building.

11 **SECTION 12.2.(i) Funding Reduction.** – The allocation to the Town of Walnut Cove  
12 for water and sewer infrastructure projects set forth in Section 12.9(e)(86) of S.L. 2022-74, as  
13 amended, is reduced by three million dollars (\$3,000,000).

14 **SECTION 12.2.(j) Staffing.** – The Secretary may create new positions to assist the  
15 Department in executing projects funded by the State Fiscal Recovery Fund and the Water  
16 Infrastructure Fund if State and federal funds are available to support those positions. The new  
17 positions created in this section shall be based upon availability of State and federal funds and  
18 are exempt from the provisions of the State Human Resources Act, Chapter 126 of the General  
19 Statutes, except Articles 6 and 7 of that Chapter.

20 **SECTION 12.2.(k) Administrative Costs.** – The Department may use three percent  
21 (3%) of the funds allocated in this section for administrative costs. The Department shall not  
22 charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the  
23 set-aside of administrative costs authorized by this subsection.

24 **SECTION 12.2.(l) Report.** – The Department shall include in the report required by  
25 G.S. 159G-26 the status of projects funded under this section. This report may be provided in  
26 tabular or summary form and need not include information beyond that described in  
27 G.S. 159G-26(b)(4).

## 28 VIABLE UTILITY RESERVE AMENDMENTS

29 **SECTION 12.3.(a)** G.S. 159G-35(c) reads as rewritten:

30 "(c) Viable Utility Reserve. – The Local Government Commission and the Authority shall  
31 jointly develop evaluation criteria for grants from the Viable Utility Reserve. Criteria shall also  
32 be developed concerning distressed units for which the Local Government Commission has  
33 exercised its authority under Article 11 of Chapter 159 of the General Statutes to assume control,  
34 in whole or in part, of the financial affairs of an applicant. These evaluation criteria shall be used  
35 to review applications and award grants as provided in G.S. 159G-39."

36 **SECTION 12.3.(b)** G.S. 159G-36(d)(2) reads as rewritten:

37 "(2) Grants for the purpose set forth in G.S. 159-32(d)(6) to any single local  
38 government unit shall not ~~(i) exceed seven hundred fifty thousand dollars~~  
39 ~~(\$750,000) in any fiscal year and (ii) be awarded for more than three~~  
40 ~~consecutive fiscal years.~~  
41 year."

## 42 PROHIBIT CAP AND TRADE REQUIREMENTS FOR CO2 EMISSIONS

43 **SECTION 12.5.(a)** Article 21B of Chapter 143 of the General Statutes is amended  
44 by adding a new section to read:

45 "**§ 143-215.107E. Prohibit cap and trade requirements for carbon dioxide (CO2) emissions.**

46 Neither the Governor, nor any of the agencies of the State, including the Utilities  
47 Commission, the Department of Environmental Quality, and the Environmental Management  
48 Commission, may require an electric public utility, as defined in G.S. 62-126.3(7), or persons  
49 who operate an electric generating facility the primary purpose of which is for the person's own  
50 use and not for the primary purpose of producing electricity for sale to or for the public for  
51

1 compensation, to participate in a program that requires such utilities to obtain allowances to offset  
2 their CO2 emissions, commonly characterized as emissions cap-and-trade programs, CO2 budget  
3 trading programs, or cap-and-invest initiatives. In addition, the Governor and the Department are  
4 expressly prohibited from entering into any agreement with other states obligating North  
5 Carolina's participation in any program requiring acquisition of allowances to offset CO2  
6 emissions by such utilities."

7 **SECTION 12.5.(b)** This section is effective when it becomes law.

## 9 **PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW** 10 **MOTOR VEHICLES**

11 **SECTION 12.6.(a)** Article 21B of Chapter 143 of the General Statutes is amended  
12 by adding a new section to read:

13 **"§ 143-215.107F. Prohibit requirements for control of emissions from new motor vehicles.**

14 Notwithstanding any authorization granted under 42 U.S.C. § 7507, no agency of the State,  
15 including the Department of Environmental Quality, the Environmental Management  
16 Commission, the Department of Transportation, or the Department of Administration, may adopt  
17 and enforce standards relating to control of emissions from new motor vehicles or new motor  
18 vehicle engines, including requirements that mandate the sale or purchase of "zero-emission  
19 vehicles," or electric vehicles as defined in G.S. 20-4.01. The prohibitions of this section shall  
20 not be construed to effect requirements for the vehicle emissions testing and maintenance  
21 program established pursuant to G.S. 143-215.107A."

22 **SECTION 12.6.(b)** This section is effective when it becomes law.

## 23 **REDUCE EMISSIONS INSPECTIONS REQUIREMENTS**

24 **SECTION 12.7.(a)** G.S. 20-183.2(b) reads as rewritten:

25 "(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with  
26 this Part if it meets all of the following requirements:

27 ...

28 ~~(3) It is (i) a vehicle with a model year within 20 years of the current year and~~  
29 ~~older than the three most recent model years or (ii) a vehicle with a model year~~  
30 ~~within 20 years of the current year and has 70,000 miles or more on its~~  
31 ~~odometer.~~

32 **(3a)** It is a vehicle with a model year within 20 years of the current year and earlier  
33 than the 2017 model year.

34 ...."

35 **SECTION 12.7.(b)** G.S. 143-215.107A(c) reads as rewritten:

36 "(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in ~~the~~  
37 ~~following counties: Alamance, Buncombe, Cabarrus, Cumberland, Davidson, Durham, Forsyth,~~  
38 ~~Franklin, Gaston, Guilford, Iredell, Johnston, Lincoln, Mecklenburg, New Hanover, Randolph,~~  
39 ~~Rowan, Union, and Wake.~~Mecklenburg County."

40 **SECTION 12.7.(c)** No later than one year after this section becomes law, the  
41 Department of Environmental Quality shall prepare and submit to the United States  
42 Environmental Protection Agency for approval by that agency a proposed North Carolina State  
43 Implementation Plan amendment based on the change to the motor vehicle emissions testing  
44 program provided in this section.

45 **SECTION 12.7.(d)** Subsections (a) and (b) of this section become effective on the  
46 first day of a month that is 60 days after the Secretary of the Department of Environmental  
47 Quality certifies to the Revisor of Statutes that the United States Environmental Protection  
48 Agency has approved an amendment to the North Carolina State Implementation Plan submitted  
49 as required by subsection (c) of this section and applies to motor vehicles inspected, or due to be  
50 inspected, on or after that date. The Secretary shall provide this notice of approval along with the  
51

1 effective date of this section on its website and by written or electronic notice to emissions  
2 inspection mechanic license holders, emissions inspection station licensees, and self-inspector  
3 licensees in the county where motor vehicle emissions inspection requirements are removed by  
4 this section. The remainder of this section is effective when it becomes law.  
5

## 6 **DAM SAFETY EMERGENCY FUND/OVERTOPPING STUDIES**

7 **SECTION 12.8.** G.S. 143-215.32A reads as rewritten:

### 8 **"§ 143-215.32A. Dam Safety Emergency Fund.**

9 (a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund  
10 within the Department, as set forth in this section. The Fund shall be used to defray expenses  
11 incurred by the Department in developing and implementing an emergency dam safety remedial  
12 ~~plan~~ plan and assessing overtopping risk for high hazard and intermediate hazard dams.

13 (b) Eligible Expenses. – The Fund may be used for ~~expenses incurred in developing the~~  
14 following expenses:

15 (1) Developing and implementing an emergency dam safety remedial plan that  
16 has been approved by the Department, including expenses incurred to contract  
17 with any third party for services related to plan development or  
18 implementation.

19 (2) Performing overtopping studies for dams categorized by the Department as  
20 high hazard or intermediate hazard for which the Department currently has no  
21 or inadequate overtopping risk information.

22 (c) Conditions for Use. – These funds shall be used upon the Department's determination  
23 that sufficient funds or corrective action cannot be obtained from other sources without incurring  
24 a delay that would significantly increase the threat to life or risk of damage to property or the  
25 environment.

26 (d) Cost Recovery. – Costs of site investigation and the development and implementation  
27 of an emergency dam safety remedial plan, including attorney's fees and other expenses of  
28 bringing the cost recovery action, may be recovered from the owners of the dam by appropriate  
29 legal action by the Commission. Funds recovered pursuant to this subsection shall be used to  
30 reimburse the Dam Safety Emergency Fund.

31 (e) Standards for Funded Activities. – Emergency dam safety remedial plan development  
32 and implementation activities and overtopping studies shall be conducted in accordance with  
33 standards set forth in G.S. 143-215.29."  
34

## 35 **DISCHARGES OF HIGHLY TREATED WASTEWATER**

36 **SECTION 12.9.(a)** G.S. 143-215.1 is amended by adding a new subsection to read:

37 **"(c8) Permitted Discharges of Highly Treated Domestic Wastewater. –**

38 (1) Subject only to the limitations set forth in subdivision (2) of this subsection,  
39 the Department shall authorize permitted discharges of highly treated  
40 domestic wastewater to surface waters of the State, including wetlands,  
41 perennial streams, and unnamed tributaries of named and classified streams  
42 where the 7Q10 flow or 30Q2 flow of the receiving waterbody is estimated to  
43 be low flow or zero flow, as determined by the United States Geological  
44 Survey, from wastewater treatment systems capable of meeting the following  
45 water quality-based effluent limitations:

46 a. Biological oxygen demand (BOD<sub>5</sub>), 5mg/L.

47 b. NH<sub>3</sub>, 0.5mg/L monthly average, 1.0 mg/L daily maximum.

48 c. Total nitrogen, 4mg/L monthly average.

49 d. Total phosphorus, 1.0mg/L monthly average, 2.0mg/L daily  
50 maximum.

51 e. Fecal coliforms, 14 colonies/100mL.

- 1            f.        Dissolved oxygen, 6mg/L, or 1mg/L more than the BOD<sub>5</sub>
- 2                                concentration.
- 3            g.        Turbidity, 1 Nephelometric Turbidity Units.
- 4            h.        Total suspended solids, 5mg/L monthly average.
- 5            i.        Nitrate, 1mg/L monthly average.
- 6            (2)       In addition to the requirements set forth in subdivision (1) of this subsection,
- 7                                only the following requirements shall apply to wastewater discharges to be
- 8                                authorized pursuant to this subsection:
- 9                                a.        No discharge shall be permitted to classified shellfish waters or
- 10                                outstanding resource waters. Discharges to unnamed tributaries of
- 11                                classified shellfish waters, however, shall be authorized in compliance
- 12                                with the requirements of this section.
- 13                                b.        The limitation of flow for any wastewater discharge shall be no more
- 14                                than one-tenth of the flow generated by the one-year, 24-hour storm
- 15                                event given the drainage area and calculated using the rational method.
- 16                                The rational method shall be used to calculate the peak runoff for the
- 17                                one-year, 24-hour precipitation event in cubic foot per second. The
- 18                                peak runoff shall then be divided by 10 and multiplied by 646,272 to
- 19                                convert the result to gallons per day of allowable discharge at the point
- 20                                studied.
- 21                                c.        Discharges shall be limited based on the ability of the receiving waters
- 22                                to hydraulically accept the proposed flow, as demonstrated by being
- 23                                equal to or less than one-tenth of the flow using the rational method.
- 24                                d.        All discharges shall be directed to buffer systems that utilize
- 25                                low-energy methodologies to function as a buffer between the
- 26                                discharge and the receiving waters. Buffer systems shall:
- 27                                1.        Consist of one of the following: (i) high-rate infiltration basins
- 28                                that utilize engineered materials to achieve high rates of
- 29                                infiltration, which engineered materials shall have an ASTM
- 30                                gradation of a clean washed coarse grained sand; (ii)
- 31                                constructed free surface wetlands having a hydraulic residence
- 32                                time of 14 days; and (iii) other suitable technologies that
- 33                                provide a physical or hydraulic residence time buffer, or both,
- 34                                between the discharge and the receiving waters.
- 35                                2.        Discharge to areas that are 50 feet upland of the receiving
- 36                                waters or wetlands at a non-erosive velocity equal to or less
- 37                                than 2 feet per second through an appropriately designed
- 38                                energy dissipater, or other applicable designs, that meet the
- 39                                standard of practice for professional engineers for such
- 40                                devices.
- 41                                3.        Divide the subsequent outfall to the receiving stream so that no
- 42                                one particular outfall exceeds 1 cubic foot per second based on
- 43                                the average daily flow of the discharge. Discharges from buffer
- 44                                systems shall be allowed to be placed at increments along a
- 45                                stream or receiving waters at a distance of no less than 50 linear
- 46                                feet.
- 47            (3)       For purposes of this subsection, the following definitions apply:
- 48                                a.        7Q10 flow. – A method to calculate the minimum average flow of a
- 49                                receiving water for a period of seven consecutive days that has an
- 50                                average recurrence of once in 10 years.

- 1            b.     30Q2 flow. – A method to calculate the minimum average flow of a  
2            receiving water for a period of 30 consecutive days that has an average  
3            recurrence of once in two years.  
4            c.     Highly treated domestic wastewater. – Wastewater effluent from  
5            treatment systems that receive flows from sources of domestic  
6            wastewater that meet the effluent limitations as set forth in subdivision  
7            (1) of this subsection.  
8            d.     Rational method. – The method of computing storm drainage flow  
9            rates (Q) by use of the formula  $Q = CIA$ . For purposes of this  
10           sub-subdivision, the following definitions apply:  
11           1.     C. – The rational coefficient describing the stormwater runoff  
12           characteristics of the drainage.  
13           2.     I. – The rainfall intensity for the one-year, 24-hour  
14           precipitation event given by the National Oceanic and  
15           Atmospheric Administration through its online precipitation  
16           data server or other appropriate sources in units of inches per  
17           hour.  
18           3.     A. – The catchment area tributary to the point being studied as  
19           further defined using methodologies that meet the standard of  
20           practice for such work, including, but not limited to, web-based  
21           data and tools provided by the United States Geological Survey  
22           or by other analysis using topographic data that follows the  
23           standard of practice for such work by licensed professional  
24           engineers in units of acres.

- 25           (4)    Once an applicant has submitted data to demonstrate the proposed discharge  
26           will meet the requirements of subdivisions (1) and (2) of this subsection,  
27           signed and sealed by a professional engineer licensed in accordance with the  
28           provisions of Chapter 89C of the General Statutes, the application shall be  
29           deemed complete for the purposes of review by the Department."

30           **SECTION 12.9.(b)** If rules are required in order to implement the requirements of  
31 this section, the Department of Environmental Quality shall adopt temporary rules no later than  
32 60 days after this section becomes law. Any temporary rules adopted in accordance with this  
33 section shall remain in effect until permanent rules that replace the temporary rules become  
34 effective. Rules adopted pursuant to this section shall not, however, impose additional  
35 requirements on permitting of the discharge of highly treated domestic wastewater over that  
36 established under G.S. 143-215.1(c8), as enacted by subsection (a) of this section.

37           **SECTION 12.9.(c)** This section is effective when it becomes law.  
38 G.S. 143-215.1(c8), as enacted by subsection (a) of this section, applies to permits for new or  
39 expanded wastewater discharge facilities issued on or after that date.  
40

#### 41 **RIGHT TO APPLY FOR AND OBTAIN A PERMIT**

42           **SECTION 12.10.(a)** Article 7 of Chapter 143B of the General Statutes is amended  
43 by adding a new section to read:

#### 44 **"§ 143B-279.18. Right to apply and obtain permits.**

45           Except to the extent required by federal or State law, the Department of Environmental  
46 Quality shall not refuse to accept an application for a permit, authorization, or certification or  
47 refuse to issue any permit, authorization, or certificate based solely on the failure of an applicant  
48 to obtain another permit, authorization, or certification required for the same project. For  
49 purposes of this section, failure to obtain a permit, authorization, or certification shall not include  
50 denial of the permit, authorization, or certification by the Department based on the standards for  
51 approval of the permit, authorization, or certification provided by law."



1           **SECTION 12.10.(b)** G.S. 113A-54.1(a) reads as rewritten:

2           "(a) A draft erosion and sedimentation control plan must contain the applicant's address  
3 and, if the applicant is not a resident of North Carolina, designate a North Carolina agent for the  
4 purpose of receiving notice from the Commission or the Secretary of compliance or  
5 noncompliance with the plan, this Article, or any rules adopted pursuant to this Article. Except  
6 as provided in subsection (a1) of this section, if the applicant is not the owner of the land to be  
7 disturbed, the draft erosion and sedimentation control plan must include the owner's written  
8 consent for the applicant to submit a draft erosion and sedimentation control plan and to conduct  
9 the anticipated land-disturbing activity. The Commission shall approve, approve with  
10 modifications, or disapprove a draft erosion and sedimentation control plan for those  
11 land-disturbing activities for which prior plan approval is required within 30 days of receipt. The  
12 Commission shall not deny a draft erosion and sedimentation control plan based solely upon the  
13 applicant's need to obtain other environmental permits, authorizations, or certifications for the  
14 project, aside from a permit required for stormwater discharges from construction sites pursuant  
15 to 40 C.F.R. § 122.26; the Commission shall, however, condition approval of a draft erosion and  
16 sedimentation control plan upon the applicant's compliance with federal and State water quality  
17 laws, regulations, and ~~rules.~~ rules, including the applicant's receipt of other environmental  
18 permits, authorizations, or certifications that may be required for the project. Failure to approve,  
19 approve with modifications, or disapprove a completed draft erosion and sedimentation control  
20 plan within 30 days of receipt shall be deemed approval of the plan. If the Commission  
21 disapproves a draft erosion and sedimentation control plan or a revised erosion and sedimentation  
22 control plan, it must state in writing the specific reasons that the plan was disapproved. Failure  
23 to approve, approve with modifications, or disapprove a revised erosion and sedimentation  
24 control plan within 15 days of receipt shall be deemed approval of the plan. The Commission  
25 may establish an expiration date for erosion and sedimentation control plans approved under this  
26 Article."

27           **SECTION 12.10.(c)** G.S. 113A-61 reads as rewritten:

28           "**§ 113A-61. Local approval of erosion and sedimentation control plans.**

29           ...

30           (b) Local governments shall review each erosion and sedimentation control plan  
31 submitted to them and within 30 days of receipt thereof shall notify the person submitting the  
32 plan that it has been approved, approved with modifications, or disapproved. A local government  
33 shall only approve a plan upon determining that it complies with all applicable State and local  
34 regulations for erosion and sedimentation control.

35           (b1) A local government shall not deny a draft erosion and sedimentation control plan  
36 based solely upon the applicant's need to obtain other environmental permits, authorizations, or  
37 certifications for the project, aside from a permit required for stormwater discharges from  
38 construction sites pursuant to 40 C.F.R. § 122.26; the local government shall, however, condition  
39 approval of a draft erosion and sedimentation control plan upon the applicant's compliance with  
40 federal and State water quality laws, regulations, and ~~rules.~~ rules, including the applicant's receipt  
41 of other environmental permits, authorizations, or certifications that may be required for the  
42 project. A local government shall disapprove an erosion and sedimentation control plan if  
43 implementation of the plan would result in a violation of rules adopted by the Environmental  
44 Management Commission to protect riparian buffers along surface waters. A local government  
45 may disapprove an erosion and sedimentation control plan or disapprove a transfer of a plan  
46 under subsection (b3) of this section upon finding that an applicant or a parent, subsidiary, or  
47 other affiliate of the applicant:

48           ...."

49  
50           **AIR PERMITTING REVISIONS**

**AIR PERMITTING REVIEW AND ISSUANCE TIME LINES**

**SECTION 12.11.(a)** G.S. 143-215.108(d)(2) reads as rewritten:

"(2) The Commission shall adopt rules specifying the times within which it must act upon applications for permits required by Title V and other permits required by this section. The times specified shall be extended for the period during which the Commission is prohibited from issuing a permit under subdivisions (3) and (4) of this subsection. The rules shall provide, at a minimum, that the Department shall issue the permit, deny the permit, or publish the permit for public notice and comment within 90 calendar days of receipt of an administratively complete application for a minor modification, or within 270 calendar days of receipt of an administratively complete application for a major modification. The Commission shall inform a permit applicant as to whether or not the application is complete within the time specified in the rules for action on the application. If the Commission fails to act on an application for a permit required by Title V or this section within the time period specified, ~~the failure to act on the application constitutes a final agency decision to deny the permit. A permit applicant, permittee, or other person aggrieved, as defined in G.S. 150B-2, may seek judicial review of a failure to act on the application as provided in G.S. 143-215.5 and Article 4 of Chapter 150B of the General Statutes. Notwithstanding the provisions of G.S. 150B-51, upon review of a failure to act on an application for a permit required by Title V or this section, a court may either: (i) affirm the denial of the permit or (ii) remand the application to the Commission for action upon the application within a specified time.~~ the permit applicant, permittee, or other person aggrieved, as defined in G.S. 150B-2, may commence a contested case under G.S. 150B-23(a4)."

**SECTION 12.11.(b)** G.S. 143-213(1) is recodified as G.S. 143-213(1a).

**SECTION 12.11.(c)** G.S. 143-213, as recodified by subsection (b) of this section, is amended by adding a new subdivision to read:

"(1) The term "administratively complete" means that all information required by statute, regulation, or application form has been submitted to the Department for the purpose of processing a permit application."

**TITLE V RESEARCH AND DEVELOPMENT EXEMPTION**

**SECTION 12.11.(d)** The Environmental Management Commission shall begin rulemaking to create a Title V permit exemption for non-major research and development activities consistent with the Environmental Protection Agency's position regarding exemption for such activities as set forth in the July 10, 1995, "White Paper for Streamlined Development of Part 70 Permit Applications." The rules shall include, at a minimum, allowance levels and minor permit modification thresholds to promote greater flexibility in research and development activities and to allow facilities subject to Title V permit requirements flexibility to work with the Department of Environmental Quality and notify them of research activities with a minor permit modification to maintain compliance. The Commission shall complete draft rulemaking activities and submit a Title V program amendment request to the Environmental Protection Agency no later than July 1, 2025.

**PRE-PERMITTING ACTIVITIES**

**SECTION 12.11.(e)** G.S. 143-215.108A reads as rewritten:

"§ 143-215.108A. **Control of sources of air pollution; construction of new facilities; alteration or expansion of existing facilities.**"

1 (a) New Facilities. – ~~A Except as provided in subsection (b1) of this section, a person~~  
2 may not, without obtaining a permit under G.S. 143-215.108, construct or operate an air  
3 contaminant source, equipment, or associated air cleaning device at a site or facility where, at the  
4 time of the construction, there is no other air contaminant source, equipment, or associated air  
5 cleaning device for which a permit is required under G.S. 143-215.108. ~~A person may, however,~~  
6 ~~undertake the following activities prior to obtaining a permit if the person complies with the~~  
7 ~~requirements of this section:~~

8 (1) ~~Clearing and grading.~~

9 (2) ~~Construction of access roads, driveways, and parking lots.~~

10 (3) ~~Construction and installation of underground pipe work, including water,~~  
11 ~~sewer, electric, and telecommunications utilities.~~

12 (4) ~~Construction of ancillary structures, including fences and office buildings,~~  
13 ~~that are not a necessary component of an air contaminant source, equipment,~~  
14 ~~or associated air cleaning device for which a permit is required under G.S.~~  
15 ~~143-215.108.~~

16 (b) Permitted Facilities. – A person who holds a permit under G.S. 143-215.108 may  
17 apply to the Commission for a modification of the permit to allow the person to alter or expand  
18 the physical arrangement or operation of an air contaminant source, equipment, or associated air  
19 cleaning device in a manner that alters the emission of air contaminants. The Except as provided  
20 in subsection (b1) of this section, the permittee may not operate the altered, expanded, or  
21 additional air contaminant source, equipment, or associated air cleaning device in a manner that  
22 alters the emission of any air contaminant without obtaining a permit modification under  
23 G.S. 143-215.108. A permittee may, however, alter or expand the physical arrangement or  
24 operation of an air contaminant source, equipment, or associated air cleaning device at a facility  
25 permitted under G.S. 143-215.108 if the permittee complies with the requirements of this section.  
26 At least 15 days prior to commencing alteration or expansion under this subsection, the permittee  
27 shall give notice by publication and shall submit to the Commission a notice of the permittee's  
28 intent to alter or expand the physical arrangement or operation of an air contaminant source,  
29 equipment, or associated air cleaning device. Notice by publication shall be in a newspaper  
30 having general circulation in the county or counties where the facility is to be located; shall be at  
31 the permittee's own expense; shall include a statement that written comment may be submitted  
32 to the Commission, that the Commission will consider any comment that it receives, and the  
33 Commission's address for submission of written comment; and shall include all the information  
34 required by subdivisions (1) through (6) of this subsection. The permittee shall submit a proof of  
35 publication of the notice to the Commission within 15 days of the date of publication. The notice  
36 of intent to the Commission shall include all of the following:

37 ...

38 (b1) A person who (i) has filed an application under this Article to construct or operate an  
39 air contaminant source, equipment, or associated air cleaning device at a site or facility or (ii)  
40 holds a permit under G.S. 143-215.108 and who has applied to the Commission for a  
41 modification of the permit to allow the person to alter or expand the physical arrangement or  
42 operation of an air contaminant source, equipment, or associated air cleaning device in a manner  
43 that alters the emission of air contaminants may undertake the following activities prior to  
44 obtaining a permit if the person complies with the requirements of this section:

45 (1) Clearing and grading.

46 (2) Construction of access roads, driveways, and parking lots.

47 (3) Construction and installation of underground pipe work, including water,  
48 sewer, electric, and telecommunications utilities.

49 (4) Construction of ancillary structures, including fences and office buildings,  
50 that are not a necessary component of an air contaminant source, equipment,

1                    or associated air cleaning device for which a permit is required under  
2                    G.S. 143-215.108.

3                    (5) Upon determination that an application for a permit or permit modification is  
4                    administratively complete, the construction (but not operation) of a new air  
5                    contaminant source, equipment, or associated air cleaning or emissions  
6                    control devices prior to permit issuance. The exception in this subdivision  
7                    applies only to an application for the addition or modification of an emissions  
8                    source that is not subject to (i) permit limits set pursuant to programs for the  
9                    prevention of significant deterioration and for the attainment of air quality  
10                   standards in nonattainment areas under G.S. 143-215.107(a)(7), (ii) a residual  
11                   risk-based hazardous air pollutant standard under 42 U.S.C. § 7412(f), as  
12                   amended, or (iii) a case-by-case maximum achievable control technology  
13                   (MACT) permit requirement issued by the Department pursuant to 42 U.S.C.  
14                   § 7412(j), as amended. The undertaking of pre permitting activities under this  
15                   subdivision shall not entitle the permit or permit modification applicant to  
16                   operate any air contaminant source, equipment, or associated air cleaning or  
17                   emissions control devices prior to permit issuance.

18                   ...."

## 20 **STORMWATER PERMITTING REVISIONS**

21                   **SECTION 12.12.(a)** G.S. 143-214.7 is amended by adding two new subsections to  
22 read:

23                   "(b5) Permitting under the authority granted to the Commission by this section shall comply  
24                   with the procedures and time lines set forth in this subsection. For any development necessitating  
25                   stormwater measures subject to this section, applications for new permits, permit modifications,  
26                   permit transfers, permit renewals, and decisions to deny an application for a new permit, permit  
27                   modification, transfer, or renewal shall be in writing. Where the Commission has provided a  
28                   digital submission option, such submission shall constitute a written submission. The  
29                   Commission shall act on a permit application as quickly as possible. The Commission may  
30                   conduct any inquiry or investigation it considers necessary before acting on an application and  
31                   may require an applicant to submit plans, specifications, and other information the Commission  
32                   considers necessary to evaluate the application. If the Commission fails to act on an application  
33                   for a permit or for a renewal of a permit as specified in this subsection after the applicant submits  
34                   all information required by the Commission, the application shall be deemed approved without  
35                   modification.

36                   (1) The Commission shall perform an administrative review of a new application  
37                   and of a resubmittal of an application determined to be incomplete under  
38                   subdivision (3) of this subsection within 10 working days of receipt to  
39                   determine if the information is administratively complete. If complete, the  
40                   Commission shall issue a receipt letter or electronic response stating that the  
41                   application is complete and that a 70-calendar day technical review period has  
42                   started as of the original date the application was received. If required items  
43                   or information is not included, the application shall be deemed incomplete,  
44                   and the Commission shall issue an application receipt letter or electronic  
45                   response identifying the information required to complete the application  
46                   package before the technical review begins. When the required information is  
47                   received, the Commission shall then issue a receipt letter or electronic  
48                   response specifying that it is complete and that the 70-calendar day review  
49                   period has started as of the date of receipt of all required information. The  
50                   Commission shall develop an application package checklist identifying the

1 items and information required for an application to be considered  
2 administratively complete.

3 (2) If, during the 70-calendar day technical review period, the Commission  
4 determines that the application meets the standards for issuance of a  
5 stormwater permit, it shall issue the permit.

6 (3) If, during the 70-calendar day technical review period, the Commission  
7 determines that additional information is required to continue processing the  
8 application, the Commission and the applicant shall comply with the  
9 following:

10 a. The Commission shall issue a letter or electronic response with a list  
11 of the additional information required to issue the permit.

12 b. The applicant shall have 30 calendar days from the date the letter or  
13 electronic response is sent to submit the additional information to the  
14 Commission.

15 c. If the applicant fails to provide the required information within 30  
16 calendar days, the Commission shall return the application to the  
17 applicant, the application is deemed denied, and the applicant must  
18 resubmit a complete application with a new application fee before the  
19 project may be reviewed.

20 d. Upon receipt of the required information from the applicant, the  
21 Commission shall have 30 calendar days to complete the technical  
22 review and issue the permit, issue the permit with modifications, deny  
23 the permit, or issue a letter or electronic response with a list of  
24 additional information required to continue processing the application,  
25 and the review process will proceed in accordance with  
26 sub-subdivision b. of this subdivision.

27 e. After issuing a letter or electronic response requesting additional  
28 information under this subdivision, the Commission shall not  
29 subsequently request additional information that was not previously  
30 identified as missing or required in that additional information letter  
31 or electronic response. The Commission may request additional  
32 information if required for the technical review based on any new  
33 information, changed circumstances, or changed designs provided by  
34 the applicant in the response under sub-subdivision b. of this  
35 subdivision. Where the Commission identifies information that should  
36 have been requested, the Commission may include conditions in or  
37 modifications to the permit upon issuance addressing this information  
38 but shall not deny the permit because of the missing information. This  
39 prohibition on permit denial shall not apply where an application was  
40 deemed denied under sub-subdivision c. of this subdivision.

41 (b6) All permits issued pursuant to this section for which an expiration date is specified  
42 shall be issued for a term not to exceed eight years."

43 **SECTION 12.12.(b)** The Commission shall adopt amendments to its relevant  
44 permitting rules to reflect the statutory changes made by subsection (a) of this section. These  
45 amendments shall include updating 15A NCAC 02H .1045(4)(c) to reference G.S. 143-214.7  
46 instead of G.S. 143-215.1.

47 **SECTION 12.12.(c)** Subsections (a) and (b) of this section become effective July 1,  
48 2024.

49  
50 **EXPRESS PERMITTING REVISIONS**

51 **SECTION 12.13.(a)** G.S. 143B-279.13 reads as rewritten:

1 **"§ 143B-279.13. Express permit and certification reviews.**

2 (a) The Department of Environmental Quality shall develop an express review program  
3 to provide express permit and certification reviews in all of its regional offices. Participation in  
4 the express review program is voluntary, and the program ~~is to become~~ shall be supported by the  
5 fees determined pursuant to subsection (b) of this section. The Department of Environmental  
6 Quality shall determine the project applications to review under the express review program from  
7 those who request to participate in the program. The express review program may be applied to  
8 any one or all of the permits, approvals, or certifications in the following programs: the erosion  
9 and sedimentation control program, the coastal management program, and the water quality  
10 programs, including water quality certifications and stormwater management. The express  
11 review program shall focus on the following permits or certifications:

- 12 (1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General  
13 Statutes.
- 14 (2) Stream origination certifications under Article 21 of Chapter 143 of the  
15 General Statutes.
- 16 (3) Water quality certification under Article 21 of Chapter 143 of the General  
17 Statutes.
- 18 (4) Erosion and sedimentation control permits under Article 4 of Chapter 113A  
19 of the General Statutes.
- 20 (5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article  
21 7 of Chapter 113A of the General Statutes.

22 (a1) The Department of Environmental Quality shall have the authority to create express  
23 permitting options for programs in addition to those listed in subsection (a) of this section where  
24 it deems there to be a need or where it determines an express permitting option would create  
25 greater efficiencies for the permitting process.

26 (b) The Department of Environmental Quality ~~may determine~~ shall set the fees for  
27 express application review under the express review ~~program.~~ program at a level sufficient to  
28 cover all program expenses. Notwithstanding G.S. 143-215.3D, the maximum permit application  
29 fee to be charged under subsection (a) of this section for the express review of a project  
30 application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of  
31 this section shall not exceed five thousand five hundred dollars (\$5,500). Notwithstanding  
32 G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a  
33 project application requiring all of the permits under subdivisions (1) through (4) of subsection  
34 (a) of this section shall not exceed four thousand five hundred dollars (\$4,500). Notwithstanding  
35 G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project  
36 application for any other combination of permits under subdivisions (1) through (5) of subsection  
37 (a) of this section shall not exceed four thousand dollars (\$4,000). Express—As set forth in  
38 subsection (a1) of this section, express review of a project application involving additional  
39 permits or certifications issued by the Department of Environmental Quality other than those  
40 under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the  
41 Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit  
42 fee, the maximum permit application fee charged for the express review of a project application  
43 that includes a permit, approval, or certification designated for express review under subsection  
44 (a1) of this section shall not exceed four thousand dollars (\$4,000), plus one hundred fifty percent  
45 (150%) of the fee that would otherwise apply by statute or rule for that particular ~~permit~~ permit,  
46 approval, or certification. Additional fees, not to exceed fifty percent (50%) of the original permit  
47 application fee under this section, may be charged for subsequent reviews due to the insufficiency  
48 of the permit applications. The Department of Environmental Quality may establish the  
49 procedure by which the amount of the fees under this subsection is determined, and the fees and  
50 procedures are not rules under G.S. 150B-2(8a) for the express review program under this  
51 section.

...."

**SECTION 12.13.(b)** No later than July 1, 2025, the Department shall adopt permanent rules to implement the express permitting program as amended by subsection (a) of this section. In adopting permanent rules required by this section, the Department is exempt from the requirement of Chapter 150B of the General Statutes that a certification be obtained from the Office of State Budget and Management, including requirements under G.S. 150B-21.4, and from the requirement for preliminary review by the Office of State Budget and Management pursuant to G.S. 150B-21.26. As set forth in G.S. 143B-279.13(b), the Department of Environmental Quality may establish the procedure by which the amount of the fees under this subsection is determined, and the fees and procedures are not rules under G.S. 150B-2(8a) for the express review program.

**SECTION 12.13.(c)** Until the effective date of the rules required by subsection (b) of this section, the Department may continue to operate and administer the program as it did prior to the enactment of this section, using policies published on the Department's website and made available to the regulated community on or before July 1, 2023. These policies may be reviewed and updated by the Department as needed until the adoption of rules as required by subsection (b) of this section, provided that no policy changes shall go into effect until 30 days after the changes are published on the Department's website.

## DEQ FEE REVISIONS

### WATER QUALITY AND STORMWATER FEES

**SECTION 12.14.(a)** G.S. 143-215.3D reads as rewritten:

**"§ 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

- 1 acres of land is ~~eight hundred ten dollars (\$810.00)~~, one thousand one hundred  
 2 sixty dollars (\$1,160).
- 3 (8) Animal Waste Management Systems. – The annual fee for animal waste  
 4 management systems is as set out in G.S. 143-215.10G.
- 5 (9) Authorizations to Construct. – The application fee for an authorization to  
 6 construct for a wastewater treatment plant expansion, upgrade, replacement,  
 7 or repair is one thousand dollars (\$1,000).
- 8 (10) NPDES Stormwater Permits. – The permit fee and annual fee for NPDES  
 9 stormwater permits is as follows:
- 10 a. The fee for an industrial NPDES individual permit is one thousand two  
 11 hundred dollars (\$1,200).
- 12 b. The fee for coverage under a construction or industrial NPDES general  
 13 permit is one hundred twenty dollars (\$120.00).
- 14 c. The fee for an NPDES MS4 major permit is four thousand two  
 15 hundred dollars (\$4,200).
- 16 d. The fee for an NPDES MS4 minor permit is one thousand dollars  
 17 (\$1,000).
- 18 e. The fee for an NPDES no exposure certification is two hundred fifty  
 19 dollars (\$250.00), only in the first year.
- 20 (b) Application fee for new discharge and nondischarge permits. – An application for a  
 21 new permit of the type set out in subsection (a) of this section shall be accompanied by an initial  
 22 application fee equal to the annual fee for that permit. If a permit is issued, the application fee  
 23 shall be applied as the annual fee for the first year that the permit is in effect. If the application  
 24 is denied, the application fee shall not be refunded.
- 25 ...
- 26 (e) Other fees under this Article. –
- 27 (1) Sewer System Extension Permits. – The application fee for (i) a permit for the  
 28 construction of a new sewer ~~system or for system,~~ (ii) a permit for the  
 29 extension of an existing sewer ~~system-system,~~ or (iii) a variance request is ~~four~~  
 30 ~~hundred eighty dollars (\$480.00)~~, six hundred dollars (\$600.00).
- 31 (2) State Stormwater Permits. – ~~The application fee for~~ The fee for a permit  
 32 regulating stormwater runoff under G.S. 143-214.7 and G.S. 143-215.1 is five  
 33 ~~hundred five dollars (\$505.00).~~ G.S. 143-215.1 is as follows:
- 34 a. The fee for a new permit or a major modification of an existing  
 35 development project permit is based on the number of stormwater  
 36 control measures (SCMs) proposed in the permit as set forth in this  
 37 sub-subdivision. The term "major modification" is defined in 15A  
 38 NCAC 02H .1002.
- 39 1. For one or fewer SCMs, one thousand dollars (\$1,000).
- 40 2. For two SCMs, one thousand two hundred fifty dollars  
 41 (\$1,250).
- 42 3. For three SCMs, one thousand seven hundred fifty dollars  
 43 (\$1,750).
- 44 4. For four or more SCMs, two thousand two hundred fifty  
 45 dollars (\$2,250).
- 46 b. The fee for a minor modification of a State stormwater permit is two  
 47 hundred fifty dollars (\$250.00). The term "minor modification" is  
 48 defined in 15A NCAC 02H .1002.
- 49 c. The fee for a renewal or transfer of a State stormwater permit is seven  
 50 hundred fifty dollars (\$750.00).



- 1                   d.     The fee for a combination renewal and transfer of a State stormwater
- 2                   permit is one thousand five hundred dollars (\$1,500).
- 3                   e.     The fee for new coverage under a general permit is seven hundred
- 4                   dollars (\$700.00).
- 5                 (3)    Major Water Quality Certifications. – The fee for a water quality certification
- 6                   involving one acre or more of wetland fill or 150 feet or more of stream impact
- 7                   is ~~five hundred seventy dollars (\$570.00)~~seven hundred sixty-seven dollars
- 8                   (\$767.00).
- 9                 (4)    Minor Water Quality Certifications. – The fee for a water quality certification
- 10                  involving less than one acre of wetland fill or less than 150 feet of stream
- 11                  impact is ~~two hundred forty dollars (\$240.00)~~three hundred twenty-three
- 12                  dollars (\$323.00).
- 13                 ...."

**HAZARDOUS WASTE FEE**

**SECTION 12.14.(b)** G.S. 130A-294.1 reads as rewritten:

**"§ 130A-294.1. Fees applicable to generators and transporters of hazardous waste, and to hazardous waste storage, treatment, and disposal facilities.**

...  
 (f) A person who generates 100 kilograms or more of hazardous waste in any calendar month during the year beginning 1 July and ending 30 June but less than 1000 kilograms of hazardous waste in each calendar month during that year shall pay an annual fee of ~~one hundred seventy-five dollars (\$175.00)~~three hundred dollars (\$300.00).  
 ...."

**SOLID WASTE FEE**

**SECTION 12.14.(c)** G.S. 130A-295.8 reads as rewritten:

**"§ 130A-295.8. Fees applicable to permits for solid waste management facilities.**

- ...  
 (d1) A permitted solid waste management facility shall pay an annual permit fee on or before August 1 of each year according to the following schedule:  
 ...  
 (13) Treatment and Processing Facility – ~~\$500~~\$750.00.  
 (14) Tire Monofill – \$1,000.  
(14a) Post-Closure Tire Monofill – \$500.00.  
 (15) ~~Incinerator – \$500.~~Incinerator accepting less than 200 tons per day of solid waste – \$500.00.  
(15a) Incinerator accepting more than 200 tons per day of solid waste – \$1,000.  
 (16) Large Compost Facility – ~~\$500~~\$800.00.  
(16a) Small Compost Facility – \$300.00.  
 (17) Land Clearing and Inert Debris Landfill – ~~\$500~~\$900.00.  
 (d2) Upon submission of an application for a new permit, an applicant shall pay an application fee in the amount of ~~ten percent (10%)~~twenty-five percent (25%) of the annual permit fee imposed for that type of solid waste management facility as identified in subdivisions (1) through (17) of subsection (d1) of this section.  
(d3) Upon submission of an application for a permit modification to a solid waste management facility identified in subdivisions (1) through (12) of subsection (d1) of this section, an applicant shall pay an application fee of five hundred dollars (\$500.00).  
(d4) When a cumulative impact review is required to be conducted in accordance with G.S. 130A-294(a)(4)c. for an application for a new permit, the permit application fee required by subsection (d2) of this section shall be increased by one thousand dollars (\$1,000).

(d5) If a solid waste management facility identified in subdivision (4), (7), (10), or (14a) of subsection (d1) of this section is required by the Department to conduct assessment and corrective action activities, the annual permit fee imposed for that type of solid waste management facility shall be increased by seven hundred fifty dollars (\$750.00) during each year that the facility is conducting assessment and corrective action activities, until released from the requirement by the Department.

...."

**SEPTAGE MANAGEMENT FEE**

**SECTION 12.14.(d)** G.S. 130A-291.1 reads as rewritten:

**"§ 130A-291.1. Septage management program; permit fees.**

...

(e) A septage management firm that operates one pumper truck shall pay an annual fee of ~~five hundred fifty dollars (\$550.00)~~ eight hundred dollars (\$800.00) to the Department. A septage management firm that operates two pumper trucks shall pay an annual fee of nine hundred fifty dollars (\$950.00) to the Department. A septage management firm that operates ~~two~~ three or more pumper trucks shall pay an annual fee of ~~eight hundred dollars (\$800.00)~~ one thousand five hundred dollars (\$1,500) to the Department.

(e1) An individual who operates a septage ~~storage,~~ treatment or disposal facility but who does not engage in the business of pumping, transporting, or disposing of septage shall pay an annual fee of ~~two hundred dollars (\$200.00)~~ five hundred dollars (\$500.00).

...."

**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	<u>\$150</u> <u>\$190</u>

1		
2	Community Water Systems:	
3	Number of Persons Served	
4		
5	50 or fewer	<del>\$255</del> <u>\$320</u>
6	More than 50 but no more than 100	<del>\$270</del> <u>\$340</u>
7	More than 100 but no more than 200	<del>\$330</del> <u>\$410</u>
8	More than 200 but no more than 300	<del>\$350</del> <u>\$430</u>
9	More than 300 but no more than 400	<del>\$385</del> <u>\$480</u>
10	More than 400 but no more than 500	<del>\$420</del> <u>\$520</u>
11	More than 500 but no more than 750	<del>\$780</del> <u>\$970</u>
12	More than 750 but no more than 1000	<del>\$810</del> <u>\$1,010</u>
13	More than 1000 but no more than 2000	<del>\$840</del> <u>\$1,050</u>
14	More than 2000 but no more than 3000	<del>\$870</del> <u>\$1,090</u>
15	More than 3000 but no more than 4000	<del>\$1350</del> <u>\$1,690</u>
16	More than 4000 but no more than 5000	<del>\$1460</del> <u>\$1,830</u>
17	More than 5000 but no more than 7500	<del>\$1925</del> <u>\$2,410</u>
18	More than 7500 but no more than 10,000	<del>\$2065</del> <u>\$2,580</u>
19	More than 10,000 but no more than 25,000	<del>\$2600</del> <u>\$3,250</u>
20	More than 25,000 but no more than 50,000	<del>\$2925</del> <u>\$3,660</u>
21	More than 50,000 but no more than 75,000	<del>\$4250</del> <u>\$5,310</u>
22	More than 75,000 but no more than 100,000	<del>\$4675</del> <u>\$5,840</u>
23	More than 100,000 but no more than 250,000	<del>\$5100</del> <u>\$6,380</u>
24	More than 250,000 but no more than 500,000	<del>\$5525</del> <u>\$6,910</u>
25	More than 500,000	<del>\$5950</del> <u>\$7,440</u>

26 (c) The following fees are imposed for the review of plans, specifications, and other  
 27 information submitted to the Department for approval of construction or alteration of a public  
 28 water system. The fees are based on the type of constructions or alteration proposed:

29		
30	Distribution system:	Fee
31	Construction of water lines, less than 5000 linear feet	<del>\$150</del> <u>\$300</u>
32	Construction of water lines, 5000 linear feet or more	<del>\$200</del> <u>\$400</u>
33	Other construction or alteration to a distribution system	<del>\$75</del> <u>\$150</u>
34		
35	Ground water system:	
36	Construction of a new ground water system or adding a new well	<del>\$200</del> <u>\$400</u>
37	Alteration to an existing ground water system	<del>\$100</del> <u>\$200</u>
38		
39	Surface Water system:	
40	Construction of a new surface water treatment facility	<del>\$250</del> <u>\$500</u>
41	Alteration to an existing surface water treatment facility	<del>\$150</del> <u>\$300</u>
42	Water System Management Plan review	<del>\$75</del> <u>\$150</u>
43	Miscellaneous changes or maintenance not covered above	<del>\$50</del> <u>\$100</u>

44 (d) The Department may charge an administrative fee of up to one hundred fifty dollars  
 45 (\$150.00) for failure to pay the permit fee by January 31 of each year.  
 46 ...."

47  
 48 **WASTEWATER OPERATOR FEES**

49 **SECTION 12.14.(g)** G.S. 90A-42 reads as rewritten:

50 **"§ 90A-42. Fees.**

1 (a) The Commission, in establishing procedures for implementing the requirements of  
2 this Article, shall impose the following schedule of fees:

- 3 (1) Examination including Certificate, \$85.00;
- 4 (2) Temporary Certificate, \$200.00;
- 5 (3) Temporary Certification Renewal, \$300.00;
- 6 (4) Conditional Certificate, \$75.00;
- 7 (5) Repealed by Session Laws 1987, c. 582, s. 3.
- 8 (6) Reciprocity Certificate, \$100.00;
- 9 (6a) Voluntary Conversion Certificate, \$50.00;
- 10 (7) Annual Renewal, per certification \$50.00;
- 11 (8) Replacement of Certificate, \$20.00;
- 12 (9) Late Payment of Annual Renewal, \$50.00 penalty in addition to all current  
13 and past due annual renewal fees plus one hundred dollars (\$100.00) penalty  
14 per year for each year for which annual renewal fees were not paid prior to the  
15 current year; and
- 16 (10) Mailing List Charges – The Commission may provide mailing lists of certified  
17 water pollution control system operators and of water pollution control system  
18 operators to persons who request such lists. The charge for such lists shall be  
19 twenty-five dollars (\$25.00) for each such list provided.

20 (b) The Water Pollution Control System Account is established as a nonreverting account  
21 within the Department. Fees collected under this section shall be credited to the Account and  
22 applied to the costs of administering this Article. Interest and other income received on the Fund  
23 balance shall be treated as set forth in G.S. 147-69.1(d)."  
24

## 25 LAB CERTIFICATION FEES

26 **SECTION 12.14.(h)** Definitions. – For purposes of this section and its  
27 implementation, "Lab Certification Fee Rule" means 15A NCAC 02H .0806 (Fees Associated  
28 with Certification Program).

29 **SECTION 12.14.(i)** Lab Certification Fee Rule. – Until the effective date of the  
30 revised permanent rule that the Environmental Management Commission is required to adopt  
31 pursuant to subsection (k) of this section, the Commission shall implement the Lab Certification  
32 Fee Rule as provided in subsection (j) of this section.

33 **SECTION 12.14.(j)** Implementation. – Laboratory certification fees shall be revised  
34 as follows:

- 35 (1) The fee for municipal, industrial, and other laboratories analyzing only  
36 samples for field parameters shall be increased from one hundred fifty dollars  
37 (\$150.00) to two hundred fifty dollars (\$250.00).
- 38 (2) The fee for commercial laboratories analyzing only samples for field  
39 parameters shall be increased from three hundred dollars (\$300.00) to five  
40 hundred dollars (\$500.00).
- 41 (3) The minimum fee for municipal, industrial, and other laboratories shall be  
42 increased from one thousand seven hundred fifty dollars (\$1,750) to two  
43 thousand dollars (\$2,000).
- 44 (4) The minimum fee for other commercial laboratories shall be increased from  
45 three thousand five hundred dollars (\$3,500) to six thousand five hundred  
46 dollars (\$6,500).
- 47 (5) To reflect the additional costs of certifying labs located outside the State, the  
48 minimum fee for those labs shall be set at one hundred fifty percent (150%)  
49 of the amounts set out in subdivisions (1) through (4) of this subsection.

50 **SECTION 12.14.(k)** Additional Rulemaking Authority. – The Commission shall  
51 adopt a rule to amend the Lab Certification Fee Rule consistent with subsection (j) of this section.

1 Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section  
2 shall be substantively identical to the provisions of subsection (j) of this section. Rules adopted  
3 pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General  
4 Statutes and shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more  
5 written objections had been received as provided in G.S. 150B-21.3(b2).

6 **SECTION 12.14.(l)** Applicability and Sunset. – This section and rules adopted  
7 pursuant to this section apply to all applications for certification submitted on or after July 1,  
8 2023. Subsections (i) through (k) of this section expire when permanent rules adopted as required  
9 by subsection (k) of this section become effective.

10 **SECTION 12.14.(m)** G.S. 143-215.3(a)(10) reads as rewritten:

11 "(10) To require a laboratory facility that performs any tests, analyses,  
12 measurements, or monitoring required under this Article or Article 21B of this  
13 Chapter to be certified annually by the Department, to establish standards that  
14 a laboratory facility and its employees must meet and maintain in order for the  
15 laboratory facility to be certified, and to charge a laboratory facility a fee for  
16 certification. Fees collected under this subdivision shall be credited to the  
17 Water and Air Account and used to administer this subdivision. Beginning  
18 July 1, 2025, and every two years thereafter, the Commission shall adjust the  
19 fees imposed pursuant to this subdivision to cover the costs of legislatively  
20 mandated salary and benefits revisions for the employees administering the  
21 laboratory facility certification program. These fees shall be applied to the cost  
22 of certifying ~~commercial, industrial, and municipal~~ laboratory facilities."  
23

## 24 WIND ENERGY FACILITY FEES

25 **SECTION 12.14.(n)** G.S. 143-215.119(c) reads as rewritten:

26 "(c) Fees. – An applicant for a permit for a proposed wind energy facility or proposed  
27 wind energy facility expansion under this section shall submit with the application required  
28 pursuant to subsection (a) of this section, an application fee of ~~three thousand five hundred dollars~~  
29 ~~(\$3,500); the lesser of (i) two hundred dollars (\$200.00) per megawatt of nameplate capacity for~~  
30 ~~the proposed facility or (ii) fifty thousand dollars (\$50,000).~~ The proceeds of this fee and the  
31 annual fee required by G.S. 143-215.125A shall be credited to a special fund within the  
32 Department and may be expended only for purposes authorized by this Article or necessary to  
33 carry out a duty imposed by this Article."

34 **SECTION 12.14.(o)** Article 21C of Chapter 143 of the General Statutes is amended  
35 by adding a new section to read:

36 "**§ 143-215.125A. Annual fee.**

37 The Department shall charge permittees an annual fee of seventy-five dollars (\$75.00) per  
38 permitted megawatt of capacity payable on or before September 1 for the previous fiscal year to  
39 be applied to the costs of administering this Article. The Department may charge a late fee of  
40 seventy-five dollars (\$75.00) per month per permit for every month or partial month that payment  
41 of the annual operating fee is delinquent."  
42

## 43 PROVIDE FLEXIBILITY TO ADJUST FEES FOR INFLATION

44 **SECTION 12.14.(p)** Article 7 of Chapter 143B of the General Statutes is amended  
45 by adding a new section to read:

46 "**§ 143B-279.18. Quadriennial adjustment of certain fees and rates.**

47 (a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1,  
48 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed  
49 pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index  
50 computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for  
51 per transaction rates shall be rounded to the nearest dollar (\$1.00):

- 1           (1)    G.S. 74-54.1.
- 2           (2)    G.S. 90A-42.
- 3           (3)    G.S. 90A-47.4.
- 4           (4)    G.S. 113A-54.2.
- 5           (5)    G.S. 113A-119.1.
- 6           (6)    G.S. 130A-291.1.
- 7           (7)    G.S. 130A-294.1.
- 8           (8)    G.S. 130A-295.8.
- 9           (9)    G.S. 130A-310.9.
- 10          (10)   G.S. 130A-310.39.
- 11          (11)   G.S. 130A-310.76.
- 12          (12)   G.S. 130A-328(b).
- 13          (13)   G.S. 130A-328(c).
- 14          (14)   G.S. 143-215.3D.
- 15          (15)   G.S. 143-215.10G.
- 16          (16)   G.S. 143-215.28A.
- 17          (17)   G.S. 143-215.94C.
- 18          (18)   G.S. 143-215.119.
- 19          (19)   G.S. 143-215.125A.
- 20          (20)   G.S. 143B-279.13.

21       (b)    Rulemaking Exemption. – The fee adjustments required by this section are not subject  
 22 to the requirements of Article 2A of Chapter 150B of the General Statutes.

23       (c)    Consultation and Publication. – Notwithstanding any provision of G.S. 12-3.1 to the  
 24 contrary, prior to implementing an adjustment pursuant to subsection (a) of this section the  
 25 Department must, no later than 90 days prior to the end of the fiscal biennium, (i) consult with  
 26 the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources,  
 27 (ii) report the proposed fee adjustments to the chairs of the Senate Appropriations Committee on  
 28 Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives  
 29 Appropriations Committee on Agriculture and Natural and Economic Resources, and the Fiscal  
 30 Research Division, and (iii) publish notice of the fees that will be in effect in the offices of the  
 31 Department and on the Department's website. After making the adjustment, the Department shall  
 32 notify the Revisor of Statutes, who shall adjust the amounts in statute.

33       (d)    Effective Date; Grandfathering. – Any adjustment to fees or rates under this section  
 34 applicable to an application or request for a permit, certification, or other Department approval  
 35 submitted to the Department is only applicable to an application or request for a permit,  
 36 certification, or other Department approval submitted to the Department on or after the effective  
 37 date of the fee or rate adjustment. No adjustment to fees or rates under this section applies to an  
 38 application or request for a permit, certification, or other Department approval submitted to the  
 39 Department prior to the effective date of the fee or rate adjustment."

#### 40

#### 41 **ELIMINATE FAST-TRACK STORMWATER PERMIT OPTION**

42       **SECTION 12.14.(q)** G.S. 143-214.7B is repealed.

43       **SECTION 12.14.(r)** Subsection (q) of this section becomes effective October 1,  
 44 2023, and applies to permit applications filed on or after that date.

#### 45

#### 46 **FLOW ALLOCATION LIMIT CLARIFICATION FOR WASTEWATER TREATMENT**

#### 47 **SYSTEM PERMITTEES**

48       **SECTION 12.15.** G.S. 143-215.1(f5), as enacted by Section 1 of S.L. 2023-55, reads  
 49 as rewritten:

50       "(f5) A permittee for a wastewater treatment system, who has signed a contract for the  
 51 expansion of its wastewater treatment system, utilization, or disposal system and whose current

1 system is located in a county with a projected population growth rate above two percent (2%)  
2 annually or is located in one of the top twenty percent (20%) of the fastest growing counties in  
3 the State, by population, and is meeting flow and pollutant discharge limits set out in the system's  
4 current permit, may allocate one hundred ten percent (110%) of its existing system's hydraulic  
5 capacity and increase the allocation amount to one hundred fifteen percent (115%) when the  
6 expansion of its system is within 24 months of completion, but may not allocate more than the  
7 permitted projected capacity after expansion without approval by the Department. If the  
8 permittee exceeds its current permitted monthly flow more than once in any 12-month period,  
9 the permittee may not allocate more than one hundred percent (100%) of the existing system's  
10 hydraulic capacity until the permittee complies with the permitted monthly flow for at least 12  
11 consecutive months. Nothing in this subsection shall be construed to limit the Department from  
12 authorizing allocations above one hundred fifteen percent (115%) of a system's hydraulic  
13 capacity."  
14

## 15 REGIONAL WATER/WASTEWATER PLANNING

16 **SECTION 12.16.(a)** Of the funds appropriated in this act to the North Carolina  
17 Megasite Fund established by Section 11.11 of S.L. 2022-74, as amended, one million dollars  
18 (\$1,000,000) in nonrecurring funds for the 2023-2024 fiscal year is allocated to the Department  
19 of Environmental Quality for the purposes set forth in this section.

20 **SECTION 12.16.(b)** The Department shall develop a Regional Water and  
21 Wastewater Infrastructure Master Plan in the geographic area surrounding United States Route  
22 421 between Interstate Route 85 in Greensboro and Interstate Route 95 in Dunn, designated as a  
23 high-priority corridor in the Infrastructure Investment and Jobs Act of 2021. The Department  
24 may contract with a third party for all or part of the development of the Master Plan. The Master  
25 Plan shall prioritize a study of options for the regionalization of water and wastewater systems  
26 and make recommendations for the long-term economic growth and environmental protection of  
27 the region. The study shall also consider options for the governance of one or more regional  
28 systems and nutrient loading capacity for wastewater discharges. The Department shall submit  
29 the Regional Master Plan to the Joint Legislative Oversight Committee on Agriculture and  
30 Natural and Economic Resources and the Fiscal Research Division no later than May 1, 2024.

31 **SECTION 12.16.(c)** The Department may contract with a third party for  
32 development of the Master Plan required by this section and shall be exempt from Articles 3 and  
33 3C of Chapter 143 of the General Statutes with respect to that contract.  
34

## 35 TITLE V AIR PERMIT BONUS PILOT PROGRAM

36 **SECTION 12.17.(a)** Establishment of Pilot Program. – Notwithstanding  
37 G.S. 126-4(10), the Environmental Management Commission shall establish a Permit Bonus  
38 Pilot Program (Program) for qualifying employees who process applications for Title V Air  
39 Permits. Qualifying employees shall receive a bonus after a Title V Air Permit is reviewed and  
40 completed in accordance with this section. Bonuses for reviewing and processing Title V Air  
41 Permits shall be awarded under the applicable schedule. The issuance or denial of a Title V Air  
42 Permit shall not affect whether the qualifying employee receives a bonus. The Program shall  
43 expire on June 30, 2025.

44 **SECTION 12.17.(b)** Definitions. – The following definitions apply in this section:

- 45 (1) Administratively complete. – All information required by statute, regulation,  
46 or application form has been submitted to the Department for the purpose of  
47 processing a permit application.
- 48 (2) Application receipt. – The day in which the application or fee payment has  
49 been delivered, whichever is later if delivered on different days, to the  
50 Department by hand delivery, mail, or electronic means prescribed by the  
51 Department.

- 1 (3) Department. – The Department of Environmental Quality.
- 2 (4) Director. – The Director of the Division.
- 3 (5) Division. – The Division of Air Quality.
- 4 (6) Federal program. – A federal program, as defined in 15A NCAC 02Q
- 5 .0203(c), to which the facility is subject after the permit action.
- 6 (7) Final action. – As defined in 15A NCAC 02Q .0518.
- 7 (8) Major modification. – As defined in 15A NCAC 02Q .0516.
- 8 (9) Minor modification. – As defined in 15A NCAC 02Q .0515.
- 9 (10) New Source Review or NSR. – A permit review process applicable to certain
- 10 new or modified stationary sources that emit, or will emit, criteria air
- 11 pollutants and are located in air quality control regions.
- 12 (11) Nonattainment Area or NAA. – A permit review process applicable to the
- 13 construction and operation of new and modified stationary sources in
- 14 nonattainment areas.
- 15 (12) Prevention of Significant Deterioration or PSD. – A permit review process
- 16 applicable to the construction and operation of new and modified stationary
- 17 sources in attainment areas and includes a preconstruction permit
- 18 demonstrating implementation of best available control technologies to
- 19 control future emissions of pollutants.
- 20 (13) Qualifying employee. – A full-time equivalent position or part-time position
- 21 employed on or after the date this section becomes law by the Department or
- 22 Division that does any of the following for Title V Air Permits:
- 23 a. Processes and reviews Title V Air Permit applications.
- 24 b. Provides administrative support.
- 25 c. Supervises the processing and reviewing of Title V Air Permits.
- 26 d. Reviews the air quality analysis provided with the Title V Air Permit
- 27 application.
- 28 (14) Title V Air Permit. – A permit issued under the authority conveyed by the
- 29 Environmental Protection Agency under Title V of the Clean Air Act
- 30 Amendments of 1990 (42 U.S.C. §§ 7661 through 7661f) and delegated by
- 31 that agency to the Department.

32 **SECTION 12.17.(c)** Fund. – The Permit Bonus Fund (Fund) is established as a  
 33 nonreverting special fund in the Department. The Fund shall consist of the funds appropriated in  
 34 this section to implement the Program. The Division may use lapsed salary funds to pay bonuses  
 35 authorized by the Program if there are not sufficient funds remaining to pay out the bonuses in  
 36 accordance with this section. The Department shall not encumber or disburse these funds for any  
 37 other purpose not authorized in this section.

38 **SECTION 12.17.(d)** Permit Bonus Structure. – The following schedule applies to  
 39 the permit bonus program for Title V Air Permits and specifies the maximum amount each  
 40 qualifying employee is eligible to receive per permit:

41	42 <b>Permit Type</b>	43 <b>Permit Engineer</b>	44 <b>Supervisor</b>	45 <b>Meteorologist</b>	46 <b>Admin. Staff</b>
47	<b>Minor Modification</b>				
48	0-2 federal programs	\$250	\$75	N/A	\$25
49	3-6 federal programs	\$500	\$150	N/A	\$25
50	7+ federal programs	\$750	\$225	N/A	\$25
51	<b>Major Modification</b>				
	0-2 federal programs	\$700	\$75	N/A	\$50
	3-6 federal programs	\$1,000	\$300	N/A	\$50



1	7+ federal programs	\$1,500	\$500	N/A	\$50
2					
3	<b>New Title V Air Permit</b>				
4	0-2 federal programs	\$1,000	\$200	\$600	\$50
5	3-6 federal programs	\$1,750	\$500	\$900	\$50
6	7+ federal programs	\$2,500	\$800	\$1,200	\$50
7					
8	<b>PSD/NSR NAA/NSR</b>				
9	0-2 federal programs	\$2,500	\$600	\$1,000	\$100
10	3-6 federal programs	\$3,500	\$1,000	\$1,500	\$100
11	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.

**SECTION 12.17.(f) Pending Permits at Time of Implementation.** – For Title V Air Permit applications received prior to January 1, 2024, for which a permit review has not been evaluated by the permit supervisor or posted for public notice, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
Minor Modification	30	70
Major Modification	50	100
New Title V Air Permit	50	100
PSD/NSR NAA/NSR	100	200
<b>Bonus Percentage:</b>	100%	25%.

**SECTION 12.17.(g) Bonus Structure for First Six-Month Period.** – For administratively complete Title V Air Permit applications received on or after January 1, 2024, and before June 1, 2024, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
Minor Modification	60	100
Major Modification	140	200
New Title V Air Permit	150	250
PSD/NSR NAA/NSR	300	400
<b>Bonus Percentage:</b>	100%	25%.

**SECTION 12.17.(h) Bonus Structure for Second Six-Month Period.** – For administratively complete Title V Air Permit applications received on or after June 1, 2024, and before December 31, 2024, the following schedule applies:

Permit Type	Number of Processing Days	Days for Deduct.
-------------	---------------------------	------------------

1	Minor Modification	50	70	90	175
2	Major Modification	120	140	160	360
3	New Title V Air Permit	90	120	150	360
4	PSD/NSR NAA/NSR	180	240	300	600
5	<b>Bonus Percentage:</b>	100%	50%	25%.	

6  
7           **SECTION 12.17.(i)** Bonus Structure for After the First Year. – For administratively  
8 complete Title V Air Permit applications received on or after December 31, 2024, the following  
9 schedule applies:

11	<b>Permit Type</b>	<b>Number of Processing Days</b>	<b>Days for Deduct.</b>
12	Minor Modification	40	80
13	Major Modification	60	120
14	New Title V Air Permit	60	120
15	PSD/NSR NAA/NSR	120	240
16	<b>Bonus Percentage:</b>	100%	25%.

17  
18           **SECTION 12.17.(j)** Bonus Structure for 30-Day Period Prior to Implementation. –  
19 For administratively complete Title V Air Permit applications received between December 1 and  
20 December 31, 2023, the qualifying employee shall be eligible to receive bonuses set out in either  
21 subsection (f) or (g) of this section, whichever is greater.

22           **SECTION 12.17.(k)** Payment Schedule. – The Department shall pay bonuses to  
23 qualifying employees on a quarterly basis after making deductions for excessive application  
24 processing times as described in subsections (f) through (j) of this section, respectively. The  
25 Department shall determine if a qualifying employee should not receive a bonus under this  
26 section if the qualifying employee engaged in acts or omissions amounting to bad faith, gross  
27 negligence, or intentional wrongdoing that directly impairs or delays the processing of Title V  
28 Air Permit applications.

29           **SECTION 12.17.(l)** Calculation of Processing Days for Bonuses. – For the  
30 determination of an applicable bonus under this section, processing days shall begin the calendar  
31 day upon the receipt of an administratively complete Title V Air Permit application and end on  
32 the day that the Department notifies the applicant whether that permit application was issued or  
33 denied. Notwithstanding any other provision of law to the contrary, the Department shall not  
34 refuse to accept a Title V Air Permit application that is timely received and in compliance with  
35 Department rules for processing at the time of submittal. If an applicant does not provide  
36 requested additional information in response to a request letter for additional information  
37 provided electronically from the Department within five calendar days, the number of processing  
38 days from the time the additional information request letter was emailed to the applicant until  
39 such day that all of the requested additional information is received may be deducted from the  
40 total processing days used to calculate bonus eligibility. If a Title V Air Permit application is  
41 reassigned after the original permit reviewer leaves or otherwise separates employment of the  
42 Department, transfers to a new position unrelated to Title V Air Permit processing, or is on  
43 extended family or medical leave, all but 10 of the calendar days may be deducted from the total  
44 calendar days used to calculate the appropriate bonus percentage. If a permit is reviewed or  
45 processed by more than one qualifying employee of the same type, then the Director may  
46 apportion the eligible bonus by an appropriate percentage between the qualifying employees for  
47 that Title V Air Permit.

48           For Title V Air Permit applications received after January 1, 2024, when the  
49 processing of the application requires the Department to conduct a public hearing or provide the  
50 United States Environmental Protection Agency (EPA) the opportunity to review, forty-five (45)  
51 days may be added to the timeframes in the schedules set forth in subsections (g) through (i) of

1 this section when determining the applicable bonus percentages. Seventy-five (75) days may be  
2 added to timeframes in those schedules when a public hearing and an EPA review period are  
3 required. Applications received before December 1, 2023, are not eligible for the additional  
4 processing days.

5 **SECTION 12.17.(m) Deduction Applicability.** – If a qualifying employee is subject  
6 to a deduction based on processing a Title V Air Permit, then the deduction shall be equal to the  
7 maximum bonus amount the qualifying employee is able to receive for processing that particular  
8 Title V Air Permit under the bonus program. To calculate deductions for each qualifying  
9 employee, the Department shall subtract each deduction from the total bonus amount the  
10 qualifying employee is eligible to receive for that quarter. If the deduction total is greater than  
11 the total bonus amount, then the qualifying employee's total bonus amount for that quarter shall  
12 be zero; the qualifying employee shall not carry a deficit into the next quarter, and the deduction  
13 shall not impact the qualifying employee's earned non-bonus compensation.

14 **SECTION 12.17.(n) Payment of Bonuses for Pending Permits.** – For bonuses earned  
15 for Title V Air Permits under subsection (f) of this section, the payment of the bonus may be  
16 delayed until funds are available from the Fund established in subsection (c) of this section to  
17 pay out the entirety of the bonus.

18 **SECTION 12.17.(o) Bonuses Not Compensation.** – Bonuses awarded to a qualifying  
19 employee under this section shall be in addition to any earned non-bonus compensation the  
20 qualifying employee receives or is scheduled to receive. Nothing in this section shall be construed  
21 to reduce a qualifying employee's earned non-bonus compensation, including regular wages and  
22 overtime. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not  
23 compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for  
24 Teachers and State Employees.

25 **SECTION 12.17.(p) Quality Control Measures.** – The Environmental Management  
26 Commission shall develop quality control measures to measure consistency and quality of Title  
27 V Air Permit processing that ensures each application is adequately reviewed and, if denied, that  
28 there is good cause to deny the Title V Air Permit. The Commission may temporarily reduce the  
29 percentage of future bonus payouts to the qualifying employee (supervisor or permit reviewer) if  
30 Title V Air Permit application processing fails to meet quality standards as determined by the  
31 Commission. The Commission shall consult with the Department and provide this information  
32 to be included in the annual report submitted by the Department in accordance with this section.

33 **SECTION 12.17.(q) Exemption.** – The Program is not a program (i) of meritorious  
34 service awards, (ii) of productivity incentives, or (iii) for recognition of employees, public  
35 personnel management, or management excellence for purposes of the provisions of  
36 G.S. 126-4(8), (10), and (15), and thus is not subject to the rulemaking authority or policy  
37 development of the State Human Resources Commission.

38 **SECTION 12.17.(r) Reporting Requirement.** – Beginning on December 1, 2024, the  
39 Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture  
40 and Natural and Economic Resources on the awarding of bonuses under this section for the  
41 previous year. The report shall include, at a minimum, (i) how many bonuses were paid and  
42 details regarding each bonus, including amount, associated permit type, and qualifying employee,  
43 and (ii) the change in processing time for permit application decisions after the implementation  
44 of the bonus program. The Department shall include the quality control measures and any  
45 findings resulting therefrom in accordance with subsection (p) of this section in this report. The  
46 report shall also include a list of contested cases where the Office of Administrative Hearings  
47 rendered a final decision or order with findings of fact and conclusions of law, or a judgment on  
48 the pleadings or summary judgment in favor of a person aggrieved by the Department, and an  
49 estimate of the resulting costs to the State from the previous year. The Department shall submit  
50 a final report for the last year the pilot program operates, and the reporting requirement under  
51 this subsection shall expire after the submittal of the final report.

1           **SECTION 12.17.(s)** Rulemaking. – The Environmental Management Commission  
2 shall adopt temporary rules to implement the provisions of this section.

3           **SECTION 12.17.(t)** Funds appropriated in this act for fiscal year 2023-2024 from  
4 the project interest in the State Fiscal Recovery Reserve to the Department of Environmental  
5 Quality for the Permit Bonus Pilot Program shall be used to implement this section.

6           **SECTION 12.17.(u)** Subsection (c) of this section is effective July 1, 2023. The  
7 remainder of this section becomes effective January 1, 2024.

### 8 9 **PART XIII. LABOR**

#### 10 11 **BE PRO BE PROUD REPORTING**

12           **SECTION 13.1.** The North Carolina Home Builders Educational and Charitable  
13 Foundation shall submit a report by February 1 of each year in which it spends State funds  
14 appropriated by this act for the Be Pro Be Proud initiative to the chairs of the Joint Legislative  
15 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
16 Research Division regarding the activities undertaken with the funds appropriated by this section.

#### 17 18 **OSH ISSUANCE OF CITATIONS**

19           **SECTION 13.2.(a)** G.S. 95-137(b)(3) reads as rewritten:

20           "(3) No citation may be issued under this section after the expiration of six months  
21 following the ~~initiation of an inspection by the Director~~ occurrence of any  
22 violation."

23           **SECTION 13.2.(b)** This section becomes effective October 1, 2023, and applies to  
24 inspections initiated on or after that date.

### 25 26 **PART XIV. NATURAL AND CULTURAL RESOURCES**

#### 27 28 **NC SYMPHONY CHALLENGE GRANT**

29           **SECTION 14.1.(a)** Of the funds appropriated in this act to the Department of Natural  
30 and Cultural Resources, the sum of two million dollars (\$2,000,000) in recurring funds for each  
31 year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina Symphony as  
32 provided in this section. It is the intent of the General Assembly that the North Carolina  
33 Symphony raise at least six million dollars (\$6,000,000) in non-State funds for the 2023-2024  
34 fiscal year and seven million dollars (\$7,000,000) in non-State funds for the 2024-2025 fiscal  
35 year. The North Carolina Symphony cannot use funds transferred from the organization's  
36 endowment to its operating budget to achieve the fundraising targets set out in subsections (b)  
37 and (c) of this section.

38           **SECTION 14.1.(b)** For the 2023-2024 fiscal year, the North Carolina Symphony  
39 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 40           (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
41 funding, the North Carolina Symphony shall receive the sum of six hundred  
42 thousand dollars (\$600,000).
- 43           (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
44 non-State funding for a total amount of four million dollars (\$4,000,000) in  
45 non-State funds, the North Carolina Symphony shall receive the sum of seven  
46 hundred thousand dollars (\$700,000).
- 47           (3) Upon raising an additional sum of two million dollars (\$2,000,000) in  
48 non-State funding for a total amount of six million dollars (\$6,000,000) in  
49 non-State funds, the North Carolina Symphony shall receive the final sum of  
50 seven hundred thousand dollars (\$700,000) in the 2023-2024 fiscal year.

1           **SECTION 14.1.(c)** For the 2024-2025 fiscal year, the North Carolina Symphony  
2 shall receive allocations from the Department of Natural and Cultural Resources as follows:

- 3           (1) Upon raising the initial sum of two million dollars (\$2,000,000) in non-State  
4 funding, the North Carolina Symphony shall receive the sum of six hundred  
5 thousand dollars (\$600,000).  
6           (2) Upon raising an additional sum of two million dollars (\$2,000,000) in  
7 non-State funding for a total amount of four million dollars (\$4,000,000) in  
8 non-State funds, the North Carolina Symphony shall receive the sum of seven  
9 hundred thousand dollars (\$700,000).  
10          (3) Upon raising an additional sum of three million dollars (\$3,000,000) in  
11 non-State funding for a total amount of seven million dollars (\$7,000,000) in  
12 non-State funds, the North Carolina Symphony shall receive the final sum of  
13 seven hundred thousand dollars (\$700,000) in the 2024-2025 fiscal year.  
14

#### 15 **RENAME SECCA**

16           **SECTION 14.2.** The Department of Natural and Cultural Resources shall rename  
17 the Southeastern Center for Contemporary Art as the North Carolina Museum of Art–  
18 Winston-Salem.  
19

#### 20 **TOBACCO FARM LIFE MUSEUM SPECIAL FUND**

21           **SECTION 14.3.(a)** The Department of Natural and Cultural Resources shall assume  
22 from the Tobacco Farm Life Museum, Inc., the ownership and administration of the Tobacco  
23 Farm Life Museum in Johnston County.

24           **SECTION 14.3.(b)** Of the funds appropriated from the General Fund to the  
25 Department of Natural and Cultural Resources, the sum of three hundred seventy-five thousand  
26 dollars (\$375,000) in the 2023-2024 fiscal year and the sum of three hundred fifty thousand  
27 dollars (\$350,000) in the 2024-2025 fiscal year shall be used for the operation, administration,  
28 and new positions to staff the Tobacco Farm Life Museum.

29           **SECTION 14.3.(c)** Article 1 of Chapter 121 of the General Statutes is amended by  
30 adding the following sections to read:

#### 31 **"§ 121-7.8. Tobacco Farm Life Museum Fund.**

32           **(a) Fund.** – The Tobacco Farm Life Museum Fund is created as a special, interest-bearing  
33 revenue fund in the Department of Natural and Cultural Resources. The Fund consists of all  
34 receipts derived from the lease or rental of property or facilities, disposition of structures or  
35 products of the land, donations, gifts, devises, and admissions and fees collected at the Tobacco  
36 Farm Life Museum. The Fund shall be treated as a special trust fund and may be used to pay  
37 costs associated with the operation, interpretation, development, expansion, preservation, and  
38 maintenance of the Tobacco Farm Life Museum.

39           **(b) Fund Sources.** – Notwithstanding Chapter 146 of the General Statutes, the Fund  
40 consists of (i) all revenue derived from donations, gifts, devises, grants, admissions, and fees  
41 collected by or for the benefit of the Tobacco Farm Life Museum Fund, (ii) the net proceeds  
42 derived from the sale of real property pursuant to G.S. 146-30(d)(15), and (iii) interest on funds  
43 in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

44           **(c) Board of Directors.** – The Tobacco Farm Life Museum Board of Directors, or its  
45 successor, shall advise the Secretary on expenditures from the Tobacco Farm Life Museum Fund  
46 and on the basic concepts and operations of the Tobacco Farm Life Museum.

47           **(d) Reports.** – The Department of Natural and Cultural Resources must submit to the Joint  
48 Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the  
49 chairs of the House of Representatives Appropriations Committee on Agriculture and Natural  
50 and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and  
51 Economic Resources, and the Fiscal Research Division by September 30 of each year a report on

1 the Fund that includes the source and amounts of all funds credited to the Fund and the purpose  
2 and amount of all expenditures from the Fund during the prior fiscal year."

3 **SECTION 14.3.(d)** G.S. 121-7.7 reads as rewritten:

4 "**§ 121-7.7. State Historic Sites and Museums special fund.**

5 ...

6 (b) Application. – This section applies to the individual State Historic Sites and State  
7 History and Maritime Museums owned by or under the control of the Division of State Historic  
8 Sites and the Division of State History Museums, with the exception of the Bentonville  
9 Battlefield State Historic Site, ~~the Tobacco Farm Life Museum,~~ and the North Carolina  
10 Transportation Museum. The Bentonville Battlefield State Historic Site is subject to  
11 G.S. 121-7.5. The North Carolina Transportation Museum is subject to G.S. 121-7.6. The  
12 Tobacco Farm Life Museum Fund is subject to G.S. 121-7.8.

13 ...."

14 **SECTION 14.3.(e)** G.S. 146-30 reads as rewritten:

15 "**§ 146-30. Application of net proceeds.**

16 ...

17 (d) Notwithstanding any other provision of this Subchapter, the following exceptions  
18 apply:

19 ...

20 (16) The net proceeds derived from the sale of real property from the Tobacco  
21 Farm Life Museum donated to the State and allocated to the Department of  
22 Natural and Cultural Resources shall be deposited in the Tobacco Farm Life  
23 Museum Fund, created in G.S. 121-7.8, and shall be used in accordance with  
24 that section."

25 **SECTION 14.3.(f)** Article 51 of Chapter 143 of the General Statutes is repealed.

26 **SECTION 14.3.(g)** Subsection (f) of this section is effective when it becomes law.

27 **SECTION 14.3.(h)** Except as otherwise provided, this section becomes effective  
28 only if the Tobacco Farm Life Museum transfers and conveys all of its assets to the State. The  
29 Department of Natural and Cultural Resources shall notify the Revisor of Statutes when those  
30 assets are transferred and the conveyance is complete.

## 31 ACCESSIBLE PARKS GRANTS

32 **SECTION 14.4.(a)** Grant Purposes. – Of the funds appropriated in this act from the  
33 interest earned in the State Fiscal Recovery Reserve to the Department of Natural and Cultural  
34 Resources, the sum of twelve million five hundred thousand dollars (\$12,500,000) is allocated  
35 to the Parks and Recreation Trust Fund to provide matching grants to local parks facilities for  
36 persons with disabilities and shall be used exclusively for grants to local government units or  
37 public authorities, as defined in G.S. 159-7, for construction of special facilities or adaptation of  
38 existing facilities that meet the unique needs of persons with disabilities or that enable them to  
39 participate in recreational and sporting activities, regardless of their abilities.

40 **SECTION 14.4.(b)** Match. – Notwithstanding any provision of G.S. 143B-135.56  
41 to the contrary, a local government unit or public authority receiving a grant under this section  
42 shall provide matching funds in the amount of one dollar (\$1.00) of local funds for every five  
43 dollars (\$5.00) of State funds.

44 **SECTION 14.4.(c)** Limitation. – Grants made under this section shall not exceed  
45 five hundred thousand dollars (\$500,000) per project.

## 46 SALUDA GRADE RAIL CORRIDOR

47 **SECTION 14.5.(a)** Findings and Purpose. – The General Assembly finds that the  
48 Saluda Grade Railroad was constructed in the 1870s to link Spartanburg, South Carolina, to  
49 Asheville, North Carolina, and holds a special place in American rail history as the steepest  
50  
51

1 standard-gauge mainline railroad in the United States, located where the line crosses the dramatic  
2 Blue Ridge Escarpment. The General Assembly further finds that the 31-mile portion of the  
3 Railroad proposed for acquisition stretches from Inman, South Carolina, to Zirconia, North  
4 Carolina, with 16 miles in South Carolina and 15 miles in North Carolina, and would pass through  
5 downtown Inman, Gramling, Campobello, Landrum, Tryon, and Saluda, as well as the  
6 picturesque Piedmont countryside, the Pacolet River valley with its plunging waterfalls, and the  
7 spectacular scenery around the Green River and Lake Summit. The purpose of this section is to  
8 take advantage of an unprecedented opportunity for the citizens of North Carolina to celebrate  
9 2023 as the Year of the Trail and enhance the reputation of North Carolina as the Great Trails  
10 State by acquiring the Saluda Grade rail corridor for conversion into the Saluda Grade Trail.

11 **SECTION 14.5.(b)** Definition. – For purposes of this section, the Saluda Grade rail  
12 corridor means the portion of the Norfolk Southern W-Line railroad between milepost 26 in the  
13 unincorporated community of Zirconia in Henderson County and the boundary between North  
14 Carolina and South Carolina.

15 **SECTION 14.5.(c)** Funding. – Of the funds appropriated in this act from the  
16 projected interest in the State Fiscal Recovery Reserve to the Department of Natural and Cultural  
17 Resources, seven million dollars (\$7,000,000) in the 2023-2024 fiscal year and five million  
18 dollars (\$5,000,000) in the 2024-2025 fiscal year is allocated to provide a grant to the Saluda  
19 Grade Trails Conservancy, a nonprofit corporation (Conservancy), for the purchase of the Saluda  
20 Grade rail corridor in Henderson and Polk Counties and related assessment, due diligence, and  
21 transaction costs. Of the funds allocated by this subsection, the amount necessary for the  
22 Conservancy to provide the earnest money deposit toward the purchase of the Saluda Grade rail  
23 corridor, not to exceed two million dollars (\$2,000,000), shall be provided to the Conservancy as  
24 soon as possible after the effective date of this act. The remaining funds shall be provided to the  
25 Conservancy upon the earlier of (i) January 1, 2025, or (ii) the date the Department completes  
26 the study required by subdivision (c)(5) of Section 14.7 of this act and notifies the Office of State  
27 Budget and Management that it has done so.

28 **SECTION 14.5.(d)** Memorandum of Understanding. – No later than 60 days after  
29 the effective date of this act, the Department of Natural and Cultural Resources shall enter into a  
30 Memorandum of Understanding with the Conservancy regarding the long-term ownership  
31 structure, management, and improvement of the rail corridor. The Memorandum shall provide,  
32 at a minimum, the following:

- 33 (1) That not later than July 1, 2027, the corridor will be conveyed to the State to  
34 be added to the State Trail system.
- 35 (2) That the conveyance and other provisions of the Memorandum are structured  
36 to ensure that the acquisition of the rail corridor and the conversion to an  
37 interim use as a State trail is consistent with the requirements of federal law  
38 necessary to preserve established railroad rights-of-way for future activation  
39 of rail service as set forth in the railbanking provisions of the National Trails  
40 System Act Amendments of 1983.

41 **SECTION 14.5.(e)** Report. – The Department shall provide an interim report no later  
42 than March 1, 2024, and a final report no later than October 1, 2026, to the Joint Legislative  
43 Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal  
44 Research Division regarding the acquisition of the Saluda Grade rail corridor funded by this  
45 section. The Department shall also include a summary of its actions to promote and support the  
46 establishment of the Saluda Grade Trail as a part of the annual report required by  
47 G.S. 143B-135.102.

48 **SECTION 14.5.(f)** Authorization. – Upon completion of the acquisition of the  
49 Saluda Grade rail corridor funded by this section, the General Assembly authorizes the  
50 Department of Natural and Cultural Resources to add the trail established on the Saluda Grade  
51 rail corridor to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The

1 Department shall support, promote, encourage, and facilitate the establishment of trail segments  
2 and connecting trails on State parklands and on lands of other federal, State, local, and private  
3 landowners. On segments of the trail that cross property controlled by agencies or owners other  
4 than the Department's Division of Parks and Recreation, the laws, rules, and policies of those  
5 agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b)  
6 that additions be accompanied by adequate appropriations for land acquisition, development, and  
7 operations shall not apply to the authorization set forth in this section; provided, however, that  
8 the State may receive donations of appropriate land and may purchase other needed lands or  
9 finance improvements and amenities for the trail with existing funds in the Clean Water  
10 Management Trust Fund, the Parks and Recreation Trust Fund, the federal Land and Water  
11 Conservation Fund, and other available sources of funding.

## 12 13 **GREAT TRAILS STATE PROGRAM**

14 **SECTION 14.6.(a)** Of the funds appropriated from the interest earned in the State  
15 Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, twelve million  
16 five hundred thousand dollars (\$12,500,000) in nonrecurring funds in each year of the 2023-2025  
17 fiscal biennium is allocated to the Great Trails Fund established in subsection (c) of this section  
18 to be used for new trail development and extension of existing trails as described in subsection  
19 (c) of this section.

20 **SECTION 14.6.(b)** Definitions. – The following definitions apply in this section:

- 21 (1) Department. – The Department of Natural and Cultural Resources.
- 22 (2) Eligible entity. – Any of the following:
- 23 a. A municipality or county.
- 24 b. A regional council of government created pursuant to Part 2 of Article
- 25 20 of Chapter 160A of the General Statutes.
- 26 c. A public authority, as defined in G.S. 159-7.
- 27 d. A nonprofit entity, provided the entity demonstrates in a manner
- 28 acceptable to the Department that the unit or units of local government
- 29 where the eligible trail project will be conducted have been notified of
- 30 and support the trail project.
- 31 (3) Eligible trail project. – Any of the following:
- 32 a. Planning, design, and related environmental assessment or permitting
- 33 activities for trails.
- 34 b. Land and easement acquisition for trails.
- 35 c. Construction of trails and trail structures.
- 36 d. Trail amenities.
- 37 e. Maintenance activities, which include rehabilitation of trails and trail
- 38 structures, the installation of water bars, the relocation of eroded trail
- 39 segments, and other activities that will mitigate erosion or
- 40 deterioration of trails or prevent future erosion or deterioration of
- 41 trails.
- 42 f. Matching funds for grants awarded by the federal government or any
- 43 other non-State source or entity to an eligible entity for any of the
- 44 purposes set forth in this subdivision.
- 45 (4) Secretary. – The Secretary of the Department of Natural and Cultural
- 46 Resources.
- 47 (5) Trail. – Includes paved trails or greenways, natural surface trails, biking trails,
- 48 equestrian trails, and any other type of trail recognized by the Department.
- 49 The term does not include a series of tourism attractions related to a particular
- 50 theme that are jointly marketed based on that theme and are interconnected
- 51 only by vehicular roadways.



1 (6) Trail amenities. – Markers, signage, benches, water fountains, restroom  
2 facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic  
3 facilities, equipment rental facilities, and other improvements or structures  
4 intended to enhance visitor experience for trail users.

5 (7) Trail structures. – Bridges, boardwalks, retaining walls, and other structures  
6 that are necessary for visitors to use the trail to travel from one location to  
7 another. For paddle trails, trail structures include waterway access points and  
8 watercraft launch structures.

9 **SECTION 14.6.(c) Fund Created.** – The Great Trails State Program is established as  
10 a special fund within the Department of Natural and Cultural Resources. These funds shall be  
11 used by the Department to provide grants to an eligible entity for eligible trail projects, with  
12 priority given to projects for the purposes set forth in sub-subdivisions a., b., and c. of subdivision  
13 (3) of subsection (b) of this section. The following requirements and limitations apply to these  
14 grants:

15 (1) The Department is authorized to accept applications for grants authorized by  
16 this section and evaluate them based on criteria that includes the amount of  
17 additional funding being provided from other sources for the proposed project,  
18 current access to trails and other outdoor recreational facilities in the area of  
19 the proposed project, and the size and demographics of the population served  
20 by the proposed project. Notwithstanding G.S. 143B-135.56, an eligible entity  
21 receiving a grant from the Department shall provide a match as set forth in  
22 this subsection.

23 (2) Match. – Grants shall be matched by an eligible entity receiving a grant as  
24 follows:

25 a. The Department may determine the amount of match based on the  
26 wealth of the county where the trail project is located. In the case of  
27 trail projects in more than one county, the match shall be based on the  
28 lowest wealth county.

29 b. The match shall be no greater than one non-State dollar (\$1.00) for  
30 every one dollar (\$1.00) from the Fund and no less than one non-State  
31 dollar (\$1.00) for every four dollars (\$4.00) from the Fund.

32 c. The match may include cash, fee waivers, in-kind services, the  
33 donation of assets, the provision of infrastructure, or a combination of  
34 these. Non-cash matches must be quantifiable and documented in a  
35 manner as the Department may specify.

36 (3) Limitation. – Grants made under this subsection shall not exceed five hundred  
37 thousand dollars (\$500,000) per project.

38 **SECTION 14.6.(d) Reports.** – The Department shall provide an initial report no later  
39 than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural  
40 and Economic Resources and the Fiscal Research Division regarding the process for awarding  
41 grants and the metrics the Department intends to use in evaluating grant applications for the Great  
42 Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later  
43 than October 1 regarding the use of funds allocated by this section. The annual report will include  
44 a list of grant recipients and amounts, a description of trail projects funded, and a summary of  
45 non-State funds leveraged with grant funding. The Department may discontinue annual reporting  
46 upon providing a final summary report after it awards all funds allocated by this section. These  
47 reports may be included as a part of the report required by G.S. 143B-135.102.

48 **SECTION 14.6.(e) Administrative Expenses.** – The Department may use up to one  
49 percent (1%) of the funds appropriated by this section for operating and administrative expenses.

50  
51 **COMPLETE THE TRAILS FUND**

1           **SECTION 14.7.(a)** Of the funds transferred from the State Fiscal Recovery Reserve  
2 to the Department of Natural and Cultural Resources for the 2023-2024 fiscal year for trails, five  
3 million dollars (\$5,000,000) shall be allocated to the Complete the Trails Fund to be used as set  
4 forth in subsection (c) of this section.

5           **SECTION 14.7.(b)** Definitions. – The following definitions apply in this section:

6           (1) Complete the Trails Fund. – The Complete the Trails Fund established in  
7 Section 14.7 of S.L. 2021-180.

8           (2) Department. – The Department of Natural and Cultural Resources.

9           (3) Eligible entity. – Any of the following:

10           a. A municipality or county.

11           b. A regional council of government created pursuant to Part 2 of Article  
12 20 of Chapter 160A of the General Statutes.

13           c. A public authority, as defined in G.S. 159-7.

14           d. A nonprofit entity, provided the entity demonstrates in a manner  
15 acceptable to the Department that the unit or units of local government  
16 where the eligible trail project will be conducted have been notified of  
17 and support the trail project.

18           (4) Eligible trail project. – Any of the following:

19           a. Planning, design, and related environmental assessment or permitting  
20 activities for trails.

21           b. Land and easement acquisition for trails.

22           c. Construction of trails and trail structures.

23           d. Trail amenities.

24           e. Maintenance activities, which include rehabilitation of trails and trail  
25 structures, the installation of water bars, the relocation of eroded trail  
26 segments, and other activities that will mitigate erosion or  
27 deterioration of trails or prevent future erosion or deterioration of  
28 trails.

29           f. Matching funds for grants awarded by the federal government or any  
30 other non-State source or entity to an eligible entity for any of the  
31 purposes set forth in this subdivision.

32           (5) Secretary. – The Secretary of the Department of Natural and Cultural  
33 Resources.

34           (6) Trail. – Includes paved trails or greenways, natural surface trails, biking trails,  
35 equestrian trails, and any other type of trail recognized by the Department.  
36 The term does not include a series of tourism attractions related to a particular  
37 theme that are jointly marketed based on that theme and are interconnected  
38 only by vehicular roadways.

39           (7) Trail amenities. – Markers, signage, benches, water fountains, restroom  
40 facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic  
41 facilities, equipment rental facilities, and other improvements or structures  
42 intended to enhance visitor experience for trail users.

43           (8) Trail structures. – Bridges, boardwalks, retaining walls, and other structures  
44 that are necessary for visitors to use the trail to travel from one location to  
45 another. For paddle trails, trail structures include waterway access points and  
46 watercraft launch structures.

47           **SECTION 14.7.(c)** Complete the Trails Fund. – Funds allocated to the Complete the  
48 Trails Fund by subsection (a) of this section shall be used as follows:

49           (1) Capacity building funds. – Seven hundred fifty thousand dollars (\$750,000)  
50 to provide capacity building grants to the partner organizations for each  
51 component of the State Trail System with which the Department has signed a

1 Memorandum of Understanding (MOU) pursuant to Section 14.7(d) of S.L.  
2 2021-180 as well as the partner organizations for the trail established on the  
3 Saluda Grade rail corridor as set forth in Section 14.5 of this act. The  
4 Department shall distribute fifty thousand dollars (\$50,000) to the local  
5 partner for each System component. With respect to funding under this  
6 subdivision for the Equine State Trail established in Section 6 of S.L. 2023-63,  
7 the Department shall identify one or more partners and enter into Memoranda  
8 of Understanding (MOUs) with those partners prior to disbursing any funds  
9 under this subdivision to those partner organizations. Where there is more than  
10 one partner organization for a System component, the Department shall  
11 apportion the funds under this subdivision based on relative scope of activity  
12 for which each partner organization assumes responsibility in the MOU.

13 (2) Directed allocations. – Two million seven hundred twenty-five thousand  
14 dollars (\$2,725,000) to provide grants in the following amounts to the  
15 following entities for an eligible trail project except as otherwise specified:

- 16 a. Two hundred thousand dollars (\$200,000) to Roanoke River Partners  
17 for the Roanoke River State Trail for the purposes set forth in  
18 sub-subdivisions d. and e. of subdivision (b)(4) of this section.
- 19 b. One hundred seventy-five thousand dollars (\$175,000) to the Friends  
20 of the Mountain-to-Sea Trail for the Mountains-to-Sea Trail. These  
21 funds shall be used for eligible trail projects in Bladen Lakes State  
22 Forest and eligible trail projects to extend the Mountains-to-Sea Trail  
23 east from Bladen Lakes State Forest.
- 24 c. Two hundred thousand dollars (\$200,000) to be split evenly between  
25 the Town of Brevard and Henderson County for the Ecusta Trail in  
26 Henderson and Transylvania Counties to be used for the purposes set  
27 forth in sub-subdivisions a., c., d., and f. of subdivision (b)(4) of this  
28 section.
- 29 d. Two hundred thousand dollars (\$200,000) to the East Coast Greenway  
30 Alliance for the East Coast Greenway Trail for any eligible trail project  
31 in Bertie, Chowan, Perquimans, Pasquotank, or Camden Counties.
- 32 e. Two hundred thousand dollars (\$200,000) to the Friends of Fonta  
33 Flora State Trail for the Fonta Flora State Trail for any eligible trail  
34 project.
- 35 f. Two hundred thousand dollars (\$200,000) to Conserving Carolina for  
36 the Hickory Nut Gorge State Trail for any eligible trail project.
- 37 g. Two hundred thousand dollars (\$200,000) to the Foothills  
38 Conservancy of N.C. for the Wilderness Gateway Trail for any eligible  
39 trail project.
- 40 h. Four hundred thousand dollars (\$400,000) to OVNCST-Friends for  
41 the Overmountain Victory State Trail for any eligible trail project.
- 42 i. Two hundred thousand dollars (\$200,000) to Blue Ridge Conservancy  
43 for the Northern Peaks State Trail for any eligible trail project.
- 44 j. One hundred thousand dollars (\$100,000) each to the partner  
45 organizations for the Dan River, French Broad River, Yadkin River,  
46 and Deep River components of the State Trails System for any eligible  
47 trail project.
- 48 k. Three hundred fifty thousand dollars (\$350,000) to the partner  
49 organizations for the Equine State Trail, to be used for any eligible  
50 trail project.

- 1 (3) Land and easement acquisition funds. – One million five hundred thousand  
2 dollars (\$1,500,000) for grants for the purpose set forth in sub-subdivision b.  
3 of subdivision (b)(4) of this section, limited to acquisition of land or easements  
4 in North Carolina. Eligible entities for funds allocated under this subdivision  
5 are the partner organizations for each component of the State Trail System  
6 that is land-based or has significant land-based components. Grants under this  
7 subdivision shall not exceed two hundred thousand dollars (\$200,000) and  
8 shall be matched dollar-for-dollar with non-State funds. Two hundred  
9 thousand dollars (\$200,000) of the funds allocated by this subdivision shall be  
10 reserved for the Equine State Trail.
- 11 (4) Rail Line Study. – Twenty-five thousand dollars (\$25,000) in the 2023-2024  
12 fiscal year for the Department, in consultation with the Saluda Grade  
13 Conservation and Development Council established in subsection (f) of this  
14 section, to study the potential and feasibility of a multipurpose active tourism  
15 rail and hiking corridor on that portion of the Norfolk Southern W-Line rail  
16 corridor from the City of Hendersonville to either the Town of Tryon or the  
17 Town of Saluda and, if such a multipurpose active tourism rail and hiking  
18 corridor is determined to be feasible, to develop a conceptual plan and  
19 preliminary engineering for its implementation. The Department shall provide  
20 its report to the Joint Legislative Oversight Committee on Agriculture and  
21 Natural and Economic Resources and the Fiscal Research Division no later  
22 than January 1, 2025. Funds allocated by this section that are not spent or  
23 encumbered by January 1, 2025, may thereafter be used for the purposes set  
24 forth in subdivisions (2) or (3) of this subsection.

25 **SECTION 14.7.(d) Reports.** – The Department shall provide an initial report no later  
26 than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural  
27 and Economic Resources and the Fiscal Research Division regarding the process for awarding  
28 grants and the metrics the Department intends to use in evaluating grant applications for the  
29 Complete the Trails Fund pursuant to this section. Thereafter, the Department shall report  
30 annually no later than October 1 regarding the use of funds allocated by this section. The annual  
31 report will include a list of grant recipients and amounts, a description of trail projects funded,  
32 and a summary of non-State funds leveraged with grant funding. The Department may  
33 discontinue annual reporting upon providing a final summary report after it awards all funds  
34 allocated by this section. These reports may be included as a part of the report required by  
35 G.S. 143B-135.102.

36 **SECTION 14.7.(e) Administrative Expenses.** – The Department may use up to one  
37 percent (1%) of the funds appropriated by this section (other than the funds allocated in  
38 subdivision (4) of subsection (c) of this section) for operating and administrative expenses  
39 associated with the implementation of subdivisions (2), and (3) of subsection (c) of this section.

40 **SECTION 14.7.(f) Council Established.** – The Saluda Grade Conservation and  
41 Development Council (Council) is established to advise and partner with the Department  
42 regarding the study of the Saluda Grade rail corridor funded by subdivision (c)(4) of this section  
43 as provided in this subsection:

- 44 (1) **Membership.** – The Council shall include two members selected by the Polk  
45 County Board of Commissioners, two members selected by the Henderson  
46 County Board of Commissioners, one member selected by the City of  
47 Hendersonville City Council, one member selected by the City of Saluda  
48 Board of Commissioners, one member selected by the Town of Tryon Board  
49 of Commissioners and the executive director of the Polk County Community  
50 Foundation, Inc., a nonprofit corporation, ex officio, or the executive  
51 director's designee. The Chair of the board of the Saluda Historic Depot and

1 Museum Board or the Chair's designee shall serve as an ex officio member of  
2 the Council and shall vote only in the case of a tie.

- 3 (2) Purpose; Dissolution. – The Council shall advise the Department in  
4 conducting the study of the W-Line rail corridor required by subdivision (c)(5)  
5 of this section and shall cease to exist when the funds allocated for the study  
6 have been disbursed and all reports, audits, and other documentation required  
7 by the State Budget Act (Chapter 143C of the General Statutes) have been  
8 submitted.

## 10 LAND AND WATER FUND ADMINISTRATIVE EXPENSES

11 **SECTION 14.8.** G.S. 143B-135.234 is amended by adding a new subsection to read:

12 "(e) Administrative Expenses. – Of the funds appropriated to the Fund, the Trustees may  
13 use no more than three percent (3%) for operating expenses associated with programs and  
14 activities authorized by this Part."

## 16 AMERICA'S 250TH LOCAL GRANTS

17 **SECTION 14.9.(a)** Funds appropriated in this act to the Department of Natural and  
18 Cultural Resources (the Department) for America's 250th Local Grants shall be used for a grant  
19 program to facilitate participation in America's 250th anniversary activities, as set forth in this  
20 section.

21 **SECTION 14.9.(b)** The Department shall use up to one million dollars (\$1,000,000)  
22 in fiscal year 2023-2024 for grants of ten thousand dollars (\$10,000) each to county governments  
23 whose county commissioners have adopted a resolution creating a commemoration committee  
24 or otherwise designated a group to ensure North Carolina's commemoration of the  
25 semiquincentennial occurs in their county. Any funds allocated under this subsection but not  
26 spent or encumbered by June 30, 2024, may be reallocated by the Department for grants under  
27 subsection (c) of this section and shall be in addition to the allocations made in that subsection.

28 **SECTION 14.9.(c)** The Department shall use five hundred thousand dollars  
29 (\$500,000) in fiscal year 2023-2024 and six hundred thousand dollars (\$600,000) in fiscal year  
30 2024-2025 to provide matching grants to local governments and nonprofits for commemoration  
31 activities, including Revolutionary War research, development of educational resources, wayside  
32 installation, and event needs. The Department may consider county tier designations under  
33 G.S. 143B-437.08, for the county in which the project is located, in determining match amounts  
34 awarded under this subsection.

35 **SECTION 14.9.(d)** The Department may use up to five percent (5%) of the funds  
36 allocated by this section to administer the grant program and provide technical assistance to  
37 counties.

## 39 AMERICA'S SEMIQUINCENTENNIAL COMMITTEE

40 **SECTION 14.10.(a)** There is created the America's Semiquincentennial Committee  
41 (the Committee).

42 **SECTION 14.10.(b)** Membership. – The Committee shall be composed of seven  
43 members, as follows:

- 44 (1) Three members appointed by the President Pro Tempore of the Senate, one of  
45 whom shall be a member of the Senate and the remainder of whom shall be  
46 members of the public.
- 47 (2) Three members appointed by the Speaker of the House of Representatives,  
48 one of whom shall be a member of the House of Representatives and the  
49 remainder of whom shall be members of the public.

- 1 (3) One member jointly appointed by the President Pro Tempore of the Senate  
2 and the Speaker of the House of Representatives who shall be a noted historian  
3 with expertise regarding the American Revolution.

4 **SECTION 14.10.(c)** Terms; Chairs; Vacancies; Quorum. – Members appointed shall  
5 serve until the Committee terminates. The Committee shall have two cochairs which shall be the  
6 legislative member designated by the President Pro Tempore of the Senate and the legislative  
7 member designated by the Speaker of the House of Representatives. The Committee shall meet  
8 upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of  
9 the Committee shall be a majority of the members.

10 **SECTION 14.10.(d)** Duties. – The Committee shall (i) study means for the State to  
11 celebrate the two hundred fiftieth anniversary of the founding of our nation and (ii) report the  
12 means and anticipated costs of the celebratory events to the General Assembly.

13 **SECTION 14.10.(e)** Compensation; Administration. – Members of the Committee  
14 shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or  
15 138-6, as appropriate. The Committee may contract for consultants or hire employees in  
16 accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative  
17 Services Officer, shall assign professional staff to assist the Committee in its work. Upon the  
18 direction of the Legislative Services Commission, the Directors of Legislative Assistants of the  
19 Senate and of the House of Representatives shall assign clerical staff to the Committee. The  
20 expenses for clerical employees shall be borne by the Committee.

21 **SECTION 14.10.(f)** Reports; Termination. – The Committee shall make an interim  
22 report to the 2025 Regular Session of the 2025 General Assembly and a final report to the 2026  
23 Regular Session of the 2025 General Assembly no later than January 14, 2026. The Committee  
24 shall terminate on January 15, 2026.

25 **SECTION 14.10.(g)** This section is effective when it becomes law.  
26

## 27 **STATUARY HALL PLACEMENT**

28 **SECTION 14.11.(a)** Notwithstanding any other provision of law, the Department of  
29 Natural and Cultural Resources shall accept receipt of the statue of Charles Brantley Aycock,  
30 currently in the National Statuary Hall Collection, from the Statuary Hall Selection Committee  
31 and, from funds available to the Department, shall (i) place the statue as expeditiously as possible  
32 after receipt at the Governor Charles B. Aycock Birthplace State Historic Site and (ii) make any  
33 improvements to the site necessary for the placement thereof.

34 **SECTION 14.11.(b)** This section is effective when it becomes law.  
35

## 36 **PART XV. WILDLIFE RESOURCES COMMISSION**

### 37 **COMMISSION BASE BUDGET CORRECTION**

38 **SECTION 15.1.** During the budget certification process for the 2023-2024 fiscal  
39 year, the Wildlife Resources Commission, in conjunction with the Office of State Budget and  
40 Management (OSBM), shall redistribute two million two hundred forty-nine thousand nine  
41 dollars (\$2,249,009) from the over-realized receipts departmentwide reserve to the appropriate  
42 fund codes in the General Fund used to support Commission operations. In the redistribution of  
43 receipts directed by this section, the Commission and OSBM shall neither increase or decrease  
44 the Commission's net General Fund appropriation, nor create a negative General Fund  
45 appropriation at the fund code level.  
46

## 47 **PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS**

### 48 **COLLECTION OF WORTHLESS CHECKS**

49 **SECTION 16.1.** Notwithstanding the provisions of G.S. 7A-308(c), the Judicial  
50 Department may use any balance remaining in the Collection of Worthless Checks Fund on June  
51

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.~~ 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)** 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:

<b>Prosecutorial District</b>	<b>No. of Full-Time Asst. District Counties</b>	<b>District Attorneys</b>
-------------------------------	---	---------------------------

1	...		
2	10	Wake	<u>4445</u>
3	...		
4	14	Cumberland	<u>2526</u>
5	...		
6	26	Mecklenburg	<u>5862</u>
7	...		
8	31	Forsyth	<u>2728</u>
9	...		
10	37	Randolph	<u>4011</u>
11	...		
12	43	Cherokee, Clay, Graham,	<u>4516</u>
13		Haywood, Jackson, Macon,	
14		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:

<b>Prosecutorial District</b>	<b>No. of Full-Time Asst. District Counties</b>	<b>Attorneys</b>
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



1	25	Cabarrus	<del>40</del> 11
2	26	Mecklenburg	62
3	27	Rowan	9
4	28	Montgomery, Stanly	6
5	29	Hoke, Moore	10
6	30	Union	11
7	31	Forsyth	28
8	32	Alexander, Iredell	15
9	33	Davidson, Davie	13
10	34	Alleghany, Ashe, Wilkes,	9
11		Yadkin	
12	35	Avery, Madison, Mitchell,	8
13		Watauga, Yancey	
14	36	Burke, Caldwell, Catawba	21
15	37	Randolph	11
16	38	Gaston	19
17	39	Cleveland,	13
18		Lincoln	
19	40	Buncombe	14
20	41	McDowell, Rutherford	8
21	42	Henderson, Polk, Transylvania	10
22	43	Cherokee, Clay, Graham,	16
23		Haywood, Jackson, Macon,	
24		Swain."	

25 **SECTION 16.4.(c)** G.S. 7A-60(a1), as amended by subsections (a) and (b) of this  
 26 section, reads as rewritten:

27 "(a1) The counties of the State are organized into prosecutorial districts, and each district  
 28 has the counties and the number of full-time assistant district attorneys set forth in the following  
 29 table:

31	<b>Prosecutorial</b>	<b>No. of Full-Time Asst. District</b>
32	<b>District</b>	<b>Counties Attorneys</b>
33	...	
34	36	Burke, Caldwell <del>40</del> 11
35	...."	

36 **SECTION 16.4.(d)** Section 1(d) of S.L. 2019-229 reads as rewritten:

37 **"SECTION 1.(d)** Subsection (a) of this section becomes effective July 1, 2019. Subsection  
 38 (b) of this section becomes effective July 1, 2020. Subsection (c) of this section becomes effective  
 39 January 1, ~~2023-2027.~~"

40 **SECTION 16.4.(e)** Subsection (c) of this section becomes effective January 1, 2027.  
 41 The remainder of this section is effective July 1, 2023.

42  
 43 **ADDITION OF DISTRICT COURT JUDGES TO MULTIPLE COUNTIES,**  
 44 **TECHNICAL CORRECTION FOR MAGISTRATE ALLOCATION NUMBERS,**  
 45 **AND ADDITION OF MAGISTRATES TO MULTIPLE COUNTIES**

46 **SECTION 16.5.(a)** G.S. 7A-133(a), as amended by Section 16.26 of this act, reads  
 47 as rewritten:

48 "(a) Each district court district shall have the numbers of judges as set forth in the  
 49 following table:

51	District	Judges	County
----	----------	--------	--------

1	...		
2	5	<u>910</u>	Sampson
3			Duplin
4			Jones
5			Onslow
6	...		
7	17	<u>45</u>	Alamance
8	...		
9	34	<u>45</u>	Alleghany
10			Ashe
11			Wilkes
12			Yadkin
13	...		
14	43	<u>67</u>	Cherokee
15			Clay
16			Graham
17			Haywood
18			Jackson
19			Macon
20			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	<del>11</del> <u>513</u>	Farmville Ayden
...		
Jones	<u>23</u>	
...		
New Hanover	<del>12</del> <u>14</u>	
Pender	<u>4</u> <del>85</del>	
...		
Hertford	<u>34</u>	
...		
Wake	<del>23</del> <u>532</u>	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	<u>87</u>	Dunn
...		
Cumberland	<del>19</del> <u>20</u>	
Bladen	<u>34</u>	
...		
Durham	<del>13</del> <u>18</u>	
...		

1	Hoke	<u>34</u>	
2	...		
3	Stokes	<u>34</u>	
4	Surry	<u>65</u>	Mt. Airy
5	Guilford	<u>25.432</u>	High Point
6	Cabarrus	<u>910</u>	Kannapolis
7	Montgomery	<u>34</u>	
8	...		
9	Anson	<u>34</u>	
10	...		
11	Forsyth	<u>1620</u>	Kernersville
12	Alexander	<u>34</u>	
13	...		
14	Davie	<u>34</u>	
15	...		
16	Alleghany	<u>23</u>	
17	...		
18	Yadkin	<u>34</u>	
19	...		
20	Mecklenburg	<u>31.538.5</u>	
21	...		
22	Henderson	<u>6.57</u>	
23	McDowell	<u>34</u>	
24	...		
25	Transylvania	<u>34</u>	
26	Cherokee	<u>34</u>	
27	Clay	<u>23</u>	
28	Graham	<u>23</u>	
29	...		
30	Jackson	<u>34</u>	
31	Macon	<u>34</u>	
32	...."		

33           **SECTION 16.5.(c)** G.S. 7A-133(c), as amended by subsection (b) of this section,  
 34 reads as rewritten:

35           "(c) Each county shall have the numbers of magistrates and additional seats of district  
 36 court, as set forth in the following table:

38		Magistrates	Additional
39	County	Min.	Seats of Court
40	...		
41	Duplin	<u>45</u>	
42	Jones	<u>34</u>	
43	...		
44	Stanly	<u>56</u>	
45	...		
46	Ashe	<u>34</u>	
47	...."		

48           **SECTION 16.5.(d)** G.S. 7A-133(c), as amended by subsections (b) and (c) of this  
 49 section, reads as rewritten:

50           "(c) Each county shall have the numbers of magistrates and additional seats of district  
 51 court, as set forth in the following table:

County	Magistrates Min.	Additional Seats of Court
...		
Caswell	<u>45</u>	
...		
Rockingham	<u>78</u>	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.

**ADD SUPERIOR COURT JUDGE TO SUPERIOR COURT DISTRICTS 2 AND 38**

**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:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
...			
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	<del>4</del> <u>2</u>
...			
Fifth	38	Gaston	<del>2</del> <u>3</u>
...."			

**SECTION 16.7.(b)** This section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly.

**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.

**REPORTING REQUIREMENT FOR THE NC LEGAL EDUCATION ASSISTANCE FOUNDATION (NC LEAF) AND RESTRICTIONS ON USE OF FUNDS**

**SECTION 16.9.(a)** No later than February 1, 2025, and February 1, 2026, the NC Legal Education Assistance Foundation (NC LEAF) shall report to the Joint Legislative Oversight Committee on Justice and Public Safety, at a minimum, all of the following:

- (1) An accounting of all loan repayment assistance funds distributed during the prior year.
- (2) The number of individuals that received funds from the Foundation during the prior year.
- (3) The job titles and salaries of the individuals that received funds from the Foundation during the prior year.

1           **SECTION 16.9.(b)** Funds provided by this act to the North Carolina Legal Education  
2 Assistance Foundation (NC LEAF) shall not be used to provide assistance to attorneys working  
3 for Legal Aid of North Carolina, Inc.

4           **SECTION 16.9.(c)** Subsection (b) of this section becomes effective July 1, 2023.  
5 The remainder of this section is effective when it becomes law.

#### 6 7 **REPORTING REQUIREMENT FOR PISGAH LEGAL SERVICES**

8           **SECTION 16.10.(a)** No later than February 1, 2025, and February 1, 2026, Pisgah  
9 Legal Services (Pisgah) shall report to the Joint Legislative Oversight Committee on Justice and  
10 Public Safety, at a minimum, all of the following:

- 11           (1) An accounting of all State funds utilized by Pisgah for its Veterans Law  
12 Project during the prior year.
- 13           (2) The number of individuals that received services from Pisgah as a part of its  
14 Veterans Law Project during the prior year.
- 15           (3) The types of services performed by Pisgah during the prior year as a part of  
16 its Veterans Law Project and the counties in which those services were  
17 performed.

18           **SECTION 16.10.(b)** This section is effective when it becomes law.

#### 19 20 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

21           **SECTION 16.12.(a)** The Administrative Office of the Courts shall maintain and  
22 shall furnish upon request a remote work policy.

23           **SECTION 16.12.(b)** The remote work policies required by subsection (a) of this  
24 section shall, at a minimum, require that all employees utilizing the remote work policy shall  
25 sign an agreement to be retained in the employee's file that records the employee's assent to  
26 adhere to the remote work policy.

27           **SECTION 16.12.(c)** The Administrative Office of the Courts shall report all of the  
28 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
29 March 1, 2024, and March 1, 2025:

- 30           (1) The remote work policy currently in place for its employees.
- 31           (2) Any remote work policy previously in place for its employees that was not a  
32 part of the most recent report required by this subsection.
- 33           (3) The total number of employees utilizing its remote work policy.
- 34           (4) The total number of employees utilizing its remote work policy, delineated by  
35 division, section, and any other organizational category.

36           **SECTION 16.12.(d)** This section becomes effective October 1, 2023.

#### 37 38 **RAISE MANDATORY RETIREMENT AGE FOR APPELLATE JUDGES**

39           **SECTION 16.14.(a)** Article 1B of Chapter 7A of the General Statutes is repealed.

40           **SECTION 16.14.(b)** G.S. 7A-5 reads as rewritten:

41 **"§ 7A-5. ~~Organization.~~ Organization and age limit for service as justice or judge.**

42           (a) The appellate division of the General Court of Justice consists of the Supreme Court  
43 and the Court of Appeals.

44           (b) No justice or judge of the appellate division of the General Court of Justice may  
45 continue in office beyond the last day of the month in which the justice or judge attains 76 years  
46 of age, but justices and judges so retired may be recalled for periods of temporary service as  
47 provided in this Subchapter."

48           **SECTION 16.14.(c)** G.S. 7A-39.3(a) reads as rewritten:

49           (a) Justices of the Supreme Court and judges of the Court of Appeals who have not  
50 reached the mandatory retirement age specified in G.S. 7A-4.20, G.S. 7A-5(b), but who have  
51 retired under the provisions of G.S. 7A-39.2, or under the Uniform Judicial Retirement Act after

1 having completed 12 years of creditable service, may apply as provided in G.S. 7A-39.6 to  
 2 become emergency justices or judges and upon being commissioned as an emergency justice or  
 3 emergency judge shall be subject to temporary recall to active service in place of a justice or  
 4 judge who is temporarily incapacitated as provided in G.S. 7A-39.5."

5 **SECTION 16.14.(d)** G.S. 7A-39.6 reads as rewritten:

6 "**§ 7A-39.6. Application to the Governor; commission as emergency justice or emergency**  
 7 **judge.**

8 No retired justice of the Supreme Court or retired judge of the Court of Appeals may become  
 9 an emergency justice or emergency judge except upon his written application to the Governor  
 10 certifying his desire and ability to serve as an emergency justice or emergency judge. If the  
 11 Governor is satisfied that the applicant qualifies under G.S. 7A-39.3(a) to become an emergency  
 12 justice or emergency judge and that he is physically and mentally able to perform the official  
 13 duties of an emergency justice or emergency judge, he shall issue to such applicant a commission  
 14 as an emergency justice or emergency judge of the court from which he retired. The commission  
 15 shall be effective upon the date of its issue and shall terminate when the judge to whom it is  
 16 issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a)~~; G.S. 7A-5(b)."

17 **SECTION 16.14.(e)** G.S. 7A-39.15(a) reads as rewritten:

18 "(a) A retired justice or judge of the Appellate Division of the General Court of Justice is  
 19 eligible to be appointed as an emergency recall judge of the Court of Appeals ~~under~~ if the justice  
 20 or judge meets each of the following circumstances; requirements:

- 21 (1) The justice or judge has retired under the provisions of the Consolidated  
 22 Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or  
 23 is eligible to receive a retirement allowance under that ~~act~~; act.
- 24 (2) The justice or judge has not reached the mandatory retirement age specified  
 25 in ~~G.S. 7A-4.20~~; G.S. 7A-5(b).
- 26 (3) The justice or judge has served a total of at least five years as a judge or justice  
 27 of the General Court of Justice, provided that at least six months was served  
 28 in the Appellate Division, whether or not otherwise eligible to serve as an  
 29 emergency justice or judge of the Appellate Division of the General Court of  
 30 ~~Justice~~; Justice.
- 31 (4) The judicial service of the justice or judge ended within the preceding 15  
 32 ~~years~~; and years.
- 33 (5) The justice or judge has applied to the Governor for appointment as an  
 34 emergency recall judge of the Court of Appeals in the same manner as is  
 35 provided for application in G.S. 7A-53. If the Governor is satisfied that the  
 36 applicant meets the requirements of this section and is physically and mentally  
 37 able to perform the duties of a judge of the Court of Appeals, the Governor  
 38 shall issue a commission appointing the applicant as an emergency recall  
 39 judge of the Court of Appeals until the applicant reaches the mandatory  
 40 retirement age for judges of the Court of Appeals specified in  
 41 ~~G.S. 7A-4.20~~; G.S. 7A-5(b).

42 Any former justice or judge of the Appellate Division of the General Court of Justice who  
 43 otherwise meets the requirements of this section to be appointed an emergency recall judge of  
 44 the Court of Appeals, but who has already reached the mandatory retirement age for judges of  
 45 the Court of Appeals set forth in ~~G.S. 7A-4.20~~; G.S. 7A-5(b), may apply to the Governor to be  
 46 appointed as an emergency recall judge of the Court of Appeals as provided in this section. If the  
 47 Governor issues a commission to the applicant, the retired justice or judge is subject to recall as  
 48 an emergency recall judge of the Court of Appeals as provided in this section."

49 **SECTION 16.14.(f)** Article 7 of Chapter 7A of the General Statutes is amended by  
 50 adding a new section to read:

51 "**§ 7A-40.1. Age limit for service as superior court judge; exception.**

1 No superior court judge may continue in office beyond the last day of the month in which the  
 2 superior court judge attains 72 years of age, but superior court judges so retired may be recalled  
 3 for periods of temporary service as provided in this Subchapter."

4 **SECTION 16.14.(g)** G.S. 7A-45.2 reads as rewritten:

5 **"§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment,**  
 6 **removal, and authority.**

7 (a) Any justice or judge of the appellate division of the General Court of Justice ~~who~~that  
 8 meets each of the following requirements may apply to the Governor for appointment as an  
 9 emergency special superior court judge in the same manner as is provided for application as an  
 10 emergency superior court judge in G.S. 7A-53:

11 (1) Retires under the provisions of the Consolidated Judicial Retirement Act,  
 12 Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive  
 13 a retirement allowance under that ~~act~~act.

14 (2) Has not reached the mandatory retirement age specified in  
 15 ~~G.S. 7A-4-20;G.S. 7A-5(b)~~.

16 (3) Has served at least five years as a superior court judge or five years as a justice  
 17 or judge of the appellate division of the General Court of Justice, or any  
 18 combination thereof, whether or not eligible to serve as an emergency justice  
 19 or judge of the appellate division of the General Court of ~~Justice; and~~Justice.

20 (4) Whose judicial service ended within the preceding 10 ~~years;~~years.

21 ~~may apply to the Governor for appointment as an emergency special superior court judge in the~~  
 22 ~~same manner as is provided for application as an emergency superior court judge in G.S. 7A-53.~~

23 If the Governor is satisfied that the applicant meets the requirements of this section and is  
 24 physically and mentally able to perform the duties of a superior court judge, the Governor shall  
 25 issue a commission appointing the applicant as an emergency special superior court judge until  
 26 the applicant reaches the mandatory retirement age for superior court judges specified in  
 27 ~~G.S. 7A-4-20;G.S. 7A-40.1.~~

28 (b) Any emergency special superior court judge appointed as provided in this section  
 29 shall:

30 (1) Have the same powers and duties, when duly assigned to hold court, as  
 31 provided for an emergency superior court judge by ~~G.S. 7A-48;G.S. 7A-48.~~

32 (2) Be subject to assignment in the same manner as provided for an emergency  
 33 superior court judge by G.S. 7A-46 and ~~G.S. 7A-52(a);G.S. 7A-52(a).~~

34 (3) Receive the same compensation, expenses, and allowances, when assigned to  
 35 hold court, as an emergency superior court judge as provided by  
 36 ~~G.S. 7A-52(b);G.S. 7A-52(b).~~

37 (4) Be subject to the provisions and requirements of the Canons of Judicial  
 38 ~~Conduct; and~~Conduct.

39 ...

40 (c) Upon reaching mandatory retirement age for superior court judges as set forth in  
 41 ~~G.S. 7A-4-20, G.S. 7A-40.1,~~ any emergency special superior court judge appointed pursuant to  
 42 this section, whose commission has expired, may be recalled as a recalled emergency special  
 43 superior court judge to preside over any regular or special session of the superior court ~~under if~~  
 44 each of the following ~~circumstances;~~requirements is satisfied:

45 (1) The judge shall consent to the ~~recall;~~recall.

46 (2) The Chief Justice may order the ~~recall;~~recall.

47 (3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled  
 48 judge is capable of efficiently and promptly discharging the duties of the  
 49 office to which ~~recalled;~~recalled.

50 (4) Jurisdiction of a recalled emergency special superior court judge is as set forth  
 51 in ~~G.S. 7A-48;G.S. 7A-48.~~



1 (5) Orders of recall and assignment shall be in writing and entered upon the  
 2 minutes of the court to which ~~assigned;~~ and the judge is assigned.

3 ...

4 (d) Any former justice or judge of the appellate division of the General Court of Justice  
 5 who otherwise meets the requirements of subsection (a) of this section to be appointed an  
 6 emergency special superior court judge but has already reached the mandatory retirement age for  
 7 superior court judges set forth in ~~G.S. 7A-4.20~~ G.S. 7A-40.1 on retirement may, in lieu of serving  
 8 as an emergency judge of the court from which he retired, apply to the Governor to be appointed  
 9 as an emergency special superior court judge as provided in this section. If the Governor issues  
 10 a commission to the applicant, the retired justice or judge is subject to recall as an emergency  
 11 special superior court judge as provided in subsection (c) of this section.

12 ...."

13 **SECTION 16.14.(h)** G.S. 7A-52(a) reads as rewritten:

14 "(a) Judges of the district court and judges of the superior court who have not reached the  
 15 mandatory retirement age specified in ~~G.S. 7A-4.20,~~ G.S. 7A-40.1 and G.S. 7A-140.1,  
 16 respectively, but who have retired under the provisions of G.S. 7A-51, or under the Uniform  
 17 Judicial Retirement Act after having completed five years of creditable service, may apply as  
 18 provided in G.S. 7A-53 to become emergency judges of the court from which they retired. From  
 19 the commissioned emergency district, superior, and special superior court judges, the Chief  
 20 Justice of the Supreme Court shall create two lists of active emergency judges and two lists of  
 21 inactive emergency judges. For emergency superior and special superior court judges, the active  
 22 list shall be limited to a combined total of 10 emergency judges; all other emergency superior  
 23 and special superior court judges shall be on an inactive list. For emergency district court judges,  
 24 the active list shall be limited to 25 emergency judges; all other emergency district court judges  
 25 shall be on an inactive list. There is no limit to the number of emergency judges on either inactive  
 26 list. In the Chief Justice's discretion, emergency judges may be added or removed from their  
 27 respective active and inactive lists, as long as the respective numerical limits on the active lists  
 28 are observed. The Chief Justice is requested to consider geographical distribution in assigning  
 29 emergency judges to an active list but may utilize any factor in determining which emergency  
 30 judges are assigned to an active list. The Chief Justice of the Supreme Court may order any  
 31 emergency district, superior, or special superior court judge on an active list who, in ~~his~~ the Chief  
 32 Justice's opinion, is competent to perform the duties of a ~~judge,~~ judge and to hold regular or  
 33 special sessions of the court from which the judge retired, as needed. Order of assignment shall  
 34 be in writing and entered upon the minutes of the court to which ~~such~~ the emergency judge is  
 35 assigned. An emergency judge shall only be assigned in the event of a:

36 ...."

37 **SECTION 16.14.(i)** G.S. 7A-53 reads as rewritten:

38 "**§ 7A-53. Application to the Governor; commission as emergency judge.**

39 No retired judge of the district or superior court may become an emergency judge except  
 40 upon ~~his~~ the judge's written application to the Governor certifying ~~his~~ the judge's desire and  
 41 ability to serve as an emergency judge. If the Governor is satisfied that the applicant qualifies  
 42 under G.S. 7A-52(a) to become an emergency judge and ~~that he~~ the applicant is physically and  
 43 mentally able to perform the official duties of an emergency judge, ~~he~~ the Governor shall issue  
 44 to ~~such~~ the applicant a commission as an emergency judge of the court from which ~~he~~ the  
 45 applicant retired. The commission shall be effective upon the date of its issue and shall terminate  
 46 when the judge to whom it is issued reaches the maximum age for judicial service under  
 47 ~~G.S. 7A-4.20(a)~~ G.S. 7A-40.1 or G.S. 7A-140.1, whichever is applicable."

48 **SECTION 16.14.(j)** Article 14 of Chapter 7A of the General Statutes is amended by  
 49 adding a new section to read:

50 "**§ 7A-140.1. Age limit for service as district judge; exception.**

1 No district judge may continue in office beyond the last day of the month in which the district  
2 judge attains 72 years of age, but district judges so retired may be recalled for periods of  
3 temporary service as provided in Subchapter III of this Chapter."

4 **SECTION 16.14.(k)** G.S. 7A-170(b) reads as rewritten:

5 "(b) No magistrate may continue in office beyond the last day of the month in which the  
6 magistrate reaches the mandatory retirement age for ~~justices and district judges of the General~~  
7 ~~Court of Justice~~ specified in ~~G.S. 7A-4.20~~; G.S. 7A-140.1."

8 **SECTION 16.14.(l)** G.S. 135-57(b) reads as rewritten:

9 "(b) Any member who is a justice or judge of the General Court of Justice shall be  
10 automatically retired as of the ~~first last~~ day of the calendar month ~~coinciding with or next~~  
11 ~~following the later of January 1, 1974, or his attainment of his seventy-second birthday; provided,~~  
12 ~~however, that no judge who is a member on January 1, 1974, shall be forced to retire under the~~  
13 ~~provisions of this subsection at an earlier date than the last day that he is permitted to remain in~~  
14 ~~office under the provisions of G.S. 7A-4.20~~ in which the justice or judge reaches the maximum  
15 age for judicial service under G.S. 7A-5(b), 7A-40.1, or 7A-140.1, whichever is applicable."

16 **SECTION 16.14.(m)** This section is effective when it becomes law and applies to  
17 justices, judges, and magistrates serving on or after that date, provided that nothing in this section  
18 shall be construed to automatically halt the retirement process of a justice, judge, or magistrate  
19 that has already initiated that process.

20  
21 **MODIFY MEMBERS AND REPORTING REQUIREMENTS OF THE SENTENCING**  
22 **AND POLICY ADVISORY COMMISSION AS RECOMMENDED BY THE**  
23 **SENTENCING AND POLICY ADVISORY COMMISSION**

24 **SECTION 16.16.(a)** G.S. 164-37 reads as rewritten:

25 **"§ 164-37. Membership; chairman; meetings; quorum.**

26 The Commission shall consist of ~~28-29~~ members as follows:

- 27 (1) The Chief Justice of the North Carolina Supreme Court shall appoint a sitting  
28 or former Justice or judge of the General Court of Justice, who shall serve as  
29 Chairman of the ~~Commission~~; Commission.
- 30 (2) The Chief Judge of the North Carolina Court of Appeals, or another judge on  
31 the Court of Appeals, serving as ~~his designee~~; the Chief Judge's designee.
- 32 (3) The Secretary of the Department of Adult Correction or ~~his designee~~; the  
33 Secretary's designee.
- 34 ...
- 35 (5) The Chairman of the Post-Release Supervision and Parole Commission, or ~~his~~  
36 ~~designee~~; the Chairman's designee.
- 37 (6) The President of the Conference of Superior Court Judges or ~~his designee~~; the  
38 President's designee.
- 39 (7) The President of the District Court Judges Association or ~~his designee~~; the  
40 President's designee.
- 41 (8) The President of the North Carolina Sheriff's Association or ~~his designee~~; the  
42 President's designee.
- 43 (9) The President of the North Carolina Association of Chiefs of Police or ~~his~~  
44 ~~designee~~; the President's designee.
- 45 (10) One member of the public at large, who is not currently licensed to practice  
46 law in North Carolina, to be appointed by the ~~Governor~~; Governor.
- 47 (11) One member to be appointed by the Lieutenant ~~Governor~~; Governor.
- 48 (12) Three members of the House of Representatives, to be appointed by the  
49 Speaker of the ~~House~~; House.
- 50 (13) Three members of the Senate, to be appointed by the President Pro Tempore  
51 of the ~~Senate~~; Senate.

- 1           (14)    The President Pro Tempore of the Senate shall appoint the representative of  
2           the North Carolina ~~System of Community Sentencing Association-Colleges~~  
3           who has knowledge of programs provided to offenders in the criminal justice  
4           system or to juveniles in the juvenile justice system that is recommended by  
5           the President of that ~~organization;~~organization.
- 6           (15)    The Speaker of the House of Representatives shall appoint the member of the  
7           business community that is recommended by the President of the North  
8           Carolina Retail Merchants ~~Association;~~Association.
- 9           (16)    The Chief Justice of the North Carolina Supreme Court shall appoint the  
10          criminal defense attorney that is recommended by the President of the North  
11          Carolina ~~Academy of Trial Lawyers;~~Advocates for Justice.
- 12          (17)    The President of the Conference of District Attorneys or ~~his designee;~~the  
13          President's designee.
- 14          (18)    The Lieutenant Governor shall appoint the member of the North Carolina  
15          Victim Assistance Network that is recommended by the President of that  
16          ~~organization;~~organization.
- 17          (19)    A rehabilitated former prison inmate, to be appointed by the Chairman of the  
18          ~~Commission;~~Commission.
- 19          (20)    The President of the North Carolina Association of County Commissioners or  
20          ~~his designee;~~the President's designee.
- 21          (21)    The Governor shall appoint the member of the academic community, with a  
22          background in criminal justice or corrections policy, that is recommended by  
23          the President of The University of North ~~Carolina;~~Carolina.
- 24          (22)    The Attorney General, or a member of ~~his~~the Attorney General's staff, to be  
25          appointed by the Attorney ~~General;~~General.
- 26          ...
- 27          (24)    ~~A member of the Justice Fellowship Task Force, who is a resident of North~~  
28          ~~Carolina, citizen of this State who works in either the criminal justice system~~  
29          ~~or the juvenile justice system, depending on the current work of the~~  
30          ~~Sentencing and Policy Advisory Commission, to be appointed by the~~  
31          ~~Chairman of the Sentencing and Policy Advisory Commission.~~
- 32          (25)    The President of the ~~Association-North Carolina~~ Conference of Clerks of  
33          ~~Superior Court of North Carolina, Court,~~ or ~~his designee.~~the President's  
34          designee.
- 35          ...
- 36          (27)    The Secretary of the Department of Public Safety or the Secretary's designee.

37           The Commission shall have its initial meeting no later than September 1, 1990, at the call of  
38           the Chairman. The Commission shall meet a minimum of four regular meetings each year. The  
39           Commission may also hold special meetings at the call of the Chairman, or by any four members  
40           of the Commission, upon such notice and in such manner as may be fixed by the rules of the  
41           Commission. A majority of the members of the Commission shall constitute a quorum."

42           **SECTION 16.16.(b)** G.S. 164-47 reads as rewritten:

43           "**§ 164-47. Biennial Report on Recidivism.**

44           The Judicial Department, through the North Carolina Sentencing and Policy Advisory  
45           ~~Commission, the Division of Prisons of the Department of Adult Correction, and the Division of~~  
46           ~~Community Supervision and Reentry of Commission and the Department of Adult Correction~~  
47           Correction, shall jointly conduct ongoing evaluations of community corrections programs and  
48           in-prison treatment programs and make a biennial report to the General Assembly. The report  
49           shall include composite measures of program effectiveness based on recidivism rates, other  
50           outcome measures, and costs of the programs.

1 During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall  
2 coordinate the collection of all data necessary to create an expanded database containing offender  
3 information on prior convictions, current conviction and sentence, program participation, and  
4 outcome measures. Each program to be evaluated shall assist the Commission in the development  
5 of systems and collection of data necessary to complete the evaluation process. The first  
6 evaluation report shall be presented to the Chairs of the Senate and House Appropriations  
7 Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice  
8 and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each  
9 even-numbered year."

10 **SECTION 16.16.(c)** G.S. 164-50 reads as rewritten:

11 **"§ 164-50. Annual report on implementation of Justice Reinvestment Project.**

12 The Judicial Department, through the North Carolina Sentencing and Policy Advisory  
13 ~~Commission, Commission~~ and the ~~Division Department of Prisons Adult Correction,~~ shall jointly  
14 conduct ongoing evaluations regarding the implementation of the Justice Reinvestment Act of  
15 2011. The Commission shall present the first evaluation report to the Joint Legislative ~~Correction,~~  
16 ~~Crime Control, and Juvenile Justice Oversight Committee~~ on Justice and Public Safety and to the  
17 Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and  
18 Public Safety by ~~April 15, 2012, and future reports shall be made annually by~~ April 15 of each  
19 year."

## 20 **CONSOLIDATE COURTS IN ROBESON COUNTY**

21 **SECTION 16.17.** No later than January 1, 2025, Robeson County shall cease the use  
22 of satellite court locations.

## 23 **CREATE NEW SPECIAL SUPERIOR COURT JUDGES**

24 **SECTION 16.19.(a)** G.S. 7A-45.1 reads as rewritten:

25 **"§ 7A-45.1. Special judges.**

26 ...

27 (a10) Except for the judgeships abolished pursuant to subsection (a8) of this section, and  
28 except as provided in subsection (a12) of this section, upon the retirement, resignation, removal  
29 from office, death, or expiration of the term of any special superior court judge on or after  
30 September 1, 2014, each judgeship shall be filled for a full ~~five-year~~ eight-year term beginning  
31 upon the judge's taking office according to the following procedure prescribed by the General  
32 Assembly pursuant to Article IV, Section 9(1) of the North Carolina Constitution. As each  
33 judgeship becomes vacant or the term expires, the Governor shall submit the name of a nominee  
34 for that judgeship to the General Assembly for confirmation by ratified joint resolution. Upon  
35 each such confirmation, the Governor shall appoint the confirmed nominee to that judgeship.

36 However, upon the failure of the Governor to submit the name of a nominee within 90 days  
37 of the occurrence of the vacancy or within 90 days of the expiration of the judge's term, as  
38 applicable, the President Pro Tempore of the Senate and the Speaker of the House of  
39 Representatives jointly shall submit the name of a nominee to the General Assembly. The  
40 appointment shall then be made by enactment of a bill. The bill shall state the name of the person  
41 being appointed, the office to which the appointment is being made, and the county of residence  
42 of the appointee.

43 The Governor may withdraw any nomination prior to it failing on any reading, and in case of  
44 such withdrawal the Governor shall submit a different nomination within 45 days of withdrawal.  
45 If a nomination shall fail any reading, the Governor shall submit a different nomination within  
46 45 days of such failure. In either case of failure to submit a new nomination within 45 days, the  
47 President Pro Tempore of the Senate and the Speaker of the House of Representatives shall  
48 submit the name of a nominee to the General Assembly under the procedure provided in the  
49 preceding paragraph.  
50  
51

1 No person shall occupy a special superior court judgeship authorized under this subsection  
 2 in any capacity, or have any right to, claim upon, or powers of those judgeships, unless that  
 3 person's nomination has been confirmed by the General Assembly by joint resolution or  
 4 appointed through the enactment of a bill upon the failure of the Governor to submit a nominee.  
 5 Until confirmed by the General Assembly and appointed by the Governor, or appointed by the  
 6 General Assembly upon the failure of the Governor to appoint a nominee, and qualified by taking  
 7 the oath of office, a nominee is neither a de jure nor a de facto officer.

8 ...

9 (a12) In addition to any other special superior court judges authorized by law, effective  
 10 January 1, 2024, the General Assembly may appoint by enactment of a bill 10 special superior  
 11 court judges to serve terms expiring at the earlier of (i) eight years from the date that each judge  
 12 takes office or (ii) the date of the judge's death, retirement, resignation, or removal from office.  
 13 A bill appointing a special superior court judge under this subsection shall state the name of the  
 14 person being appointed, the office to which the appointment is being made, and the judicial  
 15 division of residence of the appointee. Five of these judges shall be nominated by the Speaker of  
 16 the House of Representatives, one residing in each of the five judicial divisions listed under  
 17 G.S. 7A-41, and five shall be nominated by the President Pro Tempore of the Senate, one residing  
 18 in each of the five judicial divisions listed under G.S. 7A-41.

19 Upon the natural expiration of the term of a special superior court judge appointed pursuant  
 20 to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation,  
 21 or removal from office, a successor shall be appointed to a new term in the same manner and for  
 22 the same length as other judges appointed pursuant to this subsection. The legislative officer who  
 23 nominated the special superior court judge whose term has ended shall nominate the new special  
 24 superior court judge.

25 A special superior court judge takes the same oath of office and is subject to the same  
 26 requirements and disabilities as are or may be prescribed by law for regular judges of the superior  
 27 court, save the requirement of residence in a particular district.

28 (b) A special judge is subject to removal from office for the same causes and in the  
 29 same manner as a regular judge of the superior court, and a vacancy occurring in the office of  
 30 special judge-judge, except as provided for in subsection (a12) of this section, is filled by the  
 31 Governor by appointment for the unexpired term.

32 ...."

33 **SECTION 16.19.(b)** Notwithstanding any other provision of law to the contrary,  
 34 special superior court judgeships in place as of April 1, 2023, whether filled or vacant, shall be  
 35 extended to an eight-year term. This subsection shall apply to all special superior court judges  
 36 currently filling these judgeships, whether serving an appointment for a full term or serving the  
 37 remainder of an unexpired term, in which case the unexpired term shall be similarly extended to  
 38 be an eight-year term.

#### 40 **MODIFY JUDICIAL STANDARDS COMMISSION MEMBERSHIP**

41 **SECTION 16.20.(a)** G.S. 7A-375(a) reads as rewritten:

42 "(a) Composition. – The Judicial Standards Commission shall consist of the following  
 43 residents of North Carolina: ~~two~~

44 (1) Two Court of Appeals judges, two judges, each appointed by the Chief Justice  
 45 of the Supreme Court.

46 (2) Two superior court judges, and two judges, each appointed by the Chief  
 47 Justice of the Supreme Court.

48 (3) Two district court judges, each appointed by the Chief Justice of the Supreme  
 49 Court; ~~four members of the State Bar who have actively practiced in the courts~~  
 50 ~~of the State for at least 10 years, elected by the State Bar Council; and four~~  
 51 Court.



1       (b) ~~Whenever any person files in the Superior Court of Wake County any action~~  
2 ~~challenging the validity of any act of the General Assembly that apportions or redistricts State~~  
3 ~~legislative or congressional districts, a copy of the complaint shall be served upon the senior~~  
4 ~~resident superior court judge of Wake County, who shall be the presiding judge of the three judge~~  
5 ~~panel required by subsection (a) of this section. Upon receipt of that complaint, the senior resident~~  
6 ~~superior court judge of Wake County shall notify the Chief Justice, who shall appoint two~~  
7 ~~additional resident superior court judges to the three judge panel of the Superior Court of Wake~~  
8 ~~County to hear and determine the action. Before making those appointments, the Chief Justice~~  
9 ~~shall consult with the North Carolina Conference of Superior Court Judges, which shall provide~~  
10 ~~the Chief Justice with a list of recommended appointments. To ensure that members of the~~  
11 ~~three judge panel are drawn from different regions of the State, the Chief Justice shall appoint to~~  
12 ~~the three judge panel one resident superior court judge from the First through Third Judicial~~  
13 ~~Divisions and one resident superior court judge from the Fourth through Fifth Judicial Divisions.~~  
14 ~~In order to ensure fairness, to avoid the appearance of impropriety, and to avoid political bias, no~~  
15 ~~member of the panel, including the senior resident superior court judge of Wake County, may be~~  
16 ~~a former member of the General Assembly. Should the senior resident superior court judge of~~  
17 ~~Wake County be disqualified or otherwise unable to serve on the three judge panel, the Chief~~  
18 ~~Justice shall appoint another resident superior court judge of Wake County as the presiding judge~~  
19 ~~of the three judge panel. Should any other member of the three judge panel be disqualified or~~  
20 ~~otherwise unable to serve on the three judge panel, the Chief Justice shall appoint as a~~  
21 ~~replacement another resident superior court judge from the same group of judicial divisions as~~  
22 ~~the resident superior court judge being replaced.~~

23       (b1) ~~Any facial challenge to the validity of an act of the General Assembly filed in the~~  
24 ~~Superior Court of Wake County, other than a challenge to plans apportioning or redistricting~~  
25 ~~State legislative or congressional districts that shall be heard pursuant to subsection (b) of this~~  
26 ~~section, or any claim transferred to the Superior Court of Wake County pursuant to subsection~~  
27 ~~(a1) of this section, shall be assigned by the senior resident Superior Court Judge of Wake County~~  
28 ~~to a three judge panel established pursuant to subsection (b2) of this section.~~

29       (b2) ~~For each challenge to the validity of statutes and acts subject to subsection (a1)~~  
30 ~~referenced in subsection (a) of this section, the Chief Justice of the Supreme Court shall appoint~~  
31 ~~three resident superior court judges to a three-judge panel of the Superior Court of Wake County~~  
32 ~~to hear the challenge. The Chief Justice shall appoint a presiding judge of each three-judge panel.~~  
33 ~~To ensure that members of each three judge panel are drawn from different regions of the State,~~  
34 ~~the Chief Justice shall appoint to each three judge panel one resident superior court judge from~~  
35 ~~the First or Second Judicial Division, one resident superior court judge from the Third or Fourth~~  
36 ~~Judicial Division, and one resident superior court judge from the Fifth Judicial Division. Should~~  
37 ~~any member of a three-judge panel be disqualified or otherwise unable to serve on the three-judge~~  
38 ~~panel or be removed from the panel at the discretion of the Chief Justice, the Chief Justice shall~~  
39 ~~appoint as a replacement another resident superior court judge from the same group of judicial~~  
40 ~~divisions as the resident superior court judge being replaced.~~  
41 ~~judge. No member of the panel on~~  
42 ~~an action challenging the validity of any act of the General Assembly that apportions or redistricts~~  
43 ~~State legislative or congressional districts may be a former member of the General Assembly.~~

44       (c) No order or judgment shall be entered affecting the validity of any act of the General  
45 Assembly that apportions or redistricts State legislative or congressional districts, or finds that  
46 an act of the General Assembly is facially invalid on the basis that the act violates the North  
47 Carolina Constitution or federal law, except by a three-judge panel of the Superior Court of Wake  
48 County organized as provided by subsection (b) or subsection (b2) of this section. In the event  
49 of disagreement among the three resident superior court judges comprising a three-judge panel,  
50 then the opinion of the majority shall prevail.

51       (d) This section applies only to civil proceedings. Nothing in this section shall be deemed  
to apply to criminal proceedings, to proceedings under Chapter 15A of the General Statutes, to

1 proceedings making a collateral attack on any judgment entered in a criminal proceeding, or to  
2 civil proceedings filed by a taxpayer pursuant to G.S. 105-241.17.

3 (e) For the purposes of this section, the position of superior court judge shall include  
4 regular, special, and emergency superior court judges."

5 **SECTION 16.21.(b)** G.S. 1A-1, Rule 42 of the North Carolina Rules of Civil  
6 Procedure reads as rewritten:

7 **"Rule 42. Consolidation; separate trials.**

8 (a) Consolidation. – Except as provided in subdivision (b)(2) of this section, when actions  
9 involving a common question of law or fact are pending in one division of the court, the judge  
10 may order a joint hearing or trial of any or all the matters in issue in the actions; ~~he the judge~~ may  
11 order all the actions consolidated; and ~~he the judge~~ may make such orders concerning  
12 proceedings therein as may tend to avoid unnecessary costs or delay. When actions involving a  
13 common question of law or fact are pending in both the superior and the district court of the same  
14 county, a judge of the superior court in which the action is pending may order all the actions  
15 consolidated, and ~~he the judge~~ may make such orders concerning proceedings therein as may  
16 tend to avoid unnecessary costs or delay.

17 (b) Separate trials. –

18 ...

19 (4) Pursuant to G.S. 1-267.1, any facial challenge to the validity of an act of the  
20 General Assembly, other than a challenge to plans apportioning or  
21 redistricting State legislative or congressional districts, shall be heard by a  
22 three-judge panel in the Superior Court of Wake County if a claimant raises  
23 such a challenge in the claimant's complaint or amended complaint in any  
24 court in this State, or if such a challenge is raised by the defendant in the  
25 defendant's answer, responsive pleading, or within 30 days of filing the  
26 defendant's answer or responsive pleading. In that event, the court shall, on its  
27 own ~~motion, motion~~ or the motion of a party, transfer that portion of the action  
28 challenging the validity of the act of the General Assembly to the Superior  
29 Court of Wake County for resolution by a ~~three judge three judge~~ panel if,  
30 after all other matters in the action have been resolved, a determination as to  
31 the facial validity of an act of the General Assembly must be made in order to  
32 completely resolve any matters in the case. The court in which the action  
33 originated shall maintain jurisdiction over all matters other than the challenge  
34 to the act's facial validity. For a motion filed under Rule 11 or Rule 12(b)(1)  
35 through (7), the original court shall rule on the motion, however, it may  
36 decline to rule on a motion that is based solely upon Rule 12(b)(6). If the  
37 original court declines to rule on a Rule 12(b)(6) motion, the motion shall be  
38 decided by the three-judge panel. The original court shall stay all matters that  
39 are contingent upon the outcome of the challenge to the act's facial validity  
40 pending a ruling on that challenge and until all appeal rights are exhausted.  
41 Once the three-judge panel has ruled and all appeal rights have been  
42 exhausted, the matter shall be transferred or remanded to the three-judge panel  
43 or the trial court in which the action originated for resolution of any  
44 outstanding matters, as appropriate."

45 **SECTION 16.21.(c)** G.S. 7A-27(b) reads as rewritten:

46 "(b) Except as provided in subsection (a) of this section, appeal lies of right directly to the  
47 Court of Appeals in any of the following cases:

48 ...

49 (3) From any interlocutory order or judgment of a superior court or district court  
50 in a civil action or proceeding that does any of the following:

51 ...



1 g. Denies, upon the court's own motion or the motion of a party, the  
2 transfer of an action or proceeding pursuant to Rule 42(b)(4) of the  
3 North Carolina Rules of Civil Procedure.

4 ...."

5 **SECTION 16.21.(d)** G.S. 7A-30 reads as rewritten:

6 **"§ 7A-30. Appeals of right from certain decisions of the Court of Appeals.**

7 Except as provided in G.S. 7A-28, an appeal lies of right to the Supreme Court from any  
8 decision of the Court of Appeals rendered in a case:

9 (1) Which directly involves a substantial question arising under the Constitution  
10 of the United States or of this ~~State, or~~State.

11 (2) ~~In which there is a dissent when the Court of Appeals is sitting in a panel of~~  
12 ~~three judges. An appeal of right pursuant to this subdivision is not effective~~  
13 ~~until after the Court of Appeals sitting en banc has rendered a decision in the~~  
14 ~~case, if the Court of Appeals hears the case en banc, or until after the time for~~  
15 ~~filing a motion for rehearing of the cause by the Court of Appeals has expired~~  
16 ~~or the Court of Appeals has denied the motion for rehearing."~~

17 **SECTION 16.21.(e)** Subsection (d) of this section is effective when it becomes law  
18 and applies to appellate cases filed with the Court of Appeals on or after that date. The remainder  
19 of this section is effective when it becomes law and applies to civil actions pending or filed on  
20 or after that date.

21  
22 **INCLUDE DOLLAR AMOUNTS ON COURT COST WAIVER REPORT**

23 **SECTION 16.22.(a)** G.S. 7A-350 reads as rewritten:

24 **"§ 7A-350. Annual report on criminal court cost waivers.**

25 The Administrative Office of the Courts shall maintain records of all cases in which a judge  
26 makes a finding of just cause to grant a waiver of criminal court costs under G.S. 7A-304(a) and  
27 shall report on those ~~waivers-waivers, including an exact or best estimate of the dollar amount of~~  
28 each waiver, to the chairs of the House of Representatives and Senate Appropriations Committees  
29 on Justice and Public Safety and the chairs of the Joint Legislative Oversight Committee on  
30 Justice and Public Safety by February 1 of each year. The report shall aggregate the waivers by  
31 the district in which the waiver or waivers were granted and by the name of each judge granting  
32 a waiver or waivers."

33 **SECTION 16.22.(b)** This section becomes effective January 1, 2024, and applies to  
34 waivers granted on or after that date.

35  
36 **COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING**  
37 **SERVICES TO VICTIMS OF HUMAN TRAFFICKING**

38 **SECTION 16.23.(a)** Article 29 of Chapter 7A of the General Statutes is amended by  
39 adding a new section to read:

40 **"§ 7A-354.1. Human Trafficking Commission Competitive Grant Program.**

41 (a) Established. – The Human Trafficking Commission shall develop and implement the  
42 Human Trafficking Commission Competitive Grant Program.

43 (b) Criteria. – The following criteria shall apply to the Grant Program:

44 (1) Grant applicants shall satisfy all of the following:

45 a. Be a nonprofit corporation.

46 b. Provide direct services to victims of human trafficking, which may  
47 include case management, client safety, client well-being, and other  
48 services, including health, transportation, housing, education, and  
49 employment assistance.

50 c. Be ineligible for a grant under the provisions of G.S. 50B-9 and  
51 G.S. 143B-394.21.

- 1                   d.     Submit a detailed proposal of its human trafficking service program  
2                   which shall, at a minimum, include each of the following:
- 3                   1.     A description of the geographic area the organization serves  
4                   and the needs of victims of human trafficking in that area.
  - 5                   2.     A plan to address the needs of victims, including the goals and  
6                   objectives of each proposed initiative.
  - 7                   3.     The timeline for implementing each proposed initiative to  
8                   achieve the desired objective and the names of any partners  
9                   with whom the organization will be working and the role of  
10                  those partners in the proposed initiative.
  - 11                  4.     A list of the specific services each proposed initiative will  
12                  deliver, which may include case management, client safety,  
13                  client well-being, and other services, including health,  
14                  transportation, housing, education, and employment  
15                  assistance.
  - 16                  5.     The anticipated planning and administrative costs for each  
17                  proposed initiative, sorted by type, including staffing, fixed  
18                  costs, contracts, and information technology.
  - 19                  6.     A description of the organization's capacity to implement its  
20                  plan to address the needs of victims, including the  
21                  organization's staffing level, systems, partnerships, existing  
22                  funding, and existing programs.
  - 23                  7.     Any additional information deemed appropriate by the  
24                  Commission.
- 25           (2)     The Commission shall coordinate outreach efforts with the North Carolina  
26           Council for Women and Youth Involvement (Council), State agencies, and  
27           local partners to make information regarding the grant funds available to  
28           eligible organizations within two weeks after this section becomes law.
- 29           (3)     The Commission shall, upon receipt of all applications by the deadlines set by  
30           the Commission, expeditiously award and disburse grant funds.
- 31           (4)     Grant recipients shall comply with all reporting requirements in  
32           G.S. 143C-6-23 and the contract between the recipient and the Commission.
- 33           (c)     Grant Maximum. – The Commission shall set the maximum amount of each grant  
34           based upon the availability of funds, provided that no grantee shall receive more than fifty  
35           thousand dollars (\$50,000) in grant funds in each State fiscal year.
- 36           (d)     Grantee Reporting. – No later than February 1 of each year following a year in which  
37           a grantee received funds pursuant to the Grant Program created under this section, each grantee  
38           shall submit a report to the Commission that includes all of the following:
- 39           (1)     Progress on the development and implementation of each of its program  
40           initiatives.
  - 41           (2)     Progress on meeting goals and objectives for each program initiative.
  - 42           (3)     The number of human trafficking victims assisted through each program  
43           initiative.
  - 44           (4)     A description and explanation of any delays in implementation of program  
45           initiatives.
  - 46           (5)     A description and explanation of any changes in the proposal submitted  
47           pursuant to sub-subdivision d. of subdivision (1) of subsection (b) of this  
48           section.
  - 49           (6)     Planning and administrative costs to date for each program initiative, sorted  
50           by type, including staffing, fixed costs, contracts, and information technology.
  - 51           (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
...			
First	<del>3A3</del>	Pitt	2
Second	<del>3B4</del>	Carteret, Craven, Pamlico	3
Second	<del>45</del>	Duplin, Jones, Onslow, Sampson	2
Second	<del>5A6A</del>	(part of New Hanover, Pender	1
		see subsection (b))	5
<u>Second</u>	<del>5B6B</del>	(part of New Hanover, see subsection (b))	1
<u>Second</u>	<del>5C6C</del>	(part of New Hanover, see subsection (b))	1
First	<del>6A7A</del>	Halifax	1
First	<del>6B7B</del>	Bertie, Hertford, Northampton	1

1	First	<u>7A8A</u>	Nash	1
2	First	<u>7B8B</u>	(part of Wilson,	1
3			part of Edgecombe,	
4			see subsection (b))	
5	First	<u>7C8C</u>	(part of Wilson,	1
6			part of Edgecombe,	
7			see subsection (b))	
8	Second	<u>8A9A</u>	Lenoir and Greene	1
9	Second	<u>8B9B</u>	Wayne	1
10	First	<u>911</u>	Franklin, Granville,	2
11			Person, Vance, Warren	
12	...			
13	Third	<u>11A12</u>	Harnett,	1
14			Lee	
15	Third	<u>11B13</u>	Johnston	2
16	Third	<u>12A14A</u>	(part of Cumberland,	1
17			see subsection (b))	
18	Third	<u>12B14B</u>	(part of Cumberland,	1
19			see subsection (b))	
20	Third	<u>12C14C</u>	(part of Cumberland,	2
21			see subsection (b))	
22	Second	<u>13A15A</u>	Bladen, Columbus	1
23	Second	<u>13B15B</u>	Brunswick	1
24	First	<u>14A16A</u>	(part of Durham,	1
25			see subsection (b))	
26	First	<u>14B16B</u>	(part of Durham,	3
27			see subsection (b))	
28	Third	<u>15A17</u>	Alamance	2
29	Fourth	<u>15B18</u>	Orange, Chatham	2
30	Third	<u>16A21</u>	Anson, Richmond,	2
31			Scotland	
32	Second	<u>16B20</u>	Robeson	2
33	Fourth	<u>17A22</u>	Caswell, Rockingham	2
34	Fourth	<u>17B23</u>	Stokes, Surry	1
35	Fourth	<u>18A24A</u>	(part of Guilford,	1
36			see subsection (b))	
37	Fourth	<u>18B24B</u>	(part of Guilford,	1
38			see subsection (b))	
39	Fourth	<u>18C24C</u>	(part of Guilford,	1
40			see subsection (b))	
41	Fourth	<u>18D24D</u>	(part of Guilford,	1
42			see subsection (b))	
43	Fourth	<u>18E24E</u>	(part of Guilford,	1
44			see subsection (b))	
45	Fourth	<u>19A25</u>	Cabarrus	1
46	Third	<u>19B37</u>	Randolph	2
47	Fourth	<u>19C27</u>	Rowan	1
48	Third	<u>19D29</u>	Hoke, Moore	2
49	Third	<u>20A28</u>	Montgomery, Stanly	2
50	Third	<u>20B30</u>	Union	2
51	Fourth	<u>21A31A</u>	(part of Forsyth,	2

1			see subsection (b))	
2	Fourth	<del>21B</del> <u>31B</u>	(part of Forsyth,	1
3			see subsection (b))	
4	Fourth	<del>21C</del> <u>31C</u>	(part of Forsyth,	1
5			see subsection (b))	
6	Fourth	<del>21D</del> <u>31D</u>	(part of Forsyth,	1
7			see subsection (b))	
8	Fourth	<del>22A</del> <u>32</u>	Alexander, Iredell	2
9	Fourth	<del>22B</del> <u>33</u>	Davidson, Davie	2
10	Fourth	<del>23</del> <u>34</u>	Alleghany, Ashe,	1
11			Wilkes, Yadkin	
12	Fifth	<del>24</del> <u>35</u>	Avery, Madison,	2
13			Mitchell,	
14			Watauga, Yancey	
15	Fifth	<del>25A</del> <u>36</u>	Burke, Caldwell	2
16	Fifth	<del>25B</del> <u>19</u>	Catawba	2
17	...			
18	<u>Fifth</u>	26D	(part of Mecklenburg,	1
19			see subsection (b))	
20	<u>Fifth</u>	26E	(part of Mecklenburg,	1
21			see subsection (b))	
22	<u>Fifth</u>	26F	(part of Mecklenburg,	1
23			see subsection (b))	
24	<u>Fifth</u>	26G	(part of Mecklenburg,	1
25			see subsection (b))	
26	<u>Fifth</u>	26H	(part of Mecklenburg,	1
27			see subsection (b))	
28	Fifth	<del>27A</del> <u>38</u>	Gaston	2
29	Fifth	<del>27B</del> <u>39</u>	Cleveland, Lincoln	2
30	Fifth	<del>28</del> <u>40</u>	Buncombe	2
31	Fifth	<del>29A</del> <u>41</u>	McDowell,	1
32			Rutherford	
33	Fifth	<del>29B</del> <u>42</u>	Henderson, Polk,	1
34			Transylvania	
35	Fifth	<del>30A</del> <u>43A</u>	Cherokee, Clay,	1
36			Graham, Macon,	
37			Swain	
38	Fifth	<del>30B</del> <u>43B</u>	Haywood, Jackson	1.
39	(b)	For superior court districts of less than a whole county, or with part of one county		
40		with part of another, the composition of the district and the number of judges is as follows:		
41	(1)	<del>5A</del> : <u>6A</u> : New Hanover County: VTD CF01, VTD CF02, VTD CF03,		
42		VTD H01, VTD W25, VTD W27; Pender County. It has one judge.		
43	(2)	<del>5B</del> : <u>6B</u> : New Hanover County: VTD H02, VTD H03, VTD H04, VTD		
44		H05, VTD H06, VTD H07, VTD H08, VTD H09, VTD M02, VTD M05, ...		
45	(3)	<del>5C</del> : <u>6C</u> : New Hanover County: VTD FP01, VTD FP02, VTD FP03,		
46		...		
47	(4)	<del>7B</del> : <u>8B</u> : Edgecombe County: VTD: 1101: Block(s) 0650213001035;		
48		...		
49	(5)	<del>7C</del> : <u>8C</u> : Edgecombe County: VTD: 0101, VTD: 0102, VTD: 0103, ...		
50	(12)	<del>12A</del> : <u>14A</u> : Cumberland County: VTD: AH49, VTD: CC18: Block(s)		
51		...		

- 1 (13) District ~~12B~~:14B: Cumberland County: VTD: CC01, VTD: CC03, VTD: ...
- 2 (14) District ~~12C~~:14C: Cumberland County: VTD: AL51, VTD: CC04, VTD: ...
- 3 (15) District ~~14A~~:16A: Durham County: VTD: 09, VTD: 12, VTD: 13, VTD: 14,
- 4 ...
- 5 (16) District ~~14B~~:16B: Durham County: VTD: 01, VTD: 02, VTD: 03, VTD: 04,
- 6 ...
- 7 (17) District ~~18A~~:24A: Guilford County: VTD: FEN1, VTD: FEN2, VTD: G04,
- 8 ...
- 9 (18) District ~~18B~~:24B: Guilford County: VTD: H01, VTD: H02, VTD: H03, VTD:
- 10 ...
- 11 (19) District ~~18C~~:24C: Guilford County: VTD: CG1, VTD: CG2, VTD: CG3A,
- 12 ...
- 13 (20) District ~~18D~~:24D: Guilford County: VTD: G01, VTD: G11, VTD: G12,
- 14 ...
- 15 (21) District ~~18E~~:24E: Guilford County: VTD: G02, VTD: G03, VTD: G07, VTD:
- 16 ...
- 17 (22) District ~~21A~~:31A: Forsyth County: VTD: 051, VTD: 052, VTD: 053, VTD:
- 18 ...
- 19 (23) District ~~21B~~:31B: Forsyth County: VTD: 042, VTD: 043, VTD: 501, VTD:
- 20 ...
- 21 (24) District ~~21C~~:31C: Forsyth County: VTD: 011, VTD: 012, VTD: 013, VTD:
- 22 ...
- 23 (25) District ~~21D~~:31D: Forsyth County: VTD: 081, VTD: 082, VTD: 083, VTD:
- 24 ...

25 (b1) The qualified voters of ~~District 4~~District 5 shall elect all judges established for  
 26 ~~District 4~~District 5 in subsection (a) of this section, but only persons who reside in Onslow  
 27 County may be candidates for one of the judgeships and only persons who reside in Duplin,  
 28 Jones, or Sampson County may be candidates for the remaining judgeship.

29 ...."

30 **SECTION 16.26.(b)** G.S. 7A-133 reads as rewritten:

31 **"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 32 **court, by counties.**

33 (a) Each district court district shall have the numbers of judges as set forth in the  
 34 following table:

<u>District</u>	<u>Judges</u>	<u>County</u>
36 ...		
37 <del>3A</del> <u>3</u>	6	Pitt
38 <del>3B</del> <u>4</u>	6	Craven
39		Pamlico
40		Carteret
41 <u>4</u> <u>5</u>	9	Sampson
42		Duplin
43		Jones
44		Onslow
45 <del>5</del> <u>6</u>	9	New Hanover
46		Pender
47 <del>6</del> <u>7</u>	4	Northampton
48		Bertie
49		Hertford
50		Halifax
51 <u>7</u> <u>8</u>	7	Nash

1			Edgecombe
2			Wilson
3	<u>89</u>	6	Wayne
4			Greene
5			Lenoir
6	<u>911A</u>	5	Granville
7			(part of Vance
8			see subsection
9			(b))
10			Franklin
11			Person
12	<u>9B11B</u>	2	Warren
13			(part of Vance
14			see subsection (b))
15	...		
16	<del>11</del> <u>12</u>	11	Harnett
17			Johnston
18			Lee
19	<del>12</del> <u>14</u>	10	Cumberland
20	<del>13</del> <u>15</u>	7	Bladen
21			Brunswick
22			Columbus
23	<del>14</del> <u>16</u>	7	Durham
24	<del>15A</del> <u>17</u>	4	Alamance
25	<del>15B</del> <u>18</u>	5	Orange
26			Chatham
27	<del>16A</del> <u>21</u>	4	Scotland
28			Anson
29			Richmond
30	<del>16B</del> <u>20</u>	6	Robeson
31	<del>17A</del> <u>22</u>	4	Caswell
32			Rockingham
33	<del>17B</del> <u>23</u>	4	Stokes
34			Surry
35	<del>18</del> <u>24</u>	14	Guilford
36	<del>19A</del> <u>25</u>	6	Cabarrus
37	<del>19B</del> <u>37</u>	5	Randolph
38	<del>19C</del> <u>27</u>	5	Rowan
39	<del>19D</del> <u>29</u>	5	Hoke, Moore
40	<del>20A</del> <u>28</u>	3	Montgomery,
41			Stanly
42	<del>20B</del> <u>30A</u>	1	(part of Union see
43			subsection (b))
44	<del>20C</del> <u>30B</u>	2	(part of Union see
45			subsection (b))
46	<del>20D</del> <u>30C</u>	2	Union
47	<del>21</del> <u>31</u>	11	Forsyth
48	<del>22A</del> <u>32</u>	6	Alexander
49			Iredell
50	<del>22B</del> <u>33</u>	6	Davidson
51			Davie

1	<u>2334</u>	4	Alleghany
2			Ashe
3			Wilkes
4			Yadkin
5	<u>2435</u>	4	Avery
6			Madison
7			Mitchell
8			Watauga
9			Yancey
10	<u>2536</u>	10	Burke
11			Caldwell
12			Catawba
13	...		
14	<u>27A38</u>	7	Gaston
15	<u>27B39</u>	6	Cleveland
16			Lincoln
17	<u>2840</u>	7	Buncombe
18	<u>29A41</u>	4	McDowell
19			Rutherford
20	<u>29B42</u>	5	Henderson
21			Polk
22			Transylvania
23	<u>3043</u>	6	Cherokee
24			Clay
25			Graham
26			Haywood
27			Jackson
28			Macon
29			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.
- (2) District Court District ~~9B~~11B consists of Warren County and VTD EH1, VTD MIDD, VTD NH1, VTD NH2, VTD TWNS, VTD WMSB of Vance County.
- (3) (Repealed effective January 1, 2025 – see notes) District Court District ~~20C~~30B consists of the remainder of Union County not in District Court District ~~20B~~30A.
- (4) (Repealed effective January 1, 2025 – see notes) District Court District ~~20B~~30A consists of Precinct 01: Tract 204.01: Block Group 2: Block 2040, Block 2057, Block 2058, Block 2060, Block 2061, Block 2062, Block 2064, Block 2065; Tract 204.02: Block Group 2: Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2006, Block 2007, Block 2008, Block 2009, Block 2010, Block 2011, Block 2012, Block 2013, Block 2014, Block 2015, Block 2016, Block 2017, Block 2018, Block 2023, Block 2024, Block 2025, Block 2026, Block 2027, Block 2028, Block 2029, Block 2030, Block 2031, Block 2032, Block 2033, Block 2034; Block Group 3: Block 3000, Block 3003, Block 3004, Block 3005, Block 3006, Block 3007, Block 3008, Block 3009, Block 3010, Block 3011, Block 3012, Block 3013, Block 3014, Block



1 3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block  
 2 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block  
 3 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block  
 4 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block  
 5 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block  
 6 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054,  
 7 Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001,  
 8 Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007,  
 9 Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014,  
 10 Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020,  
 11 Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group  
 12 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101,  
 13 Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039,  
 14 Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct  
 15 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block  
 16 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block  
 17 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002,  
 18 Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035,  
 19 Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045,  
 20 Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10,  
 21 Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25:  
 22 Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43  
 23 of Union County.

24 ...

25 The names and boundaries of voting tabulation districts specified for Wake County, and  
 26 Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line  
 27 Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services  
 28 Office's redistricting computer database on January 1, 2005; and for other counties are those  
 29 reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census  
 30 in the IVTD Version of the TIGER files.

31 (b1) The qualified voters of District Court ~~District 11~~ District 12 shall elect all eight judges  
 32 established for the District in subsection (a) of this section, but only persons who reside in  
 33 Johnston County may be candidates for five of the judgeships, only persons who reside in Harnett  
 34 County may be candidates for two of the judgeships, and only persons who reside in Lee County  
 35 may be candidates for the remaining judgeship.

36 (b2) The qualified voters of District Court ~~District 13-15~~ shall elect all seven judges  
 37 established for the District in subsection (a) of this section, but only persons who reside in Bladen  
 38 County may be candidates for one of those judgeships, only persons who reside in Columbus  
 39 County may be candidates for two of those judgeships, and only persons who reside in Brunswick  
 40 County may be candidates for four of those judgeships. These district court judgeships shall be  
 41 numbered and assigned for residency purposes as follows:

42 ...

43 (b3) The qualified voters of District Court ~~District 22A~~ District 32 shall elect all five  
 44 judges established for the District in subsection (a) of this section, but only persons who reside  
 45 in Alexander County may be candidates for two of the judgeships, and only persons who reside  
 46 in Iredell County may be candidates for three of the judgeships.

47 (b4) The qualified voters of District Court ~~District 22B~~ District 33 shall elect all six judges  
 48 established for the District in subsection (a) of this section, but only persons who reside in Davie  
 49 County may be candidates for two of the judgeships, and only persons who reside in Davidson  
 50 County may be candidates for four of the judgeships.

1 (b5) The qualified voters of ~~District 16A~~District 21 shall elect all judges established for  
 2 ~~District 16A~~District 21 in subsection (a) of this section, but only persons who reside in Anson  
 3 County may be candidates for one of the judgeships, only persons who reside in Scotland County  
 4 may be candidates for one of the judgeships, and only persons who reside in Richmond County  
 5 may be candidates for the remaining judgeships. In order to implement this section the following  
 6 shall apply in order to transition from at large seats to residency requirements:

7 ...

8 (b6) The qualified voters of ~~District 20A~~District 28 shall elect all judges established for  
 9 ~~District 20A~~District 28 in subsection (a) of this section, but only persons who reside in  
 10 Montgomery County may be candidates for one of the judgeships, and only persons who reside  
 11 in Montgomery or Stanly County may be candidates for the remaining judgeships.

12 (b7) Subject to the provisions of this subsection, the qualified voters of ~~District 25~~District  
 13 36 shall elect all judges established for ~~District 25~~District 36 in subsection (a) of this section,  
 14 but only persons who reside in Catawba County may be candidates for five of the judgeships,  
 15 and only persons who reside in Burke or Caldwell County may be candidates for the remaining  
 16 judgeships. In order to implement this section the following shall apply in order to transition from  
 17 at large seats to residency requirements:

18 ...

19 (2) Transition of seats; vacancies. – Upon each of the first three district court  
 20 judgeship vacancies occurring in District Court ~~District 25~~District 36 after  
 21 July 1, 2018, due to death, resignation, removal, or retirement of a person who  
 22 is a resident of Catawba County holding a judgeship on July 1, 2018, that  
 23 vacancy shall be filled according to law for the remainder of the unfilled term.  
 24 At the next general election held for that district court judgeship, only persons  
 25 who reside in Burke or Caldwell County may be candidates for that district  
 26 court judgeship. Any primary associated with that general election for that  
 27 district court judgeship after the completion of the term shall also be held  
 28 accordingly, in accordance with this subsection.

29 (3) Notification to State Board. – Upon each of the first three district court  
 30 judgeship vacancies occurring after July 1, 2018, in District Court ~~District 25~~  
 31 District 36 due to the death, resignation, removal, or retirement of a person  
 32 who is a resident of Catawba County holding a judgeship on July 1, 2018, the  
 33 Director of the Administrative Office of the Courts shall provide written  
 34 notice of the vacancy to the State Board of Elections and Ethics Enforcement.  
 35 During the filing period for that district court judgeship at the next general  
 36 election held for that district court judgeship, the State Board of Elections and  
 37 Ethics Enforcement shall ensure that only persons who reside in Burke or  
 38 Caldwell County may file as candidates for that district court judgeship in  
 39 accordance [with] this subsection.

40 ...

41 (b8) The qualified voters of District Court ~~District 19D~~District 29 shall elect all judges established  
 42 for District ~~19D~~29 in subsection (a) of this section, but only persons who reside in Hoke County  
 43 may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore  
 44 County may be candidates for the remaining judgeships.

45 ...."

46 **SECTION 16.26.(c)** G.S. 7A-133, as amended by subsection (b) of this section,  
 47 reads as rewritten:

48 "**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of**  
 49 **court, by counties.**

50 (a) Each district court district shall have the numbers of judges as set forth in the  
 51 following table:

District	Judges	County
...		
<del>30A</del>		
<del>30B</del>		
<del>30C-20B30</del>	5	Union

(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:

- ...
- (3) ~~30B-30A.~~
- (4) ~~30A.~~
- ...."

**SECTION 16.26.(d)** G.S. 7A-60(a1), as amended by Section 3(a) of S.L. 2018-121, 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	Counties	No. of Full-Time Asst. District Attorneys
...		
<u>19</u>	<u>Catawba</u>	<u>10</u>
...		
44	<del>Catawba</del>	<del>10</del> "

**SECTION 16.26.(e)** Section 3(d) of S.L. 2018-121, as amended by Section 13(a) of S.L. 2021-91, reads as rewritten:

**"SECTION 3.(d)** The office and term of the district attorney for Prosecutorial District 36 formerly consisting of Burke, Caldwell, and Catawba Counties is terminated upon the expiration of the term expiring December 31, 2026. Effective January 1, 2027, District 36 formerly consisting of Burke, Caldwell, and Catawba Counties is reassigned as provided in this section. All open investigations and pending cases for Prosecutorial District 36 formerly consisting of Burke, Caldwell, and Catawba Counties shall be transferred to either District 36 or ~~District 44, 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
...	
<del>3A3</del>	Pitt
<del>3B4</del>	Craven, Pamlico, Carteret
<del>56</del>	New Hanover, Pender
...	
<del>1214</del>	Cumberland
<del>1416</del>	Durham
<del>15B18</del>	Orange, Chatham
<del>16A21</del>	Scotland, Hoke
<del>16B20</del>	Robeson

1	<del>1824</del>	Guilford
2	<del>2131</del>	Forsyth
3	...	
4	<del>27A38</del>	Gaston
5	<del>27B39</del>	Cleveland, Lincoln
6	<del>2840</del>	Buncombe
7	<del>29A41</del>	McDowell, Rutherford
8	<del>29B42</del>	Henderson, Polk, Transylvania

9  
10 After notice to, and consultation with, the affected district bar, senior resident superior court  
11 judge, and chief district court judge, the Commission on Indigent Defense Services may  
12 recommend to the General Assembly that a district or regional public defender office be  
13 established. A legislative act is required in order to establish a new office or to abolish an existing  
14 office."

15 **SECTION 16.26.(g)** The Revisor of Statutes shall reorder the Superior Court  
16 Districts in G.S. 7A-41, the District Court Districts in G.S. 7A-133, the Prosecutorial Districts in  
17 G.S. 7A-60, and the Defender Districts in G.S. 7A-498.7 to ensure that all districts are listed in  
18 numerical order and that all counties within each district are listed in alphabetical order. The  
19 Revisor of Statutes shall also reorder the counties in G.S. 7A-133(c) to be listed in alphabetical  
20 order.

21 **SECTION 16.26.(h)** Nothing in subsections (a) or (b) of this section shall be  
22 construed to affect the terms of office of any superior court judge or district court judge elected  
23 prior to the effective date of those subsections, or the terms of office of anyone appointed to fill  
24 a vacancy in any of those offices prior to the effective date of those subsections.

25 **SECTION 16.26.(i)** Subsections (a), (b), and (f) of this section become effective January 1,  
26 2024. Subsection (c) of this section becomes effective January 1, 2025, and elections conducted  
27 in 2024 shall be held accordingly. Subsections (d) and (e) of this section become effective  
28 January 1, 2027. Except as otherwise provided, this section is effective when it becomes law.  
29

### 30 **EXPAND AUTHORITY TO PROVIDE LOCAL SUPPLEMENTS TO CERTAIN** 31 **COURT POSITIONS**

32 **SECTION 16.28.(a)** G.S. 7A-300.1 reads as rewritten:

33 "**§ 7A-300.1. Local supplementation of salaries for certain officers and employees.**

34 ...

35 ~~(b) This section applies only to (i) cities with a population of 300,000 or more according~~  
36 ~~to the most recent estimate of the Office of State Budget and Management and (ii) counties with~~  
37 ~~a population of 300,000 or over according to the most recent estimate of the Office of State~~  
38 ~~Budget and Management."~~

39 **SECTION 16.28.(b)** This section is effective when it becomes law.  
40

### 41 **EXTEND REVERSION DATE OF CERTAIN COURT-RELATED DIRECTED** 42 **GRANTS**

43 **SECTION 16.29.(a)** Notwithstanding any provision of law to the contrary, the funds  
44 appropriated in S.L. 2021-180 to be allocated as directed grants to Cumberland County, Forsyth  
45 County, Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and  
46 Wayne County to be used to support innovative court pilot programs shall not revert until June  
47 30, 2025.

48 **SECTION 16.29.(b)** Notwithstanding any provision of law to the contrary, the funds  
49 appropriated in S.L. 2021-180 to be allocated as a directed grant to Cumberland County to be  
50 used to support a Human Trafficking Court pilot program shall not revert until June 30, 2025.  
51

**MODIFY REIMBURSEMENT RULES FOR APPELLATE JUDGES AND JUSTICES**

**SECTION 16.30.(a)** G.S. 7A-10(b1) reads as rewritten:

"(b1) In addition to the reimbursement for travel and subsistence expenses authorized by subsection (b) of this section, and notwithstanding G.S. 138-6, each justice whose permanent residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage the justice travels each trip to the City of Raleigh from the justice's home for business of the court. The reimbursement authorized by this subsection shall be calculated for each justice by multiplying the actual round-trip mileage from that justice's home to the City of Raleigh by a rate-per-mile established by the Director of the Administrative Office of the Courts, but not to exceed the business standard mileage rate set by the Internal Revenue Service. ~~The duty station for any justice of the Supreme Court whose permanent residence is at least 30 miles from the City of Raleigh and outside of Wake County at the time the justice takes office as a justice of the Supreme Court shall be the county seat of the county in which the justice's permanent residence is located at the time of election or appointment to the office of justice of the Supreme Court for the purpose of determining eligibility for mileage reimbursement. If a justice who has previously qualified for mileage reimbursement under this subsection relocates the justice's permanent residence outside of the county of residence used in determining that justice's eligibility for reimbursement under this subsection, that justice shall not be eligible for reimbursement for mileage and the justice's duty station shall be Wake County.~~"

**SECTION 16.30.(b)** G.S. 7A-18(a1) reads as rewritten:

"(a1) In addition to the reimbursement for travel and subsistence expenses authorized by subsection (a) of this section, and notwithstanding G.S. 138-6, each judge whose permanent residence is at least 50 miles from the City of Raleigh shall also be reimbursed for the mileage the judge travels each trip to the City of Raleigh from the judge's home for business of the court. The reimbursement authorized by this subsection shall be calculated for each judge by multiplying the actual round-trip mileage from that judge's home to the City of Raleigh by a rate-per-mile established by the Director of the Administrative Office of the Courts, but not to exceed the business standard mileage rate set by the Internal Revenue Service. ~~The duty station for any judge of the Court of Appeals whose permanent residence is at least 30 miles from the City of Raleigh and outside of Wake County at the time the judge takes office as a judge of the Court of Appeals shall be the county seat of the county in which that judge's permanent residence is located at the time of election or appointment to the office of judge of the Court of Appeals for the purpose of determining eligibility for mileage reimbursement. If a judge who has previously qualified for mileage reimbursement under this subsection relocates the judge's permanent residence outside of the county of residence used in determining that judge's eligibility under this subsection, that judge shall not be eligible for reimbursement for mileage and the judge's duty station shall be Wake County.~~"

**SECTION 16.30.(c)** This section is effective when it becomes law and applies to travel occurring on or after that date.

**MODIFY DISTRICT ATTORNEY WITNESS REIMBURSEMENT**

**SECTION 16.32.(a)** G.S. 7A-314 reads as rewritten:

**"§ 7A-314. Uniform fees for witnesses; experts; limit on number.**

...

(b) A witness entitled to a fee set forth in subsections (a) or (a1) of this section, and a law-enforcement officer who qualifies as a witness, shall be entitled to receive an allowance or reimbursement for travel expenses as follows:

(1) A witness whose residence is outside the county of appearance but within 75 miles of the place of appearance shall be entitled to receive mileage reimbursement at the rate currently authorized for State employees, for each mile necessarily traveled from his place of resident to the place of appearance

1 and return, each day. Reimbursements to witnesses acting on behalf of the  
 2 court or prosecutorial offices shall be paid in accordance with the rules  
 3 established by the Administrative Office of the Courts. Reimbursements to  
 4 witnesses provided under G.S. 7A-454 shall be in accordance with rules  
 5 established by the Office of Indigent Defense Services.

6 (2) A witness whose residence is outside the county of appearance and more than  
 7 75 miles from the place of appearance shall be entitled to receive mileage  
 8 reimbursement at the rate currently authorized State employees for one  
 9 round-trip from his place of residence to the place of appearance. A witness  
 10 required to appear more than one day shall be entitled to receive an allowance  
 11 or reimbursement for ~~actual~~ expenses incurred for lodging and meals not to  
 12 exceed the maximum currently authorized for State employees, in lieu of daily  
 13 mileage. ~~Reimbursements~~ Allowances or reimbursements to witnesses acting  
 14 on behalf of the court or prosecutorial offices shall be paid in accordance with  
 15 the rules established by the Administrative Office of the Courts.  
 16 Reimbursements and travel allowances to witnesses provided under  
 17 G.S. 7A-454 shall be in accordance with rules established by the Office of  
 18 Indigent Defense Services.

19 (c) A witness who resides in a state other than North Carolina and who appears for the  
 20 purpose of testifying in a criminal action and proves his attendance may be compensated at the  
 21 rate allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a) for one  
 22 round-trip from the witness's place of residence to the place of appearance, and five dollars  
 23 (\$5.00) for each day that the witness is required to travel and attend as a witness, upon order of  
 24 the court based upon a finding that the person was a necessary witness. If such a witness is  
 25 required to appear more than one day, the witness is also entitled to an allowance or  
 26 reimbursement for ~~actual~~ expenses incurred for lodging and meals, not to exceed the maximum  
 27 currently authorized for State employees. Reimbursements and travel allowances to witnesses  
 28 acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules  
 29 established by the Administrative Office of the Courts. Reimbursements to witnesses provided  
 30 under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent  
 31 Defense Services.

32 ...."

33 **SECTION 16.32.(b)** This section is effective when it becomes law and applies to  
 34 travel occurring on or after that date.

### 35 36 **ALLOW APPELLATE JUDGES TO CARRY CONCEALED WEAPONS IN CERTAIN** 37 **INSTANCES**

38 **SECTION 16.33.** G.S. 14-269.4(4b) reads as rewritten:

39 "(4b) Any judge of the North Carolina Court of Appeals, justice of the North  
 40 Carolina Supreme Court, district court judge-judge, or superior court judge  
 41 who carries or possesses a concealed handgun in a building housing a court of  
 42 the General Court of Justice if the judge or justice is in the building to  
 43 discharge his or her official duties and the judge or justice has a concealed  
 44 handgun permit issued in accordance with Article 54B of this Chapter or  
 45 considered valid under G.S. 14-415.24."

### 46 47 **TECHNICAL CORRECTION TO GRANTS TO DEVELOP, STRENGTHEN, OR** 48 **EXPAND HUMAN TRAFFICKING VICTIM SERVICE PROGRAMS**

49 **SECTION 16.34.(a)** Section 16.20B(a) of S.L. 2021-180, as amended by Section  
 50 5.2 of S.L. 2023-11, reads as rewritten:

"SECTION 16.20B.(a) Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Administrative Office of the Courts, Human Trafficking Commission (Commission), the sum of one million one hundred forty thousand dollars (\$1,140,000) in nonrecurring funds for the 2021-2022 fiscal year shall be used to develop, strengthen, or expand human trafficking victim service programs. These funds shall be allocated as follows:

- (1) ~~Two~~ Five hundred ~~fifty~~ thousand dollars ~~(\$250,000)~~ (\$500,000) to Compassion to Act Incorporated, a nonprofit corporation.
- (2) ~~Three~~ Six hundred ~~twenty~~ forty thousand dollars ~~(\$320,000)~~ (\$640,000) to the North Carolina Institute Against Human Trafficking."

SECTION 16.34.(b) This section is effective when it becomes law.

**PART XVII. INDIGENT DEFENSE SERVICES**

**NEW PUBLIC DEFENDER DISTRICTS**

SECTION 17.1.(a) G.S. 7A-498.7(a), as amended by Section 16.26 of this act, 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:

<b>Defender District</b>	<b>Counties</b>
...	
<u>5</u>	<u>Sampson, Duplin, Jones</u>
...	
<u>7</u>	<u>Bertie, Halifax, Hertford, Northampton</u>
...	
<u>15</u>	<u>Bladen, Brunswick, Columbus</u>
...	
<u>17</u>	<u>Alamance</u>
...	
<u>30</u>	<u>Union</u>
...	
<u>32</u>	<u>Alexander, Iredell</u>
...	
<u>43</u>	<u>Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain</u>

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 17.1.(b) G.S. 7A-498.7(a), as amended by Section 16.26 of this act and subsection (a) of this section, 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:

<b>Defender District</b>	<b>Counties</b>
--------------------------	-----------------

1 ...  
2 13  
3 ...

Johnston

4  
5 After notice to, and consultation with, the affected district bar, senior resident superior court  
6 judge, and chief district court judge, the Commission on Indigent Defense Services may  
7 recommend to the General Assembly that a district or regional public defender office be  
8 established. A legislative act is required in order to establish a new office or to abolish an existing  
9 office."

10 **SECTION 17.1.(c)** Subsection (b) of this section becomes effective July 1, 2024.  
11 The remainder of this section becomes effective January 1, 2024.

12  
13 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

14 **SECTION 17.2.(a)** The Office of Indigent Defense Services shall maintain and shall  
15 furnish upon request a remote work policy.

16 **SECTION 17.2.(b)** The remote work policies required by subsection (a) of this  
17 section shall, at a minimum, require that all employees utilizing the remote work policy shall  
18 sign an agreement to be retained in the employee's file that records the employee's assent to  
19 adhere to the remote work policy.

20 **SECTION 17.2.(c)** The Office of Indigent Defense Services shall report all of the  
21 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
22 March 1, 2024, and March 1, 2025:

- 23 (1) The remote work policy currently in place for its employees.
- 24 (2) Any remote work policy previously in place for its employees that was not a  
25 part of the most recent report required by this subsection.
- 26 (3) The total number of employees utilizing its remote work policy.
- 27 (4) The total number of employees utilizing its remote work policy, delineated by  
28 division, section, and any other organizational category.

29 **SECTION 17.2.(d)** This section becomes effective October 1, 2023.

30  
31 **PART XVIII. JUSTICE**

32  
33 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

34 **SECTION 18.2.(a)** The Department of Justice shall maintain and shall furnish upon  
35 request a remote work policy.

36 **SECTION 18.2.(b)** The remote work policies required by subsection (a) of this  
37 section shall, at a minimum, require that all employees utilizing the remote work policy shall  
38 sign an agreement to be retained in the employee's file that records the employee's assent to  
39 adhere to the remote work policy.

40 **SECTION 18.2.(c)** The Department of Justice shall report all of the following to the  
41 Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024,  
42 and March 1, 2025:

- 43 (1) The remote work policy currently in place for its employees.
- 44 (2) Any remote work policy previously in place for its employees that was not a  
45 part of the most recent report required by this subsection.
- 46 (3) The total number of employees utilizing its remote work policy.
- 47 (4) The total number of employees utilizing its remote work policy, delineated by  
48 division, section, and any other organizational category.

49 **SECTION 18.2.(d)** This section becomes effective October 1, 2023.

50  
51 **MODIFY CRIMINAL JUSTICE FELLOWS PROGRAM**



1           **SECTION 18.3.(a)** G.S. 17C-20 reads as rewritten:

2   "**§ 17C-20. Definitions.**

3       As used in this Article, the following definitions apply:

4       ...

5       (5)   ~~Eligible county. — A county with a population of less than 200,000 according~~  
6           ~~to the latest federal decennial census.~~

7       ...."

8           **SECTION 18.3.(b)** G.S. 17C-22 reads as rewritten:

9   "**§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

10    ...

11    (b)   Program Administrator. — The Director of the Division shall select a member of the  
12    Division staff, with the consent of the Committee, to serve as the Program administrator. The  
13    Program administrator will be responsible for all administrative duties and oversight of the  
14    Program as established by the Committee. The Program administrator will conduct recruitment  
15    efforts to include the following:

16       (1)   ~~Target eligible counties.~~

17       ...

18       (4)   Engage with employees of eligible criminal justice professions and local  
19           leaders in eligible counties for input in the Program.

20       ...

21    (c)   Awards of Forgivable Loans. — The Program shall provide forgivable loans of up to  
22    three thousand one hundred fifty-two dollars (\$3,152.00) per ~~year for up to~~ year, totaling a  
23    maximum of six thousand three hundred four dollars (\$6,304.00) over two years years, to selected  
24    individuals. If the Committee, in its sole discretion, determines that circumstances warrant an  
25    extension of the period over which the Program shall provide forgivable loans to a selected  
26    individual, the Committee may extend that period to three years but may not increase the  
27    maximum loan amount. The funds from the forgivable loans may be used for tuition, fees, and  
28    the cost of books. The Committee may determine the maximum amount of loan proceeds that  
29    may be applied to community college fees and course textbooks. The number of forgivable loans  
30    awarded annually shall not exceed 100 and the total number of recipients in the Program each  
31    year shall not exceed 200. The Committee shall select recipients no later than June 1 of each  
32    year.

33    (d)   Eligibility Criteria. — An applicant must be domiciled in this State at the time of  
34    application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a high school  
35    graduate or a high school senior who will graduate from high school by the end of the current  
36    academic year, and demonstrate the intent upon completion of the Program to be employed in an  
37    eligible criminal justice ~~profession in an eligible county.~~ profession. An applicant who has been  
38    convicted of any of the following is ineligible to receive a forgivable loan:

39       ...

40    (h)   Recipient Obligations. — A recipient must become and remain a ~~full-time~~ student at a  
41    North Carolina community college in an Applied Associate Degree in Criminal Justice or in a  
42    Committee-approved related field of study at all times during each of the recipient's two  
43    academic years of community college study and pursue continuously studies that will qualify the  
44    recipient to be employed in an eligible criminal justice profession upon graduation. The recipient  
45    must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain  
46    appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal  
47    Justice or Committee-approved field of study within two years. If the Committee, in its sole  
48    discretion, determines that circumstances warrant an extension of the period within which the  
49    recipient must obtain an Applied Associate Degree in Criminal Justice or Committee-approved  
50    field of study, the Committee may extend that period by up to 12 additional months. The recipient  
51    must also accept employment ~~in an eligible county~~ in an eligible criminal justice profession for

1 at least four out of five years following graduation. The Committee may adopt additional  
2 recipient obligations it deems appropriate.

3 (i) Annual Report. – The Program administrator, in coordination with the Committee,  
4 shall report no later than January 1, 2020, and annually thereafter, to the Joint Legislative  
5 Oversight Committee on Justice and Public Safety regarding the following:

6 ...

7 (3) Employment subsequent to completion of the Program broken down by  
8 ~~eligible~~ county and eligible criminal justice profession.

9 ...

10 (5) Retention rates of recipients within eligible criminal justice professions  
11 disaggregated by ~~eligible~~ county."

12 **SECTION 18.3.(c)** G.S. 17C-23(b) reads as rewritten:

13 "(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the  
14 loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or  
15 Committee-approved field of study, the recipient is employed on a full-time basis for a period of  
16 at least four years ~~in an eligible county~~ in an eligible criminal justice profession. The recipient  
17 shall provide the Committee within 60 days of completion of the Program verification of the  
18 recipient's intent to seek employment in an eligible criminal justice ~~profession in an eligible~~  
19 ~~county~~ profession. The recipient shall provide verification of employment to the Committee each  
20 year until the obligation is satisfied. The Committee shall also forgive the loan if it finds that it  
21 is impossible for the recipient to meet the terms of the loan, after or before graduation, due to  
22 death or permanent disability of the recipient."

23 **SECTION 18.3.(d)** This section is effective when it becomes law and applies to  
24 individuals participating in the Program on or after that date and to Committee extension  
25 determinations made on or after that date.

## 26 **PART XIX. ADULT CORRECTION**

### 27 **PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION**

#### 28 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

29 **SECTION 19A.1.(a)** Notwithstanding any other provision of law, and except as  
30 otherwise provided in subsection (b) of this section, the Office of State Budget and Management  
31 shall not transfer any positions, personnel, or funds from the Department of Adult Correction to  
32 any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in  
33 the base budget for one or both fiscal years of the biennium.

34 **SECTION 19A.1.(b)** This section shall not apply to consolidation of information  
35 technology positions into the Department of Information Technology pursuant to  
36 G.S. 143B-1325.

#### 37 **STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER**

38 **SECTION 19A.2.** Of the funds appropriated in this act for the Statewide  
39 Misdemeanant Confinement Program:

40 (1) The sum of one million dollars (\$1,000,000) shall be transferred each fiscal  
41 year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation,  
42 to support the Program and for administrative and operating expenses of the  
43 Association and its staff.

44 (2) The sum of two hundred twenty-five thousand dollars (\$225,000) shall be  
45 allocated each fiscal year to the Department of Adult Correction for its  
46 administrative and operating expenses for the Program.  
47  
48  
49  
50

- 1 (3) Up to the sum of five hundred thousand dollars (\$500,000) may be used in  
2 each fiscal year of the 2023-2025 fiscal biennium to reimburse sheriffs  
3 utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L.  
4 2021-180.  
5

6 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**  
7 **EXPENSES**

8 **SECTION 19A.3.** Notwithstanding G.S. 143C-6-9, the Department of Adult  
9 Correction may use funds available to the Department for the 2023-2025 fiscal biennium to  
10 reimburse counties for the cost of housing convicted inmates, parolees, and post-release  
11 supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The  
12 reimbursement may not exceed forty dollars (\$40.00) per day per prisoner awaiting transfer.  
13 Beginning October 1, 2023, the Department shall report quarterly to the chairs of the Joint  
14 Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of  
15 Representatives Appropriations Committee on Justice and Public Safety and the Senate  
16 Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse  
17 counties for prisoners awaiting transfer.  
18

19 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

20 **SECTION 19A.4.(a)** The Department of Adult Correction shall maintain and shall  
21 furnish upon request a remote work policy.

22 **SECTION 19A.4.(b)** The remote work policies required by subsection (a) of this  
23 section shall, at a minimum, require that all employees utilizing the remote work policy shall  
24 sign an agreement to be retained in the employee's file that records the employee's assent to  
25 adhere to the remote work policy.

26 **SECTION 19A.4.(c)** The Department of Adult Correction shall report all of the  
27 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
28 March 1, 2024, and March 1, 2025:

- 29 (1) The remote work policy currently in place for its employees.  
30 (2) Any remote work policy previously in place for its employees that was not a  
31 part of the most recent report required by this subsection.  
32 (3) The total number of employees utilizing its remote work policy.  
33 (4) The total number of employees utilizing its remote work policy, delineated by  
34 division, section, and any other organizational category.

35 **SECTION 19A.4.(d)** This section becomes effective October 1, 2023.  
36

37 **TRANSFER A PORTION OF ANSON CORRECTIONAL INSTITUTION TO**  
38 **PROVERBS 226 NONPROFIT CORPORATION**

39 **SECTION 19A.5.(a)** The State of North Carolina shall convey to Proverbs 226, a  
40 North Carolina nonprofit corporation, for consideration of one dollar (\$1.00), all its right, title,  
41 and interest in the property located in Anson County, North Carolina, to be described as a  
42 subdivision consisting of approximately 23 acres from the property generally described in the  
43 Anson County Register of Deeds deed referenced in Book 073 Page 399. The conveyance is  
44 subject to a reversionary interest reserved by the State. The property shall be conveyed to  
45 Proverbs 226 for so long as it is utilized for programs serving the North Carolina Department of  
46 Adult Correction or its successors. The Department of Adult Correction and Proverbs 226 shall  
47 mutually agree upon the boundaries of the property to be subdivided for conveyance to Proverbs  
48 226.

49 **SECTION 19A.5.(b)** The State of North Carolina shall convey the real property  
50 described in subsection (a) of this section "as is" "where is" without warranty and subject to any  
51 existing easements, covenants, earlier grants to others by the State Property Office, or other

1 restrictions of record. In the event the State of North Carolina requires future easements through  
2 this property, Proverbs 226 shall grant these easements without limitation. The State makes no  
3 representations or warranties concerning the title to the property, the boundaries of the property,  
4 the uses to which the property may be put, zoning, local ordinances, or any physical,  
5 environmental, health, and safety conditions relating to the property. All costs associated with  
6 the conveyance of the property, including, but not limited to, subdivision, surveying, engineering  
7 services, permitting, and utility connections, shall be borne by Proverbs 226.

8 **SECTION 19A.5.(c)** The conveyance of the State's right, title, and interest in the  
9 portion conveyed of Anson Correctional Institution shall be exempt from the provisions of  
10 Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the  
11 provisions of Article 16 of Chapter 146 of the General Statutes, provided that the provisions of  
12 G.S. 146-74 shall not apply.

## 13 **PART XIX-B. PRISONS**

### 14 **CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT**

15 **SECTION 19B.1.** The Department of Adult Correction may continue to contract  
16 with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of  
17 prison beds for minimum security female inmates during the 2023-2025 fiscal biennium. The  
18 Center for Community Transitions, Inc., shall report by February 1 of each year to the chairs of  
19 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
20 Senate Appropriations Committee on Justice and Public Safety on the annual cost per inmate and  
21 the average daily inmate population compared to bed capacity using the same methodology as  
22 that used by the Department of Adult Correction.  
23  
24  
25

### 26 **NURSE STAFFING AT STATE PRISONS REPORT**

27 **SECTION 19B.2.(a)** The Department of Adult Correction shall report the following  
28 information to the Joint Legislative Oversight Committee on Justice and Public Safety by  
29 February 1, 2024, and by February 1, 2025:

- 30 (1) The total number of permanent nursing positions allocated to the Department,  
31 the number of filled positions, the number of positions that have been vacant  
32 for more than six months, and information regarding the location of both filled  
33 and vacant positions.
- 34 (2) The extent to which temporary contract services are being used to staff vacant  
35 nursing positions, the method for funding the contract services, and any cost  
36 differences between the use of permanent employees versus contract  
37 employees.
- 38 (3) A progress report on the implementation of its plan to (i) reduce the use of  
39 contract services to provide nursing in State prisons and (ii) attract and retain  
40 qualified nurses for employment in permanent positions in State prisons.

41 **SECTION 19B.2.(b)** Notwithstanding any other provision of law, the Department  
42 of Adult Correction may, in its discretion and subject to the approval of the Office of State Budget  
43 and Management, convert funds appropriated for contractual nursing services to permanent  
44 nursing positions when it is determined to promote security, generate cost savings, and improve  
45 health care quality. The Department shall report on any such conversions to the Fiscal Research  
46 Division.  
47

### 48 **CODIFY DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS**

49 **SECTION 19B.3.** Part 2 of Article 16 of Chapter 143B of the General Statutes is  
50 amended by adding a new section to read:

51 **"§ 143B-1457.2. Report on prison personnel matters.**

1        The Department shall report the following information to the Joint Legislative Oversight  
2 Committee on Justice and Public Safety by February 1 of each year:

- 3            (1)    The number of Department employees charged with the commission of a  
4 criminal offense committed in a State prison and during the employee's work  
5 hours. The information shall be provided by State facility and shall specify the  
6 offense charged and the outcome of the charge.  
7            (2)    The number of employees disciplined, demoted, or separated from service due  
8 to personal misconduct. To the extent it does not disclose confidential  
9 personnel records, the information shall be organized by type of misconduct,  
10 nature of corrective action taken, and outcome of the corrective action.  
11           (3)    The hiring and screening process, including any required credentials or skills,  
12 criminal background checks, and personality assessments. The information  
13 shall also include the process the Department uses to verify the information  
14 provided by an applicant."  
15

#### 16 **DOT CONTRACT OF INMATE LITTER CREW**

17            **SECTION 19B.4.(a)** After the issuance of a request for information (RFI) and  
18 receipt of bids by the Department of Transportation for litter pickup on State highways and roads,  
19 the Department of Transportation shall first offer the contract to the Department of Adult  
20 Correction upon the same terms and conditions as the most favorable bid received by the  
21 Department of Transportation from a suitable contractor. The Department of Adult Correction  
22 shall have 30 days to accept or decline the offered contract.

23            **SECTION 19B.4.(b)** It is the policy of the General Assembly that the Department  
24 of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads  
25 as often as is necessary and practicable.  
26

#### 27 **REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY**

28            **SECTION 19B.5.(a)** Section 19C.11(b) of S.L. 2021-180 reads as rewritten:

29            "**SECTION 19C.11.(b)** The Department of ~~Public Safety~~ Adult Correction shall, in  
30 consultation with the vendor, report on the expenditure of the funds awarded pursuant to  
31 subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public  
32 Safety no later than October 1, 2022, in an interim report and no later than October 1, 2023, in a  
33 final report.1 of each year in which the funds are expended, provided that if the funds are  
34 exhausted after a report has already been submitted for that year, a final report shall be submitted  
35 no later than May 1 of the following year."

36            **SECTION 19B.5.(b)** This section is effective when it becomes law.  
37

#### 38 **TECHNICAL CORRECTION FOR INMATE WELFARE FUND**

39            **SECTION 19B.6.(a)** G.S. 148-2(c) reads as rewritten:

40            "(c) Notwithstanding G.S. 147-77, Article 6A of Chapter 147 of the General Statutes, or  
41 any other provision of law, the Division of Prisons of the Department of Adult Correction may  
42 deposit revenue from prison canteens in local banks. The profits from prison canteens shall be  
43 deposited with the State Treasurer on a monthly basis in a fund denominated as the ~~Correction~~  
44 Inmate Welfare Fund. Once the operating budget for the ~~Correction~~ Inmate Welfare Fund has  
45 been met, an amount equal to the funds allocated to each prison unit on a per inmate per year  
46 basis shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23G as  
47 soon as practicable after the total amount paid to each unit per inmate per year has been  
48 determined."

49            **SECTION 19B.6.(b)** This section is effective when it becomes law.  
50

1 **TECHNICAL CORRECTION RELATED TO NEW DEPARTMENT OF ADULT**  
2 **CORRECTION**

3 **SECTION 19B.7.(a)** G.S. 148-32.1(b2) reads as rewritten:

4 "(b2) The Statewide Misdemeanant Confinement Program is established. The Program  
5 shall provide for the housing of misdemeanants from all counties serving sentences imposed for  
6 a period of more than 90 days and for all sentences imposed for impaired driving under  
7 G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement  
8 facilities except as provided in subsections (b3) and (b4) of this section. The Program shall  
9 address methods for the placement and transportation of inmates and reimbursement to counties  
10 for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants  
11 from that county or from other counties pursuant to the Program may enter into a written  
12 agreement with the Division of ~~Adult Correction and Juvenile Justice Prisons~~ to do so.

13 The North Carolina Sheriffs' Association shall:

14 ...."

15 **SECTION 19B.7.(b)** This section is effective when it becomes law.

16  
17 **PART XIX-C. COMMUNITY SUPERVISION**

18  
19 **INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND**  
20 **EQUIPMENT PURCHASES SECTIONS**

21 **SECTION 19C.1.(a)** Notwithstanding the provisions of G.S. 148-65.7, fees  
22 collected for the Interstate Compact Fund during the 2023-2025 fiscal biennium may be used by  
23 the Department of Adult Correction during the 2023-2025 fiscal biennium to provide training  
24 programs and equipment purchases for the Division of Community Supervision and Reentry, but  
25 only to the extent sufficient funds remain available in the Fund to support the mission of the  
26 Interstate Compact Program.

27 **SECTION 19C.1.(b)** No later than October 1 of each fiscal year, the Department of  
28 Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public  
29 Safety on the amount of funds used pursuant to this section and for what purposes the funds were  
30 used.

31  
32 **MAKE DRUG AND ALCOHOL SCREENING A REGULAR CONDITION OF**  
33 **PROBATION**

34 **SECTION 19C.2.(a)** G.S. 15A-1343(b) reads as rewritten:

35 "(b) Regular Conditions. – As regular conditions of probation, a defendant must:

36 ...

37 (16) ~~Supply a breath, urine, or blood specimen~~ Submit to drug and alcohol  
38 screening for analysis of the possible presence of prohibited drugs or alcohol  
39 when instructed by the defendant's probation officer for purposes directly  
40 related to the probation supervision. If the results of the analysis are positive,  
41 the probationer may be required to reimburse the Division of Community  
42 Supervision and Reentry of the Department of Adult Correction for the actual  
43 costs of drug or alcohol screening and testing.

44 ...

45 In addition to these regular conditions of probation, a defendant required to serve an active  
46 term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or  
47 G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and  
48 regulations of the Division of Prisons of the Department of Adult Correction and, if applicable,  
49 the Division of Juvenile Justice of the Department of Public Safety, governing the conduct of  
50 inmates while imprisoned and report to a probation officer in the State of North Carolina within  
51 72 hours of his discharge from the active term of imprisonment.

1 Regular conditions of probation apply to each defendant placed on supervised probation  
2 unless the presiding judge specifically exempts the defendant from one or more of the conditions  
3 in open court and in the judgment of the court. It is not necessary for the presiding judge to state  
4 each regular condition of probation in open court, but the conditions must be set forth in the  
5 judgment of the court.

6 Defendants placed on unsupervised probation are subject to the provisions of this subsection,  
7 except that defendants placed on unsupervised probation are not subject to the regular conditions  
8 contained in subdivisions (2), (3), (6), (8), (13), (14), (15), (16) and (17) of this subsection."

9 **SECTION 19C.2.(b)** This section becomes effective December 1, 2023, and applies  
10 to offenses committed on or after that date.

## 11 12 **EXPAND AUTHORITY TO INCREASE WAGES PAID TO WORKING NORTH** 13 **CAROLINA INMATES**

14 **SECTION 19C.3.(a)** G.S. 148-18(a) reads as rewritten:

15 "(a) Prisoners employed by Correction Enterprises shall be compensated as set forth in  
16 Article 14 of this Chapter. Prisoners participating in work assignments established by the  
17 Division of Prisons shall be compensated at rates fixed by the Division of Prisons of the  
18 Department of Adult Correction's rules and regulations; provided, that no prisoner so paid shall  
19 receive more than one dollar (\$1.00) per day, unless the prisoner is performing work for the  
20 Division's BRIDGE Program or the Secretary determines that the work assignment requires  
21 special skills or training. Upon approval of the Secretary, inmates working for the BRIDGE  
22 Program or in job assignments requiring special skills or training may be paid up to five dollars  
23 (\$5.00) per day. The Correction Enterprises Fund shall be the source of wages and allowances  
24 provided to inmates who are employed by the Division of Prisons of the Department of Adult  
25 Correction in work assignments established by the Division of Prisons."

26 **SECTION 19C.3.(b)** This section is effective when it becomes law and applies to  
27 work performed on or after that date.

## 28 29 **MODIFY PRISON CHAPLAIN EDUCATION REQUIREMENTS**

30 **SECTION 19C.4.(a)** The Department of Adult Correction shall have no written or  
31 unwritten policy setting mandatory minimum educational requirements for persons serving as  
32 community-funded or volunteer chaplains.

33 **SECTION 19C.4.(b)** This section is effective when it becomes law.

## 34 35 **EXTEND SUNSET DATE FOR USE OF SECURITY GUARDS AT STATE PRISONS** 36 **AND RELATED REPORTING REQUIREMENT**

37 **SECTION 19C.5.(a)** Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of  
38 S.L. 2020-15, Section 19D.2 of S.L. 2021-180, Section 12 of S.L. 2022-58, and Section 19D.1  
39 of S.L. 2022-74, reads as rewritten:

40 "**SECTION 4.15.(c)** This section is effective when it becomes law and expires ~~upon the~~  
41 ~~earlier of January 1, 2024, or the date of completion of the Youth Development Center in~~  
42 ~~Roekingham County on June 30, 2025."~~

43 **SECTION 19C.5.(b)** No later than March 1, 2024, and March 1, 2025, the  
44 Department of Adult Correction shall report to the Joint Legislative Oversight Committee on  
45 Justice and Public Safety regarding the use of security services pursuant to G.S. 74C-3(a)(6)e.,  
46 including, at a minimum, each of the following:

- 47 (1) A list of the Department of Adult Correction facilities that utilized the security  
48 services.
- 49 (2) The number of security services individuals utilized at each Department of  
50 Adult Correction facility.

(3) The cost of security services utilized at each Department of Adult Correction facility.

**SECTION 19C.5.(c)** This section is effective when it becomes law.

**REVISE LAW GOVERNING THE MEDICAL RELEASE OF INMATES**

**SECTION 19C.6.(a)** Article 84B of Chapter 15A of the General Statutes reads as rewritten:

"Article 84B.

"Medical Release of Inmates.

**"§ 15A-1369. Definitions.**

~~For purposes of this Article, the term:~~ The following definitions apply to this Article:

(1) ~~"Commission" means the~~ Commission. – ~~The Post-Release Supervision and Parole Commission.~~

(1a) ~~"Department" means the~~ Department. – ~~The Department of Adult Correction.~~

...  
 (3) ~~"Geriatric" describes an inmate~~ Geriatric. – ~~An inmate who is 65-55 years of age or older and suffers from chronic infirmity, illness, or disease related to aging that has progressed such that the inmate is medically incapacitated to the extent that he or she does not pose a~~ and is also determined to pose either no risk or low risk to public safety risk-safety.

(4) ~~"Inmate" means any~~ Inmate. – ~~Any person sentenced to the custody of the Department.~~

(5) ~~"Medical release" means a~~ Medical release. – ~~A program enabling the Commission to release inmates who are permanently and totally disabled, terminally ill, or geriatric.~~

(6) ~~"Medical release plan" means a~~ Medical release plan. – ~~A comprehensive written medical and psychosocial care plan that is specific to the inmate and includes, at a minimum:~~ minimum, all of the following:

- a. ~~The proposed course of~~ treatment; ~~treatment.~~
- b. ~~The proposed site for treatment and post-treatment~~ care; ~~care.~~
- 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.



1 ...

2 **"§ 15A-1369.2. Eligibility.**

3 (a) Except as otherwise provided in this section, notwithstanding any other provision of  
 4 law, an inmate is eligible to be considered for medical release if the Department determines that  
 5 the inmate ~~is~~ meets both of the following criteria:

- 6 (1) ~~Diagnosed~~ The inmate is diagnosed as permanently and totally disabled,  
 7 terminally ill, or geriatric under the procedure described in  
 8 ~~G.S. 15A-1369.3(b)(1); and~~ G.S. 15A-1369.3(b)(1).
- 9 (2) ~~Incapacitated~~ The inmate is incapacitated to the extent that the inmate ~~does~~  
 10 ~~not pose a~~ poses no risk or low risk to public safety ~~risk~~ safety.

11 ...

12 **"§ 15A-1369.3. Procedure for medical release.**

13 ...

14 (b) The referral shall include an assessment of the inmate's medical and psychosocial  
 15 condition and the risk the inmate poses to society, as follows:

- 16 (1) The Department medical director, or a designee of the director who is a  
 17 licensed physician, shall review the case of each inmate who meets the  
 18 eligibility requirements for medical release set forth in G.S. 15A-1369.2. Any  
 19 physician who examines an inmate being considered for medical release shall  
 20 prepare a written diagnosis that ~~includes~~ includes both of the following:  
 21 a. A description of any and all terminal conditions, physical incapacities,  
 22 and chronic ~~conditions;~~ and conditions.  
 23 b. A prognosis concerning the likelihood of recovery from any and all  
 24 terminal conditions, physical incapacities, and chronic conditions.

25 ...

26 **"§ 15A-1369.4. Conditions of medical release.**

27 (a) The Commission shall set reasonable conditions upon an inmate's medical release that  
 28 shall apply through the date upon which the inmate's sentence would have expired. These  
 29 conditions shall include all of the following:

- 30 ...
- 31 (3) That the released inmate shall be subject to supervision by the Division of  
 32 Community Supervision ~~and Reentry~~ of the Department of Adult Correction  
 33 and shall permit officers from the Division to visit the inmate at reasonable  
 34 times at the inmate's home or elsewhere.

35 ...."

36 **SECTION 19C.6.(b)** Notwithstanding the provisions of G.S. 15A-1369.3(f), an  
 37 inmate who received a medical release denial under Article 84B of Chapter 15A of the General  
 38 Statutes prior to the effective date of this section may reapply or be reconsidered for medical  
 39 release under Article 84B of Chapter 15A of the General Statutes, as amended by subsection (a)  
 40 of this section. Any denial of a reapplication or reconsideration authorized under this subsection  
 41 shall be subject to the provisions of G.S. 15A-1369.3(f).

42 **SECTION 19C.6.(c)** This section is effective when it becomes law.

43  
 44 **PART XIX-D. REHABILITATION AND REENTRY**

45  
 46 **PART XIX-E. PUBLIC SAFETY**

47  
 48 **PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION**

49  
 50 **NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES**

1           **SECTION 19F.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 Public Safety to any  
4 other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the  
5 base budget for one or both fiscal years of the biennium.

6           **SECTION 19F.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 **COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT**  
11 **IN JAILS**

12           **SECTION 19F.3.(a)** Section 19A.10(f) of S.L. 2021-180 reads as rewritten:

13           **"SECTION 19A.10.(f)** The working group created under subsection (e) of this section shall  
14 establish the operational criteria and application process for the grant program created by this  
15 section and shall communicate information regarding the grant program to all sheriffs' offices in  
16 the State. The working group shall evaluate applications for each of the categories under  
17 subsection (b) of this section and may award lower amounts than requested to individual sheriffs'  
18 offices in order to assure broader access to funds. The working group may establish protocols for  
19 the allotment of funds to assure that funds can be expended efficiently. The working group shall  
20 ensure all Federal Drug Administration (FDA)-approved drugs for the treatment of opioid  
21 dependence through Medication-Assisted Treatment (MAT) in jails be considered as options for  
22 treatment, including, but not limited to, long-acting, injectable medication regimens."

23           **SECTION 19F.3.(b)** This section is effective when it becomes law.

24  
25 **MAKE STATE BUREAU OF INVESTIGATION INDEPENDENT DEPARTMENT**

26           **SECTION 19F.4.(a)** The State Bureau of Investigation is established in this section  
27 as a single, unified cabinet-level department.

28           **SECTION 19F.4.(b)** G.S. 143B-2 reads as rewritten:

29 **"§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

30           The Executive Organization Act of 1973 shall be applicable only to the following named  
31 departments:

32           ...

33           (13) State Bureau of Investigation."

34           **SECTION 19F.4.(c)** G.S. 143B-6 reads as rewritten:

35 **"§ 143B-6. Principal departments.**

36           In addition to the principal departments enumerated in the Executive Organization Act of  
37 1971, all executive and administrative powers, duties, and functions not including those of the  
38 General Assembly and its agencies, the General Court of Justice and the administrative agencies  
39 created pursuant to Article IV of the Constitution of North Carolina, and higher education  
40 previously vested by law in the several State agencies, are vested in the following principal  
41 departments:

42           ...

43           (15) State Bureau of Investigation."

44           **SECTION 19F.4.(c1)** G.S. 126-5(c1) is amended by adding a new subdivision to  
45 read:

46           "(39) Employees of the State Bureau of Investigation, that the Director of the State  
47 Bureau of Investigation, at any time, in the Director of the State Bureau of  
48 Investigation's discretion, exempts from the application of this Chapter by  
49 means of a letter to the Director of the Office of State Human Resources  
50 designating these employees. The Director of the State Bureau of

Investigation may exempt no more than 10 employees under the authorization set forth in this subdivision."

**SECTION 19F.4.(d)** Chapter 143B of the General Statutes is amended by adding a new Article 13A to be entitled "State Bureau of Investigation."

**SECTION 19F.4.(e)** Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (d) of this section, is amended by adding a new Part 1 to be entitled "General Provisions."

**SECTION 19F.4.(f)** Subpart C of Part 4 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 1 of Article 13A of Chapter 143B of the General Statutes, as enacted 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

**SECTION 19F.4.(g)** Part 1 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsections (d) and (e) of this section, reads as rewritten:

"Part 1. General Provisions.

**"§ 143B-1208.1. Bureau of Investigation created; powers and duties.**

In order to secure a more effective administration of the criminal laws of the State, to prevent crime, and to procure the speedy apprehension of criminals, there is established the State Bureau of Investigation, which shall be administratively located in the Department of Public Safety. ~~The Bureau shall be an independent agency under the direction and supervision of Investigation. The head of the Bureau is the Director, who shall serve as chief executive officer of the Bureau and shall be solely responsible for all management functions. Notwithstanding any provisions to the contrary, the Director shall have such authority as is necessary to direct and oversee the Bureau, and may delegate any duties and responsibilities necessary to ensure the proper management of the Bureau. The Department of Public Safety shall provide administrative support to the Bureau.~~ The State Bureau of Investigation shall have charge of and administer the agencies and activities herein set up for the identification of criminals, for their apprehension, and investigation and preparation of evidence to be used in criminal courts; and the said Bureau shall have charge of investigation of criminal matters herein especially mentioned, and of such other crimes and criminal procedure as the Governor may direct.

In the personnel of the Bureau shall be included a sufficient number of persons of training and skill in the investigation of crime and in the preparation of evidence as to be of service to local enforcement officers, under the direction of the Governor, in criminal matters of major importance.

...

**"§ 143B-1208.4. Transfer of personnel.**

The Director of the State Bureau of Investigation shall have authority to transfer members of the Bureau from one locality in the State to another as ~~he~~ the Director may deem necessary. When

1 any member of the State Bureau of Investigation is transferred from one point to another for the  
2 convenience of the State, or otherwise than upon the request of the employee, the Bureau shall  
3 be responsible for transporting the household goods, furniture, and personal effects of the  
4 employee and members of his household.

5 **"§ 143B-1208.5. Investigations of lynchings, election frauds, etc.; services subject to call of**  
6 **Governor; witness fees and mileage for employees.**

7 (a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in  
8 the event of any lynching or mob violence in the State; shall investigate all cases arising from  
9 frauds in connection with elections when requested to do so by the Board of Elections, and when  
10 so directed by the Governor. Such investigation, however, shall in nowise interfere with the  
11 power of the Attorney General to make such investigation as the Attorney General is authorized  
12 to make under the laws of the State. The Bureau is authorized further, at the request of the  
13 Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of  
14 violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by  
15 the Governor so to do. In all such cases it shall be the duty of the ~~Department-Bureau~~ to keep  
16 such records as may be necessary and to prepare evidence in the cases investigated, for the use  
17 of enforcement officers and for the trial of causes. The services of employees of the Bureau may  
18 be required by the Governor in connection with the investigation of any crime committed  
19 anywhere in the State when called upon by the enforcement officers of the State, and when, in  
20 the judgment of the Governor, such services may be rendered with advantage to the enforcement  
21 of the criminal law. The State Bureau of Investigation is hereby authorized to investigate without  
22 request the attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any  
23 State-owned personal property, buildings, or other real property or any assault upon or threats  
24 against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named  
25 in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

26 ...  
27 **"§ 143B-1208.12. Appointment and term of the Director of the State Bureau of**  
28 **Investigation.**

29 ...  
30 (b) The Director may be removed from office ~~only by the Governor~~ Governor, or upon a  
31 three-fifths vote of the membership of the Senate and House of Representatives present and  
32 voting, and solely for the grounds set forth in G.S. 143B-13(b), (c), and (d). In case of a vacancy  
33 in the office of the Director of the State Bureau of Investigation for any reason prior to the  
34 expiration of the Director's term of office, the name of the Director's successor shall be submitted  
35 by the Governor to the General Assembly not later than 60 days after the vacancy arises. If a  
36 vacancy arises in the office when the General Assembly is not in session, an acting Director shall  
37 be appointed by the Governor to serve pending confirmation by the General Assembly. However,  
38 in no event shall an acting Director serve (i) for more than 12 months without General Assembly  
39 confirmation or (ii) after a bill that would confirm the appointment of the person as Director fails  
40 a reading in either chamber of the General Assembly.

41 **"§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

42 The Director of the State Bureau of Investigation may appoint a sufficient number of  
43 assistants who shall be competent and qualified to do the work of the Bureau. The Director shall  
44 be responsible for making all hiring and personnel decisions of the Bureau. ~~Notwithstanding the~~  
45 ~~provisions of this Chapter or Chapter 143A of the General Statutes, the Director may hire or fire~~  
46 ~~personnel and transfer personnel within the Bureau.~~

47 **"§ 143B-1208.14. Operation and management of Information Sharing and Analysis Center.**

48 The State Bureau of Investigation shall operate and manage the Information Sharing and  
49 Analysis Center, and its operation and management shall be under the sole direction and control  
50 of the Director of the State Bureau of Investigation. The Information Sharing and Analysis Center  
51 is authorized to analyze information related to any threat of violence to the safety of any

1 individual associated with (i) an educational property as defined in G.S. 14-269.2 or (ii) a place  
 2 of worship as defined in G.S. 14-54.1. The Information Sharing and Analysis Center shall  
 3 promptly notify the sheriff and local law enforcement agency with jurisdiction if (i) a threat is  
 4 determined to be credible and (ii) the location of the educational property or place of worship  
 5 associated with the threat, or the location of any individual suspected of creating the threat, is  
 6 ascertained. The Director of the State Bureau of Investigation and other sworn law enforcement  
 7 officers of the State Bureau of Investigation may give assistance to sheriffs and police officers  
 8 when called upon by them and so directed, as provided in ~~G.S. 143B-917~~G.S. 143B-1208.3."

9 **SECTION 19F.4.(h)** Article 13A of Chapter 143B of the General Statutes, as  
 10 enacted by subsection (d) of this section, is amended by adding a new Part 2 to be entitled  
 11 "Criminal History Record Checks."

12 **SECTION 19F.4.(i)** Subpart D of Part 4 of Article 13 of Chapter 143B of the General  
 13 Statutes is recodified as Part 2 of Article 13A of Chapter 143B of the General Statutes, as enacted  
 14 by subsection (e) of this section, as follows:

15	<u>Former Citation</u>	<u>Recodified Citation</u>
16	143B-930	143B-1209.10
17	143B-931	143B-1209.11
18	143B-932	143B-1209.12
19	143B-933	143B-1209.13
20	143B-934	143B-1209.14
21	143B-935	143B-1209.15
22	143B-935.1	143B-1209.16
23	143B-936	143B-1209.17
24	143B-937	143B-1209.18
25	143B-938	143B-1209.19
26	143B-939	143B-1209.20
27	143B-940	143B-1209.21
28	143B-941	143B-1209.22
29	143B-942	143B-1209.23
30	143B-943	143B-1209.24
31	143B-944	143B-1209.25
32	143B-945	143B-1209.26
33	143B-946	143B-1209.27
34	143B-947	143B-1209.28
35	143B-948	143B-1209.29
36	143B-949	143B-1209.30
37	143B-950	143B-1209.31
38	143B-951	143B-1209.32
39	143B-952	143B-1209.33
40	143B-953	143B-1209.34
41	143B-954	143B-1209.35
42	143B-955	143B-1209.36
43	143B-956	143B-1209.37
44	143B-957	143B-1209.38
45	143B-958	143B-1209.39
46	143B-959	143B-1209.40
47	143B-960	143B-1209.41
48	143B-961	143B-1209.42
49	143B-962	143B-1209.43
50	143B-963	143B-1209.44
51	143B-964	143B-1209.45

1	143B-965	143B-1209.46
2	143B-966	143B-1209.47
3	143B-967	143B-1209.48
4	143B-968	143B-1209.49
5	143B-969	143B-1209.50
6	143B-970	143B-1209.51
7	143B-971	143B-1209.52
8	143B-972	143B-1209.53
9	143B-972.1	143B-1209.54
10	143B-973	143B-1209.55
11	143B-974	143B-1209.56
12	143B-976	143B-1209.57
13	143B-981	143B-1209.58

14 **SECTION 19F.4.(j)** Part 2 of Article 13A of Chapter 143B of the General Statutes,  
 15 as enacted by subsections (d) and (h) of this section, reads as rewritten:

16 "Part 2. Criminal History Record Checks.

17 **"§ 143B-1209.09. Definition.**

18 For purposes of this Part, the term "Bureau" means the State Bureau of Investigation.

19 **"§ 143B-1209.10. Criminal history background investigations; fees.**

20 (a) When the ~~Department of Public Safety~~ State Bureau of Investigation determines that  
 21 any person is entitled by law to receive information, including criminal records, from the ~~State~~  
 22 ~~Bureau of Investigation, Bureau,~~ for any purpose other than the administration of criminal justice,  
 23 the ~~State Bureau of Investigation~~ shall charge the recipient of such information a reasonable fee  
 24 for retrieving such information. The fee authorized by this section shall not exceed the actual cost  
 25 of storing, maintaining, locating, editing, researching and retrieving the information, and ~~may~~  
 26 shall be budgeted for the support of the ~~State Bureau of Investigation, Bureau.~~

27 ...

28 (c) In providing criminal history record checks, the ~~Department of Public Safety~~ Bureau  
 29 shall process requests in the following priority order:

- 30 (1) Administration of criminal justice record checks,
- 31 (2) Mandatory noncriminal justice criminal history record checks,
- 32 (3) Voluntary noncriminal justice criminal history record checks.

33 (d) Nothing in this section shall be construed as enlarging any right to receive any record  
 34 of the ~~State Bureau of Investigation, Bureau.~~ Such rights are and shall be controlled by  
 35 ~~G.S. 143B-919, 143B-906, G.S. 143B-906, 143B-1208.5, 120-19.4A,~~ and other applicable  
 36 statutes.

37 **"§ 143B-1209.11. Criminal record checks of school personnel.**

38 (a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide a  
 39 criminal record check to the local board of education of a person who is employed in a public  
 40 school in that local school district or of a person who has applied for employment in a public  
 41 school in that local school district, if the employee or applicant consents to the record check. The  
 42 ~~Department~~ Bureau may also provide a criminal record check of school personnel as defined in  
 43 G.S. 115C-332 by fingerprint card to the local board of education from National Repositories of  
 44 Criminal Histories, in accordance with G.S. 115C-332. The information shall be kept  
 45 confidential by the local board of education as provided in Article 21A of Chapter 115C of the  
 46 General Statutes.

47 (b) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check  
 48 to the board of directors of a regional school of a person who is employed at a regional school or  
 49 of a person who has applied for employment at a regional school if the employee or applicant  
 50 consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record  
 51 check of school personnel as defined in G.S. 115C-238.73 by fingerprint card to the board of

1 directors of the regional school from the National Repositories of Criminal Histories, in  
2 accordance with G.S. 115C-238.73. The information shall be kept confidential by the board of  
3 directors of the regional school as provided in G.S. 115C-238.73.

4 (b1) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check  
5 to the chancellor operating a University of North Carolina laboratory school of a person who is  
6 employed at a laboratory school or of a person who has applied for employment at a laboratory  
7 school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may  
8 also provide a criminal history record check of school personnel, as defined in G.S. 116-239.12,  
9 by fingerprint card to the chancellor operating the laboratory school from the National  
10 Repositories of Criminal Histories, in accordance with G.S. 116-239.12. The information shall  
11 be kept confidential by the chancellor operating the laboratory school as provided in  
12 G.S. 116-239.12.

13 (c) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the  
14 employer of a person who is employed in a nonpublic school or of a person who has applied for  
15 employment in a nonpublic school, if the employee or applicant consents to the record check.  
16 For purposes of this subsection, the term nonpublic school is one that is subject to the provisions  
17 of Article 39 of Chapter 115C of the General Statutes, but does not include a home school as  
18 defined in that Article.

19 (d) The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting  
20 a criminal record check under this section. The fee shall not exceed the actual cost of locating,  
21 editing, researching, and retrieving the information.

22 (e) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the  
23 schools within the Department of Health and Human Services of a person who is employed,  
24 applies for employment, or applies to be selected as a volunteer, if the employee or applicant  
25 consents to the record check. The Department of Health and Human Services shall keep all  
26 information pursuant to this subsection confidential, as provided in Article 7 of Chapter 126 of  
27 the General Statutes.

28 (f) The ~~Department of Public Safety~~ Bureau shall adopt rules to implement this section.

29 **"§ 143B-1209.12. Criminal record checks of providers of treatment for or services to**  
30 **children, the elderly, mental health patients, the sick, and the disabled.**

31 (a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation may  
32 provide to any of the following entities a criminal record check of an individual who is employed  
33 by that entity, has applied for employment with that entity, or has volunteered to provide direct  
34 care on behalf of that entity:

- 35 (1) Hospitals licensed under Chapter 131E of the General Statutes.
- 36 (2) Hospices licensed under Chapter 131E of the General Statutes.
- 37 (3) Child placing agencies licensed under Chapter 131D of the General Statutes.
- 38 (4) Residential child care facilities licensed under Chapter 131D of the General  
39 Statutes.
- 40 (5) Hospitals licensed under Chapter 122C of the General Statutes.
- 41 (6) Licensed child care facilities and nonlicensed child care homes regulated by  
42 the State.
- 43 (7) Any other organization or corporation, whether for profit or nonprofit, that  
44 provides direct care or services to children, the sick, the disabled, or the  
45 elderly.

46 (b) Procedure. – A criminal record check may be conducted by using an individual's  
47 fingerprint or any information required by the ~~Department of Public Safety~~ Bureau to identify  
48 that individual. A criminal record check shall be provided only if the individual whose record is  
49 checked consents to the record check. The information shall be kept confidential by the entity  
50 that receives the information. Upon the disclosure of confidential information under this section

1 by the entity, the ~~Department~~ Bureau may refuse to provide further criminal record checks to that  
2 entity.

3 (c) Foster or Adoptive Parent. – The ~~Department of Public Safety, Bureau~~, at the request  
4 of a child placing agency licensed under Chapter 131D of the General Statutes or a local  
5 department of social services, may provide a criminal record check of a prospective foster care  
6 or adoptive parent if the prospective parent consents to the record check. The information shall  
7 be kept confidential and upon the disclosure of confidential information under this section by the  
8 agency or department, the ~~Department~~ Bureau may refuse to provide further criminal record  
9 checks to that agency or department.

10 (d) Fee. – The ~~Department~~ Bureau may charge a fee to offset the cost incurred by it to  
11 conduct a criminal record check under this section. The fee may not exceed fourteen dollars  
12 (\$14.00).

13 **"§ 143B-1209.13. Criminal record checks for foster care.**

14 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division  
15 of Social Services, Department of Health and Human Services, the criminal history from the  
16 State and National Repositories of Criminal Histories as defined in G.S. 131D-10.2(6a). The  
17 Division shall provide to the ~~Department of Public Safety, Bureau~~, along with the request, the  
18 fingerprints of the individual to be checked, any additional information required by the  
19 ~~Department of Public Safety, Bureau~~, and a form consenting to the check of the criminal record  
20 and to the use of fingerprints and other identifying information required by the State or National  
21 Repositories signed by the individual to be checked. The fingerprints of the individual shall be  
22 ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal history  
23 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal  
24 Bureau of Investigation for a national criminal history record check. The Division shall keep all  
25 information pursuant to this section privileged, as provided in G.S. 131D-10.3A(g). The  
26 ~~Department of Public Safety Bureau~~ shall charge a reasonable fee only for conducting the checks  
27 of the national criminal history records authorized by this section.

28 **"§ 143B-1209.14. Criminal record checks of child care providers.**

29 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division  
30 of Child Development, Department of Health and Human Services, the criminal history from the  
31 State and National Repositories of Criminal Histories in accordance with G.S. 110-90.2, of any  
32 child care provider, as defined in G.S. 110-90.2. The Division shall provide to the ~~Department~~  
33 Bureau of Public Safety, along with the request, the fingerprints of the provider to be checked,  
34 any additional information required by the ~~Department of Public Safety, Bureau~~, and a form  
35 consenting to the check of the criminal record and to the use of fingerprints and other identifying  
36 information required by the State or National Repositories signed by the child care provider to  
37 be checked. The Division shall keep all information pursuant to this section privileged, as  
38 provided in G.S. 110-90.2(e). The ~~Department of Public Safety Bureau~~ shall charge a reasonable  
39 fee only for conducting the checks of the national criminal history records authorized by this  
40 section.

41 **"§ 143B-1209.15. Criminal history record checks of employees of and applicants for  
42 employment with the Department of Health and Human Services, and the  
43 Division of Juvenile Justice of the Department of Public Safety.**

44 (a) Definitions. – As used in this section, the term:

45 (1) "Covered person" means any of the following:

- 46 a. An applicant for employment or a current employee in a position in  
47 the Division of Juvenile Justice of the Department of Public Safety  
48 who provides direct care for a client, patient, student, resident or ward  
49 of the Division.



- 1                   b.     A person who supervises positions in the Division of Juvenile Justice
- 2                             of the Department of Public Safety providing direct care for a client,
- 3                             patient, student, resident or ward of the Division.
- 4                   c.     An applicant for employment or a current employee in a position in
- 5                             the Department of Health and Human Services.
- 6                   d.     An independent contractor or an employee of an independent
- 7                             contractor that has contracted to provide services to the Department of
- 8                             Health and Human Services.
- 9                   e.     A person who has been approved to perform volunteer services for the
- 10                            Department of Health and Human Services.
- 11                   f.     An independent contractor or an employee of an independent
- 12                            contractor who has contracted with the Division of Juvenile Justice of
- 13                            the Department of Public Safety to provide direct care for a client,
- 14                            patient, student, resident, or ward of the Division.
- 15                   g.     A person who has been approved to perform volunteer services in or
- 16                            for the Division of Juvenile Justice of the Department of Public Safety
- 17                            to provide direct care for a client, patient, student, resident, or ward of
- 18                            the Division.

19           (2)   "Criminal history" means a State or federal history of conviction of a crime,

20                   whether a misdemeanor or felony, that bears upon a covered person's fitness

21                   for employment in the Department of Health and Human Services or the

22                   Division of Juvenile Justice of the Department of Public Safety. The crimes

23                   include, but are not limited to, criminal offenses as set forth in any of the

24                   following Articles of Chapter 14 of the General Statutes: Article 5,

25                   Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering

26                   Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and

27                   Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and

28                   Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or

29                   Incendiary Device or Material; Article 14, Burglary and Other

30                   Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny;

31                   Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses

32                   and Cheats; Article 19A, Obtaining Property or Services by False or

33                   Fraudulent Use of Credit Device or Other Means; Article 19B, Financial

34                   Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article

35                   26, Offenses Against Public Morality and Decency; Article 26A, Adult

36                   Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29,

37                   Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against

38                   the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies;

39                   Article 39, Protection of Minors; Article 40, Protection of the Family; Article

40                   59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes

41                   also include possession or sale of drugs in violation of the North Carolina

42                   Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes,

43                   and alcohol-related offenses such as sale to underage persons in violation of

44                   G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through

45                   G.S. 20-138.5.

46           (b)   When requested by the Department of Health and Human Services or the Division of

47   Juvenile Justice of the Department of Public Safety, the ~~North Carolina Department of Public~~

48   ~~Safety~~ State Bureau of Investigation may provide to the requesting department or division a

49   covered person's criminal history from the State Repository of Criminal Histories. Such requests

50   shall not be due to a person's age, sex, race, color, national origin, religion, creed, political

51   affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State

1 criminal history record check only, the requesting department or division shall provide to the  
2 ~~Department of Public Safety-Bureau~~ a form consenting to the check signed by the covered person  
3 to be checked and any additional information required by the ~~Department of Public Safety-~~  
4 ~~Bureau~~ National criminal record checks are authorized for covered applicants who have not  
5 resided in the State of North Carolina during the past five years. For national checks the  
6 Department of Health and Human Services or the Division of Juvenile Justice of the Department  
7 of Public Safety shall provide to the ~~North Carolina Department of Public Safety-Bureau~~ the  
8 fingerprints of the covered person to be checked, any additional information required by the  
9 ~~Department of Public Safety-Bureau~~, and a form signed by the covered person to be checked  
10 consenting to the check of the criminal record and to the use of fingerprints and other identifying  
11 information required by the State or National Repositories. The fingerprints of the individual  
12 shall be ~~forwarded to the State Bureau of Investigation-used~~ for a search of the State criminal  
13 history record file and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the  
14 Federal Bureau of Investigation for a national criminal history record check. The Department of  
15 Health and Human Services and the Division of Juvenile Justice of the Department of Public  
16 Safety shall keep all information pursuant to this section confidential. The ~~Department of Public~~  
17 ~~Safety-Bureau~~ shall charge a reasonable fee for conducting the checks of the criminal history  
18 records authorized by this section.

19 (c) All releases of criminal history information to the Department of Health and Human  
20 Services or the Division of Juvenile Justice of the Department of Public Safety shall be subject  
21 to, and in compliance with, rules governing the dissemination of criminal history record checks  
22 as adopted by the ~~North Carolina Department of Public Safety-Bureau~~. All of the information  
23 either department receives through the checking of the criminal history is privileged information  
24 and for the exclusive use of that department.

25 ...

26 **"§ 143B-1209.16. Criminal record checks of applicants and current employees who access**  
27 **federal tax information.**

28 (a) The ~~Department of Public Safety-State Bureau of Investigation~~ may, upon request,  
29 provide to the Division of Social Services or Division of Health Benefits within the Department  
30 of Health and Human Services or a county agency the criminal history from the State and  
31 National Repositories of Criminal Histories of the following individuals if the individual is  
32 permitted, or will be permitted, to access federal tax information:

- 33 (1) An applicant for employment.
- 34 (2) A current employee.
- 35 (3) A contractual employee or applicant.
- 36 (4) An employee of a contractor.

37 (b) Along with the request, the requesting agency shall provide the following to the  
38 ~~Department of Public Safety-Bureau~~:

- 39 (1) The fingerprints of the person who is the subject of the record check.
- 40 (2) A form signed by the person who is the subject of the record check consenting  
41 to:
  - 42 a. The criminal record check.
  - 43 b. The use of fingerprints.
  - 44 c. Any other identifying information required by the State and National  
45 Repositories.
  - 46 d. Any additional information required by the Department of Public  
47 Safety.

48 (c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation-used~~ for a  
49 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall  
50 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
51 record check.

1 (d) The requesting agency shall keep all information obtained pursuant to this section  
2 confidential.

3 (e) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
4 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
5 cost of locating, editing, researching, and retrieving the information.

6 **"§ 143B-1209.17. Criminal record checks required prior to placement for adoption of a  
7 minor who is in the custody or placement responsibility of a county department  
8 of social services.**

9 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Division  
10 of Social Services, Department of Health and Human Services, the criminal history from the  
11 State and National Repositories of Criminal Histories as defined in G.S. 48-1-101(5a). The  
12 Division shall provide to the ~~Department of Public Safety Bureau~~, along with the request, the  
13 fingerprints of any individual to be checked, any additional information required by the  
14 ~~Department of Public Safety Bureau~~, and a form consenting to the check of the criminal record  
15 and to the use of fingerprints and other identifying information required by the State or National  
16 Repositories signed by the individual to be checked. The fingerprints of the individual shall be  
17 ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal history  
18 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal  
19 Bureau of Investigation for a national criminal history record check. The Division shall keep all  
20 information pursuant to this section privileged, as provided in G.S. 48-3-309(f). The ~~Department~~  
21 ~~of Public Safety Bureau~~ shall charge a reasonable fee only for conducting the checks of the  
22 national criminal history records authorized by this section.

23 **"§ 143B-1209.18. Criminal record checks of applicants for auctioneer, apprentice  
24 auctioneer, or auction firm license.**

25 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the North  
26 Carolina Auctioneers Commission from the State and National Repositories of Criminal  
27 Histories the criminal history of any applicant for an auctioneer's license under Chapter 85B  
28 of the General Statutes. Along with the request, the Commission shall provide to the ~~Department of~~  
29 ~~Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the applicant consenting  
30 to the criminal record check and the use of fingerprints and other identifying information required  
31 by the State or National Repositories, and any additional information required by the ~~Department~~  
32 ~~of Public Safety Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~  
33 ~~Investigation used~~ for a check of the State's criminal history record file, and the ~~State Bureau of~~  
34 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a  
35 national criminal history record check. The Commission shall keep all information obtained  
36 pursuant to this section confidential. ~~Department of Public Safety The Bureau~~ may charge a fee  
37 to offset the cost incurred by it to conduct a criminal record check under this section. The fee  
38 shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

39 **"§ 143B-1209.19. Criminal record checks of McGruff House Program volunteers.**

40 (a) Authority. – The ~~Department of Public Safety State Bureau of Investigation~~ and the  
41 Federal Bureau of Investigation may provide to any local law enforcement agency a criminal  
42 record check of any individual who applies as a volunteer for the McGruff House Program in  
43 that community and a criminal record check of all persons 18 years of age or older who live in  
44 the applying household. The North Carolina criminal record check may also be done by a  
45 certified DCI operator within the local law enforcement agency.

46 (b) Procedure. – A criminal record check must be conducted by using an individual's  
47 fingerprints and all identification information required by the ~~Department of Public Safety State~~  
48 ~~Bureau of Investigation~~ to identify that individual. A criminal record check shall be provided  
49 only if: (i) the individual whose record is checked consents to the record check, and (ii) every  
50 individual who is 18 years of age or older who lives in the household also consents to the record  
51 check. Refusal to give consent is considered withdrawal of the application. The information shall

1 be kept confidential by the local law enforcement agency that receives the information. If the  
2 confidential information is disclosed under this section, the ~~Department~~ State Bureau of  
3 Investigation may refuse to provide further criminal record checks to that local law enforcement  
4 agency.

5 **"§ 143B-1209.20. Criminal record checks for adult care homes, nursing homes, home care**  
6 **agencies, and providers of mental health, developmental disabilities, and**  
7 **substance abuse services.**

8 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the following  
9 entities the criminal history from the State and National Repositories of Criminal Histories:

- 10 (1) Nursing homes or combination homes licensed under Chapter 131E of the  
11 General Statutes.
- 12 (2) Adult care homes licensed under Chapter 131D of the General Statutes.
- 13 (3) Home care agencies licensed under Chapter 131E of the General Statutes.
- 14 (4) Providers licensed under Chapter 122C of the General Statutes, including a  
15 contract agency of a provider that is subject to the provisions of Article 4 of  
16 that Chapter.

17 The criminal history shall be provided to nursing homes and home care agencies in  
18 accordance with G.S. 131E-265, to adult care homes in accordance with G.S. 131D-40, and to a  
19 provider in accordance with G.S. 122C-80. The requesting entity shall provide to the ~~Department~~  
20 ~~of Public Safety, Bureau,~~ along with the request, the fingerprints of the individual to be checked  
21 if a national criminal history record check is required, any additional information required by the  
22 ~~Department of Public Safety, Bureau,~~ and a form signed by the individual to be checked  
23 consenting to the check of the criminal record and to the use of fingerprints and other identifying  
24 information required by the State or National Repositories of Criminal Histories. If a national  
25 criminal history record check is required, the fingerprints of the individual shall be ~~forwarded to~~  
26 ~~the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and  
27 the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
28 Investigation for a national criminal history record check. All information received by the entity  
29 shall be kept confidential in accordance with G.S. 131E-265, 131D-40, and 122C-80, as  
30 applicable. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting  
31 the checks authorized by this section. The fee for the State check may not exceed fourteen dollars  
32 (\$14.00).

33 **"§ 143B-1209.21. Criminal record checks of applicants for licensure as registered nurses**  
34 **or licensed practical nurses.**

35 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
36 Carolina Board of Nursing from the State and National Repositories of Criminal Histories the  
37 criminal history of any applicant for licensure as a registered nurse or licensed practical nurse  
38 under Article 9A of Chapter 90 of the General Statutes. Along with the request, the Board shall  
39 provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed  
40 by the applicant consenting to the criminal record check and use of fingerprints and other  
41 identifying information required by the State and National Repositories, and any additional  
42 information required by the ~~Department of Public Safety, Bureau.~~ The applicant's fingerprints  
43 shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal  
44 history record file and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the  
45 Federal Bureau of Investigation for a national criminal history record check. The Board shall  
46 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~  
47 ~~Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record  
48 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,  
49 and retrieving the information.

50 **"§ 143B-1209.22. Criminal record checks of applicants for registration, certification, or**  
51 **licensure as a substance abuse professional.**

1       The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
2 Carolina Substance Abuse Professional Practice Board from the State and National Repositories  
3 of Criminal Histories the criminal history of any applicant for registration, certification, or  
4 licensure pursuant to Article 5C of Chapter 90 of the General Statutes. Along with the request,  
5 the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the  
6 applicant, a form signed by the applicant consenting to the criminal record check and use of  
7 fingerprints and other identifying information required by the State and National Repositories,  
8 and any additional information required by the ~~Department of Public Safety~~ Bureau. The  
9 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search  
10 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a  
11 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record  
12 check. The Board shall keep all information obtained pursuant to this section confidential. The  
13 ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct  
14 a criminal record check under this section. The fee shall not exceed the actual cost of locating,  
15 editing, researching, and retrieving the information.

16 **"§ 143B-1209.23. Criminal record checks of applicants for licensure as massage and**  
17 **bodywork therapists.**

18       The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
19 Carolina Board of Massage and Bodywork Therapy from the State and National Repositories of  
20 Criminal Histories the criminal history of any applicant for licensure pursuant to Article 36 of  
21 Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the  
22 ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the  
23 applicant consenting to the criminal record check and use of fingerprints and other identifying  
24 information required by the State and National Repositories, and any additional information  
25 required by the ~~Department of Public Safety~~ Bureau. The applicant's fingerprints shall be  
26 ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history  
27 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal  
28 Bureau of Investigation for a national criminal history record check. The Board shall keep all  
29 information obtained pursuant to this section confidential. ~~Department of Public Safety~~ The  
30 Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under  
31 this section. The fee shall not exceed the actual cost of locating, editing, researching, and  
32 retrieving the information.

33 **"§ 143B-1209.24. Criminal history record checks of applicants to and current members of**  
34 **fire departments and emergency medical services.**

35       ...

36       (b) When requested by a requesting entity, the ~~North Carolina Department of Public~~  
37 ~~Safety~~ State Bureau of Investigation may provide to the requesting entity an applicant's or current  
38 member's criminal history from the State and National Repositories of Criminal Histories. The  
39 requesting entity shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the  
40 fingerprints of the applicant to be checked, any additional information required by the  
41 ~~Department of Public Safety~~ Bureau, and a form signed by the applicant to be checked  
42 consenting to the (i) check of the criminal record and (ii) use of fingerprints and other identifying  
43 information required by the State or National Repositories. The fingerprints of the individual  
44 shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal  
45 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the  
46 Federal Bureau of Investigation for a national criminal history record check.

47       (b1) A statewide criminal history record check without fingerprints may be conducted as  
48 provided for in this subsection in lieu of the criminal history record check in subsection (b) of  
49 this section for a State resident. The requesting entity may request the statewide criminal history  
50 record check under this subsection through either of the following ways:

- 1 (1) A statewide criminal history record check without fingerprints may be  
2 conducted by the ~~North Carolina Department of Public Safety- State Bureau~~  
3 of Investigation. The requesting entity shall provide to the ~~North Carolina~~  
4 ~~Department of Public Safety- Bureau~~ any information required by the  
5 ~~Department- Bureau~~ to conduct a name only search and a form signed by the  
6 State resident to be checked consenting to the (i) check of the criminal record  
7 and (ii) use of other identifying information required by the State Repository.  
8 ~~The name and other required information shall be forwarded to the State~~  
9 ~~Bureau of Investigation for a search of the State criminal history record file.~~
- 10 (2) A statewide criminal history record check of the State resident's name may be  
11 conducted by a third-party vendor. The requesting entity and State resident  
12 shall provide the third-party vendor's required documentation to complete the  
13 request.
- 14 (3) A statewide criminal history record check of the State resident's name may be  
15 conducted and certified by the clerk of court, at the clerk's discretion.

16 ...

17 (c) All releases of criminal history information by the ~~North Carolina Department of~~  
18 ~~Public Safety- State Bureau of Investigation~~ to the requesting entity shall be subject to, and in  
19 compliance with, rules governing the dissemination of criminal history record checks as adopted  
20 by the ~~North Carolina Department of Public Safety- Bureau~~. All of the information the requesting  
21 entity receives through the checking of the criminal history is privileged information and for the  
22 exclusive use of that requesting entity. The requesting entity shall keep all information received  
23 pursuant to this section confidential.

24 ...

25 (h) Except as provided for in subsection (i) of this section, the ~~Department of Public~~  
26 ~~Safety- State Bureau of Investigation~~ shall charge a reasonable fee for conducting the checks of  
27 the criminal history records authorized by this section. If the requesting entity is charged a fee  
28 for obtaining a criminal history record check, the requesting entity may require the applicant or  
29 current member to reimburse the requesting entity the cost incurred.

30 (i) The ~~Department of Public Safety- State Bureau of Investigation~~ may charge the fire  
31 chief of a nonprofit volunteer fire department a fee to cover the cost associated with submission  
32 of fingerprints to the Federal Bureau of Investigation for a national criminal history record check  
33 provided in accordance with subsection (b) of this section. The ~~Department of Public Safety- State~~  
34 ~~Bureau of Investigation~~ shall not charge a fee for conducting a statewide criminal history record  
35 check for a fire chief of a nonprofit volunteer fire department provided in accordance with  
36 subsection (b) or (b1) of this section.

37 **"§ 143B-1209.25. Criminal record checks of applicants for manufactured home**  
38 **manufacturer, dealer, salesperson, or set-up contractor licensure.**

39 The ~~Department of Public Safety- State Bureau of Investigation~~ may provide to the North  
40 Carolina Manufactured Housing Board from the State and National Repositories of Criminal  
41 Histories the criminal history of any applicant for licensure as a manufactured home  
42 manufacturer, dealer, salesperson, or set-up contractor under Article 9A of Chapter 143 of the  
43 General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~  
44 ~~Safety- Bureau~~ the fingerprints of the applicant, a form signed by the applicant consenting to the  
45 criminal record check, and use of fingerprints and other identifying information required by the  
46 State and National Repositories, and any additional information required by the ~~Department of~~  
47 ~~Public Safety- Bureau~~. The applicant's fingerprints shall be forwarded to the ~~State Bureau of~~  
48 ~~Investigation- used~~ for a search of the State's criminal history record file, and the ~~State Bureau of~~  
49 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a  
50 national criminal history record check. The Board shall keep all information obtained pursuant  
51 to this section confidential. The ~~Department of Public Safety- Bureau~~ may charge a fee to offset

1 the cost incurred by it to conduct a criminal record check under this section. The fee shall not  
2 exceed the actual cost of locating, editing, researching, and retrieving the information.

3 **"§ 143B-1209.26. Criminal record checks for municipalities and county governments.**

4 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a city or  
5 county from the State and National Repositories of Criminal Histories the criminal history of any  
6 person who applies for employment with the city or county. The city or county shall provide to  
7 the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of the applicant,  
8 a form signed by the applicant consenting to the criminal record check and use of fingerprints  
9 and other identifying information required by the State and National Repositories, and any  
10 additional information required by the ~~Department of Public Safety, Bureau.~~ The applicant's  
11 fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's  
12 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of  
13 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
14 The city or county shall keep all information obtained pursuant to this section confidential. The  
15 ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred by it to conduct  
16 a criminal record check under this section. The fee shall not exceed the actual cost of locating,  
17 editing, researching, and retrieving the information.

18 **"§ 143B-1209.27. Criminal record checks of applicants for locksmith licensure or  
19 apprentice designation.**

20 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
21 Carolina Locksmith Licensing Board from the State and National Repositories of Criminal  
22 Histories the criminal history of any applicant for licensure as a locksmith or an apprentice under  
23 Chapter 74F of the General Statutes. Along with the request, the Board shall provide to the  
24 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the  
25 applicant consenting to the criminal record check and use of fingerprints and other identifying  
26 information required by the State and National Repositories, and any additional information  
27 required by the ~~Department of Public Safety, Bureau.~~ The applicant's fingerprints shall be  
28 ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history  
29 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal  
30 Bureau of Investigation for a national criminal history record check. The Board shall keep all  
31 information obtained pursuant to this section confidential. The ~~Department of Public Safety~~  
32 Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under  
33 this section. The fee shall not exceed the actual cost of locating, editing, researching, and  
34 retrieving the information.

35 **"§ 143B-1209.28. Criminal record checks for the North Carolina State Lottery Commission  
36 and its Director.**

37 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
38 Carolina State Lottery Commission and to its Director from the State and National Repositories  
39 of Criminal Histories the criminal history of any prospective employee of the Commission and  
40 any potential contractor. The North Carolina State Lottery Commission or its Director shall  
41 provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of  
42 the prospective employee of the Commission, or of the potential contractor, a form signed by the  
43 prospective employee of the Commission, or of the potential contractor consenting to the criminal  
44 record check and use of fingerprints and other identifying information required by the State and  
45 National Repositories, and any additional information required by the ~~Department of Public~~  
46 Safety, Bureau. The fingerprints of the prospective employee of the Commission, or potential  
47 contractor, shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's  
48 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of  
49 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
50 The North Carolina State Lottery Commission and its Director shall remit any fingerprint  
51 information retained by the Commission to alcohol law enforcement agents appointed under

1 Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant  
2 to this section confidential. The ~~Department of Public Safety Bureau~~ shall charge a reasonable  
3 fee only for conducting the checks of the criminal history records authorized by this section.

4 **"§ 143B-1209.29. Criminal record checks of applicants for permit or license to conduct**  
5 **exploration, recovery, or salvage operations and archaeological investigations.**

6 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
7 Department of Natural and Cultural Resources from the State and National Repositories of  
8 Criminal Histories the criminal history of any applicant for a permit or license under Article 3 of  
9 Chapter 121 of the General Statutes or Article 2 of Chapter 70 of the General Statutes. Along  
10 with the request, the Department of Natural and Cultural Resources shall provide to the  
11 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant, a form signed by the  
12 applicant consenting to the criminal history record check and use of fingerprints and other  
13 identifying information required by the State and National Repositories, and any additional  
14 information required by the ~~Department of Public Safety Bureau~~. The applicant's fingerprints  
15 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal  
16 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the  
17 Federal Bureau of Investigation for a national criminal history record check. The Department of  
18 Natural and Cultural Resources shall keep all information obtained under this section  
19 confidential. 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-1209.30. Criminal record checks of applicants for licensure and licensees.**

23 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the North  
24 Carolina Psychology Board from the State and National Repositories of Criminal Histories the  
25 criminal history of any applicant for licensure or reinstatement of a license to practice psychology  
26 or a licensed psychologist or psychological associate under Article 18A of Chapter 90 of the  
27 General Statutes. Along with the request, the Board shall provide to the ~~Department of Public~~  
28 ~~Safety Bureau~~ the fingerprints of the applicant or licensee, a form signed by the applicant or  
29 licensee consenting to the criminal record check and use of fingerprints and other identifying  
30 information required by the State and National Repositories, and any additional information  
31 required by the ~~Department of Public Safety Bureau~~. The applicant's or licensee'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 Board shall  
35 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~  
36 ~~Safety Bureau~~ may charge each applicant or licensee a fee to offset the cost incurred by it to  
37 conduct a criminal record check under this section. The fee shall not exceed the actual cost of  
38 locating, editing, researching, and retrieving the information.

39 **"§ 143B-1209.31. Criminal record checks for the Judicial Department.**

40 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
41 Judicial Department from the State and National Repositories of Criminal Histories the criminal  
42 history of any current or prospective employee, volunteer, or contractor of the Judicial  
43 Department. The Judicial Department shall provide to the ~~Department of Public Safety Bureau~~,  
44 along with the request, the fingerprints of the current or prospective employee, volunteer, or  
45 contractor, a form signed by the current or prospective employee, volunteer, or contractor  
46 consenting to the criminal record check and use of fingerprints and other identifying information  
47 required by the State and National Repositories, and any additional information required by the  
48 ~~Department of Public Safety Bureau~~. The fingerprints of the current or prospective employee,  
49 volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation used~~ for a search  
50 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a  
51 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record



1 check. The Judicial Department shall keep all information obtained pursuant to this section  
2 confidential.

3 (b) ~~The Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
4 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
5 cost of locating, editing, researching, and retrieving the information.

6 **"§ 143B-1209.32. Criminal record checks for the Department of Information Technology.**

7 (a) ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the  
8 Department of Information Technology from the State and National Repositories of Criminal  
9 Histories the criminal history of any current or prospective employee, volunteer, or contractor of  
10 the Department of Information Technology. The Department of Information Technology shall  
11 provide to the ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of  
12 the current or prospective employee, volunteer, or contractor, a form signed by the current or  
13 prospective employee, volunteer, or contractor consenting to the criminal record check and use  
14 of fingerprints and other identifying information required by the State and National Repositories,  
15 and any additional information required by the ~~Department of Public Safety, Bureau.~~ The  
16 fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded~~  
17 ~~to the State Bureau of Investigation used~~ for a search of the State's criminal history record file,  
18 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
19 Investigation for a national criminal history record check. The Department of Information  
20 Technology shall keep all information obtained pursuant to this section confidential.

21 (b) ~~The Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
22 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
23 cost of locating, editing, researching, and retrieving the information.

24 **"§ 143B-1209.33. Criminal record checks of EMS personnel.**

25 ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the  
26 Department of Health and Human Services the criminal history from the State and National  
27 Repositories of Criminal Histories of an individual who applies for EMS credentials, seeks to  
28 renew EMS credentials, or holds EMS credentials, when the criminal history is requested by the  
29 Department. The Department of Health and Human Services shall provide to the ~~Department of~~  
30 ~~Public Safety Bureau~~ the request for the criminal history, the fingerprints of the individual to be  
31 checked, any additional information required by the ~~Department of Public Safety, Bureau,~~ and a  
32 form consenting to the check of the criminal record and to the use of fingerprints and other  
33 identifying information required by the State or National Repositories signed by the individual  
34 to be checked. The Department of Health and Human Services and Emergency Medical Services  
35 Disciplinary Committee, established by G.S. 143-519, shall keep all information obtained  
36 pursuant to this section confidential. The ~~Department of Public Safety Bureau~~ shall charge a  
37 reasonable fee to offset the costs incurred by it to conduct the checks of criminal history records  
38 authorized by this section.

39 **"§ 143B-1209.34. Criminal record checks of applicants for licensure as chiropractic**  
40 **physicians.**

41 ~~The Department of Public Safety State Bureau of Investigation~~ may provide to the State  
42 Board of Chiropractic Examiners from the State and National Repositories of Criminal Histories  
43 the criminal history of any applicant for licensure pursuant to Article 8 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, a form signed by the applicant consenting to the  
46 criminal record check and use of fingerprints and other identifying information required by the  
47 State and National Repositories, and any additional information required by the ~~Department of~~  
48 ~~Public Safety, Bureau.~~ The applicant's fingerprints shall be ~~forwarded to the State Bureau of~~  
49 ~~Investigation used~~ for a search 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 Board shall keep all information obtained pursuant

1 to this section confidential. The ~~Department of Public Safety Bureau~~ may charge a fee to offset  
2 the cost incurred by it to conduct a criminal record check under this section. The fee shall not  
3 exceed the actual cost of locating, editing, researching, and retrieving the information.

4 **"§ 143B-1209.35. Criminal history record checks of employees of and applicants for**  
5 **employment with the Department of Public Instruction.**

6 (a) Definitions. – As used in this section, the term:

7 (1) "Covered person" means any of the following:

- 8 a. An applicant for employment or a current employee in a position in  
9 the Department of Public Instruction.  
10 b. An independent contractor or an employee of an independent  
11 contractor that has contracted to provide services to the Department of  
12 Public Instruction.

13 (2) "Criminal history" means a State or federal history of conviction of a crime,  
14 whether a misdemeanor or felony, that bears upon a covered person's fitness  
15 for employment in the Department of Public Instruction. The crimes include,  
16 but are not limited to, criminal offenses as set forth in any of the following  
17 Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and  
18 Issuing Monetary Substitutes; Article 5A, Endangering Executive and  
19 Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex  
20 Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article  
21 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or  
22 Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson  
23 and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18,  
24 Embezzlement; Article 19, False Pretenses and Cheats; Article 19A,  
25 Obtaining Property or Services by False or Fraudulent Use of Credit Device  
26 or Other Means; Article 19B, Financial Transaction Card Crime Act; Article  
27 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality  
28 and Decency; Article 26A, Adult Establishments; Article 27, Prostitution;  
29 Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public  
30 Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots,  
31 Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article  
32 40, Protection of the Family; Article 59, Public Intoxication; and Article 60,  
33 Computer-Related Crime. The crimes also include possession or sale of drugs  
34 in violation of the North Carolina Controlled Substances Act, Article 5 of  
35 Chapter 90 of the General Statutes, and alcohol-related offenses such as sale  
36 to underage persons in violation of G.S. 18B-302, or driving while impaired  
37 violation of G.S. 20-138.1 through G.S. 20-138.5.

38 (b) When requested by the Department of Public Instruction, the ~~North Carolina~~  
39 ~~Department of Public Safety State Bureau of Investigation~~ may provide to the requesting  
40 department a covered person's criminal history from the State Repository of Criminal Histories.  
41 Such request shall not be due to a person's age, sex, race, color, national origin, religion, creed,  
42 political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State  
43 criminal history record check only, the requesting department shall provide to the ~~Department of~~  
44 ~~Public Safety Bureau~~ a form consenting to the check, signed by the covered person to be checked  
45 and any additional information required by the ~~Department of Public Safety Bureau~~. National  
46 criminal record checks are authorized for covered applicants who have not resided in the State  
47 of North Carolina during the past five years. For national checks the Department of Public  
48 Instruction shall provide to the ~~North Carolina Department of Public Safety Bureau~~ the  
49 fingerprints of the covered person to be checked, any additional information required by the  
50 ~~Department of Public Safety Bureau~~, and a form signed by the covered person to be checked,  
51 consenting to the check of the criminal record and to the use of fingerprints and other identifying

1 information required by the State or National Repositories. The fingerprints of the individual  
2 shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal  
3 history record file and forwarded to the Federal Bureau of Investigation for a national criminal  
4 history record check. The Department of Public Instruction shall keep all information pursuant  
5 to this section confidential. The ~~Department of Public Safety Bureau~~ shall charge a reasonable  
6 fee for conducting the checks of the criminal history records authorized by this section.

7 (c) All releases of criminal history information to the Department of Public Instruction  
8 shall be subject to, and in compliance with, rules governing the dissemination of criminal history  
9 record checks as adopted by the ~~North Carolina Department of Public Safety Bureau~~. All of the  
10 information the department receives through the checking of the criminal history is privileged  
11 information and for the exclusive use of the department.

12 ...

13 **"§ 143B-1209.36. Criminal record checks of applicants and of current employees who are**  
14 **involved in the manufacture or production of drivers licenses and identification**  
15 **cards.**

16 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may, upon request,  
17 provide to the Department of Transportation, Division of Motor Vehicles, the criminal history  
18 from the State and National Repositories of Criminal Histories of the following individuals if the  
19 individual (i) is or will be involved in the manufacture or production of drivers licenses and  
20 identification cards, or (ii) has or will have the ability to affect the identity information that  
21 appears on drivers licenses or identification cards:

- 22 (1) An applicant for employment.
- 23 (2) A current employee.
- 24 (3) A contractual employee or applicant.
- 25 (4) An employee of a contractor.

26 (b) Along with the request, the Division of Motor Vehicles shall provide the following to  
27 the ~~Department of Public Safety Bureau~~:

- 28 (1) The fingerprints of the person who is the subject of the record check.
- 29 (2) A form signed by the person who is the subject of the record check consenting  
30 to:
  - 31 a. The criminal record check.
  - 32 b. The use of fingerprints.
  - 33 c. Any other identifying information required by the State and National  
34 Repositories.
  - 35 d. Any additional information required by the Department of Public  
36 Safety.

37 (c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a  
38 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall  
39 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
40 record check.

41 (d) The Division of Motor Vehicles shall keep all information obtained pursuant to this  
42 section confidential.

43 (e) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
44 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
45 cost of locating, editing, researching, and retrieving the information.

46 **"§ 143B-1209.37. Criminal history record checks of applicants for licensure as nursing**  
47 **home administrators.**

48 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
49 North Carolina State Board of Examiners for Nursing Home Administrators from the State and  
50 National Repositories of Criminal Histories the criminal history of any applicant for licensure as  
51 a nursing home administrator under Article 20 of Chapter 90 of the General Statutes. Along with

1 the request, the Board shall provide to the ~~Department of Public Safety-Bureau~~ the fingerprints  
2 of the applicant, a form signed by the applicant consenting to the criminal history record check  
3 and use of fingerprints and other identifying information required by the State and National  
4 Repositories, and any additional information required by the ~~Department of Public Safety-~~  
5 ~~Bureau~~. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used  
6 for a search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall  
7 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
8 record check. The Board shall keep all information obtained pursuant to this section confidential.

9 (b) The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred  
10 by it to conduct a criminal history record check under this section. The fee shall not exceed the  
11 actual cost of locating, editing, researching, and retrieving the information.

12 **"§ 143B-1209.38. Criminal record checks of applicants for licensure as clinical mental**  
13 **health counselors.**

14 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North  
15 Carolina Board of Licensed Clinical Mental Health Counselors from the State and National  
16 Repositories of Criminal Histories the criminal history of any applicant for licensure or  
17 reinstatement of a license or licensee under Article 24 of Chapter 90 of the General Statutes.  
18 Along with the request, the Board shall provide to the ~~Department of Public Safety-Bureau~~ the  
19 fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to  
20 the criminal record check and use of fingerprints and other identifying information required by  
21 the State and National Repositories, and any additional information required by the ~~Department~~  
22 ~~of Public Safety-Bureau~~. The applicant or licensee's fingerprints shall be ~~forwarded to the State~~  
23 ~~Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~  
24 ~~Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation  
25 for a national criminal history record check. The Board shall keep all information obtained  
26 pursuant to this section confidential. The ~~Department of Public Safety-Bureau~~ may charge a fee  
27 to offset the cost incurred by it to conduct a criminal record check under this section. The fee  
28 shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

29 **"§ 143B-1209.39. Criminal history record checks of applicants for licensure as marriage**  
30 **and family therapists and marriage and family therapy associates.**

31 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North  
32 Carolina Marriage and Family Therapy Licensure Board 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 18C 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 history record check and use of fingerprints and other identifying information  
38 required by the State and National Repositories, and any additional information required by the  
39 ~~Department of Public Safety-Bureau~~. The applicant's or licensee's fingerprints shall be ~~forwarded~~  
40 ~~to the State Bureau of Investigation~~ used for a search of the State's criminal history record file,  
41 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
42 Investigation for a national criminal history record check. The Board shall keep all information  
43 obtained pursuant to this section confidential. The ~~Department of Public Safety-Bureau~~ may  
44 charge a fee to offset the cost incurred by the Department to conduct a criminal history record  
45 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,  
46 and retrieving the information.

47 **"§ 143B-1209.40. Criminal record checks of petitioners for restoration of firearms rights.**

48 (a) A person who petitions the court to have the person's firearms rights restored shall  
49 submit a full set of the petitioner's fingerprints, to be administered by the sheriff. The petitioner  
50 shall also submit to the sheriff a form signed by the petitioner consenting to the criminal record  
51 check and use of fingerprints and other identifying information required by the State and National

1 Repositories, and any additional information required by the State Bureau of Investigation or the  
2 Federal Bureau of Investigation. The sheriff shall forward the set of fingerprints and the signed  
3 consent form to the State Bureau of Investigation for a records check of State and national  
4 databases.

5 (b) Upon receipt of the fingerprints and consent form forwarded by the sheriff pursuant  
6 to subsection (a) of this section, the State Bureau of Investigation shall conduct a search of the  
7 State criminal history record file and shall forward a set of the fingerprints and a copy of the  
8 signed consent form to the Federal Bureau of Investigation for a national criminal history record  
9 check.

10 (c) The State Bureau of Investigation shall provide a copy of the information obtained  
11 pursuant to this section to the clerk of superior court, which shall be kept confidential in the court  
12 file for the petition for restoration of firearms rights.

13 (d) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
14 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
15 cost of locating, editing, researching, and retrieving the information.

16 **"§ 143B-1209.41. Criminal record checks of applicants for certification by the Department  
17 of Agriculture and Consumer Services as euthanasia technicians.**

18 The ~~Department of Public Safety State Bureau of Investigation~~ may provide a criminal record  
19 check to the Department of Agriculture and Consumer Services for a person who has applied for  
20 a new or renewal certification as a euthanasia technician. The Department of Agriculture and  
21 Consumer Services shall provide the ~~Department of Public Safety Bureau~~ a request for the  
22 criminal record check, the fingerprints of the individual to be checked, any additional information  
23 required by the ~~Department of Public Safety Bureau~~, and a form signed by the person seeking  
24 certification consenting to the check of the criminal record. The fingerprints shall be forwarded  
25 to the State Bureau of Investigation used for a search of the State's criminal history record file,  
26 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
27 Investigation for a national criminal history record check. The Department of Agriculture and  
28 Consumer Services shall keep all information pursuant to this section privileged, in accordance  
29 with applicable State law and federal guidelines, and the information shall be confidential and  
30 shall not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public  
31 Safety Bureau~~ may charge each applicant a fee for conducting the checks of criminal history  
32 records authorized by this section.

33 **"§ 143B-1209.42. Criminal history record checks of applicants for trainee registration,  
34 appraiser licensure, appraiser certification, or registrants for registration as real  
35 estate appraisal management companies.**

36 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the North  
37 Carolina Appraisal Board from the State and National Repositories of Criminal Histories the  
38 criminal history of any applicant or registrant for registration under Article 1 and Article 2 of  
39 Chapter 93E of the General Statutes. Along with the request, the Board shall provide to the  
40 ~~Department of Public Safety Bureau~~ the fingerprints of the applicant or registrant, a form signed  
41 by the applicant or registrant consenting to the criminal history record check and use of  
42 fingerprints and other identifying information required by the State and National Repositories,  
43 and any additional information required by the ~~Department of Public Safety Bureau~~. The  
44 applicant's or registrant's fingerprints shall be forwarded to the State Bureau of Investigation used  
45 for a search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall  
46 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
47 record check. The Board shall keep all information obtained pursuant to this section confidential.  
48 The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred by the  
49 ~~Department Bureau~~ to conduct a criminal history record check under this section. The fee shall  
50 not exceed the actual cost of locating, editing, researching, and retrieving the information.

1 **"§ 143B-1209.43. Criminal history record checks of applicants for a restoration of a**  
2 **revoked drivers license.**

3 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division  
4 of Motor Vehicles, from the State and National Repositories of Criminal Histories, the criminal  
5 history record of any applicant for a restoration of a revoked drivers license. Along with the  
6 request, the Division shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of  
7 the applicant, a form signed by the applicant consenting to the criminal history record check and  
8 use of fingerprints, other identifying information required by the State and National Repositories,  
9 and any additional information required by the ~~Department of Public Safety~~ Bureau. The  
10 applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search  
11 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a  
12 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record  
13 check. The Division shall keep all information obtained pursuant to this section confidential. The  
14 ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct  
15 a criminal history record check under this section. The fee shall not exceed the actual cost of  
16 locating, editing, researching, and retrieving the information. Fees and other costs incurred by  
17 the Division under this statute may be charged to the applicant.

18 **"§ 143B-1209.44. Criminal history record checks of applicants for and current holders of**  
19 **certificate to transport household goods.**

20 (a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the  
21 Utilities Commission from the State and National Repositories of Criminal Histories the criminal  
22 history of any applicant for or current holder of a certificate to transport household goods. Along  
23 with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the  
24 fingerprints of the applicant or current holder, a form signed by the applicant or current holder  
25 consenting to the criminal history record check and use of fingerprints and other identifying  
26 information required by the State and National Repositories of Criminal Histories, and any  
27 additional information required by the ~~Department of Public Safety~~ Bureau. The applicant's or  
28 current holder's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a  
29 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall  
30 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
31 record check. The Utilities Commission shall keep all information obtained pursuant to this  
32 section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost  
33 incurred by it to conduct a criminal history record check under this section. The fee shall not  
34 exceed the actual cost of locating, editing, researching, and retrieving the information. The  
35 ~~Department of Public Safety~~ Bureau shall send a copy of the results of the criminal history record  
36 checks directly to the Utilities Commission Chief Clerk.

37 ...

38 **"§ 143B-1209.45. Criminal history record checks of applicants for licensure as physical**  
39 **therapists or physical therapist assistants.**

40 The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North  
41 Carolina Board of Physical Therapy Examiners a criminal history record from the State and  
42 National Repositories of Criminal Histories for applicants for licensure by the Board. Along with  
43 a request for criminal history records, the Board shall provide to the ~~Department of Public Safety~~  
44 Bureau the fingerprints of the applicant or subject, a form signed by the applicant consenting to  
45 the criminal history record check and use of the fingerprints and other identifying information  
46 required by the Repositories, and any additional information required by the ~~Department~~ Bureau.  
47 The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the  
48 State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of  
49 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
50 The Board shall keep all information obtained pursuant to this section confidential. The  
51 ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the

1 ~~Department of Public Safety Bureau~~ to conduct a criminal history record check under this section,  
2 but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the  
3 information.

4 **"§ 143B-1209.46. Criminal record checks of applicants and recipients of programs of public**  
5 **assistance.**

6 (a) Upon receipt of a request from a county department of social services pursuant to  
7 G.S. 108A-26.1, the ~~Department of Public Safety State Bureau of Investigation~~ shall, to the  
8 extent allowed by federal law, provide to the county department of social services the criminal  
9 history from the State or National Repositories of Criminal Histories of an applicant for, or  
10 recipient of, program assistance under Part 2 or Part 5 of Article 2 of Chapter 108A of the General  
11 Statutes.

12 (b) The county department of social services shall provide to the ~~Department of Public~~  
13 ~~Safety Bureau~~, along with the request, any information required by the ~~Department of Public~~  
14 ~~Safety Bureau~~ and a form signed by the individual to be checked consenting to the check of the  
15 criminal record and to the use of any necessary identifying information required by the State or  
16 National Repositories. The county department of social services shall keep all information  
17 pursuant to this section confidential and privileged, except as provided in G.S. 108A-26.1.

18 (c) The ~~Department of Public Safety Bureau~~ may charge a reasonable fee only for  
19 conducting the checks of the criminal history records authorized by this section.

20 **"§ 143B-1209.47. Criminal record checks for the Office of State Controller.**

21 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Office of  
22 State Controller from the State and National Repositories of Criminal Histories the criminal  
23 history of any current or prospective employee, volunteer, or contractor of the Office of State  
24 Controller. The Office of State Controller shall provide to the ~~Department of Public Safety~~,  
25 ~~Bureau~~, along with the request, the fingerprints of the current or prospective employee, volunteer,  
26 or contractor, a form signed by the current or prospective employee, volunteer, or contractor  
27 consenting to the criminal record check and use of fingerprints and other identifying information  
28 required by the State and National Repositories, and any additional information required by the  
29 ~~Department of Public Safety Bureau~~. The fingerprints of the current or prospective employee,  
30 volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation used~~ for a search  
31 of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a  
32 set of fingerprints to the Federal Bureau of Investigation for a national criminal history record  
33 check. The Office of State Controller shall keep all information obtained pursuant to this section  
34 confidential. The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
35 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
36 cost of locating, editing, researching, and retrieving the information.

37 **"§ 143B-1209.48. Criminal record checks for the Department of Revenue.**

38 (a) The ~~Department of Public Safety State Bureau of Investigation~~ shall, upon request,  
39 provide to the Department of Revenue from the State and National Repositories of Criminal  
40 Histories the criminal history of any of the following individuals:

- 41 (1) A current or prospective permanent or temporary employee.
- 42 (2) A contractor with the Department.
- 43 (3) An employee or agent of a contractor with the Department.
- 44 (4) Any other individual otherwise engaged by the Department who will have  
45 access to federal tax information.

46 (b) Along with the request, the Department of Revenue shall provide to the ~~Department~~  
47 ~~of Public Safety Bureau~~ the fingerprints of the individual whose record is being sought, a form  
48 signed by the individual consenting to the criminal record check and use of fingerprints and other  
49 identifying information required by the State and National Repositories, and any additional  
50 information required by the ~~Department of Public Safety Bureau~~. The individual's fingerprints  
51 shall be ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal

1 history record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the  
2 Federal Bureau of Investigation for a national criminal history record check. The Department of  
3 Revenue shall keep all information obtained pursuant to this section confidential.

4 (c) The ~~Department of Public Safety Bureau~~ may charge a fee to offset the cost incurred  
5 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
6 cost of locating, editing, researching, and retrieving the information.

7 **"§ 143B-1209.49. Criminal record checks for the Office of State Human Resources.**

8 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
9 Office of State Human Resources from the State and National Repositories of Criminal Histories  
10 the criminal history of any prospective temporary employee of a State agency or department if a  
11 criminal record check is a requirement for employment by the agency or department with which  
12 the individual would be temporarily assigned. The Office of State Human Resources shall  
13 provide to the ~~Department of Public Safety, Bureau~~, along with the request, the fingerprints of  
14 the prospective temporary employee, a form signed by the prospective temporary employee  
15 consenting to the criminal record check and use of fingerprints and other identifying information  
16 required by the State and National Repositories, and any additional information required by the  
17 ~~Department of Public Safety, Bureau~~. The fingerprints of the prospective employee shall be  
18 ~~forwarded to the State Bureau of Investigation used~~ for a search of the State's criminal history  
19 record file, and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal  
20 Bureau of Investigation for a national criminal history record check. The Office of State Human  
21 Resources shall keep all information obtained pursuant to this section confidential.

22 (b) 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. If the ~~Department of Public~~  
25 ~~Safety Bureau~~ charges the Office of State Human Resources a fee for conducting the criminal  
26 record check, the agency or department with which the individual would be temporarily assigned  
27 shall reimburse the Office of State Human Resources for the fee charged.

28 **"§ 143B-1209.50. Criminal record checks for employees and contractors of the State Board  
29 of Elections and county directors of elections.**

30 (a) As used in this section, the term:

31 (1) "Current or prospective employee" means any of the following:

- 32 a. A current or prospective permanent or temporary employee of the  
33 State Board or a current or prospective county director of elections.
- 34 b. A current or prospective contractor with the State Board.
- 35 c. An employee or agent of a current or prospective contractor with the  
36 State Board.
- 37 d. Any other individual otherwise engaged by the State Board who has  
38 or will have the capability to update, modify, or change elections  
39 systems or confidential elections or ethics data.

40 (2) "State Board" means the State Board of Elections.

41 (b) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
42 Executive Director of the State Board a current or prospective employee's criminal history from  
43 the State and National Repositories of Criminal Histories. The Executive Director shall provide  
44 to the ~~Department of Public Safety, Bureau~~, along with the request, the fingerprints of the current  
45 or prospective employee, a form signed by the current or prospective employee consenting to the  
46 criminal record check and use of fingerprints and other identifying information required by the  
47 State and National Repositories, and any additional information required by the ~~Department of~~  
48 ~~Public Safety, Bureau~~. The fingerprints of the current or prospective employee shall be ~~forwarded~~  
49 ~~to the State Bureau of Investigation used~~ for a search of the State's criminal history record file,  
50 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
51 Investigation for a national criminal history record check.



1 (c) 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 ...

5 **"§ 143B-1209.51. Criminal record checks for employees of county boards of elections.**

6 (a) As used in this section, the term:

7 (1) "Current or prospective employee" means a current or prospective permanent  
8 or temporary employee of a county board of elections.

9 (2) "State Board" means the State Board of Elections.

10 (b) The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to a  
11 county board of elections a current or prospective employee's criminal history from the State and  
12 National Repositories of Criminal Histories. The county board of elections shall provide to the  
13 ~~Department of Public Safety-Bureau~~, along with the request, the fingerprints of the current or  
14 prospective employee, a form signed by the current or prospective employee consenting to the  
15 criminal record check and use of fingerprints and other identifying information required by the  
16 State and National Repositories, and any additional information required by the ~~Department of~~  
17 ~~Public Safety-Bureau~~. The fingerprints of the current or prospective employee shall be forwarded  
18 to the ~~State Bureau of Investigation~~ used for a search of the State's criminal history record file,  
19 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
20 Investigation for a national criminal history record check.

21 (c) The ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred  
22 by it to conduct a criminal record check under this section. The fee shall not exceed the actual  
23 cost of locating, editing, researching, and retrieving the information.

24 ...

25 **"§ 143B-1209.52. Criminal record checks of applicants for licensure as**  
26 **dietitian/nutritionists or nutritionists.**

27 The ~~Department of Public Safety-State Bureau of Investigation~~ may provide to the North  
28 Carolina Board of Dietetics/Nutrition a criminal history record from the State and National  
29 Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request  
30 for criminal history records, the Board shall provide to the ~~Department of Public Safety-Bureau~~  
31 the fingerprints of the applicant or subject, a form signed by the applicant consenting to the  
32 criminal history record check and use of the fingerprints and other identifying information  
33 required by the Repositories, and any additional information required by the ~~Department-Bureau~~.  
34 The fingerprints shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the  
35 State's criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of  
36 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
37 The Board shall keep all information obtained pursuant to this section confidential. The  
38 ~~Department of Public Safety-Bureau~~ may charge a fee to offset the cost incurred by the  
39 ~~Department of Public Safety-Bureau~~ to conduct a criminal history record check under this section,  
40 but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the  
41 information.

42 **"§ 143B-1209.53. National criminal record checks for child care institutions.**

43 The ~~Department of Public Safety-State Bureau of Investigation~~ shall provide to the  
44 Department of Health and Human Services, Criminal Records Check Unit, in accordance with  
45 G.S. 108A-150, the criminal history of any current or prospective employee or volunteer in a  
46 child care institution as defined by Title IV-E of the Social Security Act, including individuals  
47 working with a contract agency in a child care institution. The Department of Health and Human  
48 Services, Criminal Records Check Unit, shall provide to the ~~Department of Public Safety-~~  
49 ~~Bureau~~, along with the request, the fingerprints of the individual to be checked, any additional  
50 information required by the ~~Department of Public Safety-Bureau~~, and a form signed by the  
51 individual to be checked consenting to the check of the criminal record and to the use of

1 fingerprints and other identifying information required by the State or National Repositories of  
2 Criminal Histories. The fingerprints of the individual shall be forwarded to the ~~State Bureau of~~  
3 ~~Investigation~~ used for a search of the State's criminal history record file, and the ~~State Bureau of~~  
4 ~~Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a  
5 national criminal history record check. All information received by the Department of Health and  
6 Human Services, Criminal Records Check Unit, shall be kept confidential in accordance with  
7 G.S. 108A-150. The ~~Department of Public Safety Bureau~~ may charge a reasonable fee to conduct  
8 a criminal record check under this section.

9 ...

10 **"§ 143B-1209.55. Criminal record checks for the Legislative Services Commission.**

11 The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the Legislative  
12 Services Officer from the State and National Repositories of Criminal Histories the criminal  
13 history of any prospective employee, volunteer, or contractor of the General Assembly. The  
14 Legislative Services Officer shall provide to the ~~Department of Public Safety, Bureau,~~ along with  
15 the request, the fingerprints of the prospective employee, volunteer, or contractor, a form signed  
16 by the prospective employee, volunteer, or contractor consenting to the criminal record check  
17 and use of fingerprints and other identifying information required by the State and National  
18 Repositories and any additional information required by the ~~Department of Public Safety-~~  
19 ~~Bureau.~~ The fingerprints of the prospective employee, volunteer, or contractor shall be forwarded  
20 to the ~~State Bureau of Investigation~~ used for a search of the State's criminal history record file,  
21 and the ~~State Bureau of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of  
22 Investigation for a national criminal history record check. The Legislative Services Officer shall  
23 keep all information obtained pursuant to this section confidential. The ~~Department of Public~~  
24 ~~Safety Bureau~~ may charge a fee to offset the cost incurred by it to conduct a criminal record  
25 check under this section. The fee shall not exceed the actual cost of locating, editing, researching,  
26 and retrieving the information.

27 **"§ 143B-1209.56. Criminal record checks for sheriffs.**

28 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
29 North Carolina Sheriffs' Education and Training Standards Commission a criminal history from  
30 the State and National Repositories of Criminal Histories for any person filing a notice of  
31 candidacy, or any potential appointee to fill a vacancy, to the office of sheriff. The North Carolina  
32 Sheriffs' Education and Training Standards Commission shall provide to the ~~Department of~~  
33 ~~Public Safety, Bureau,~~ along with the request, the fingerprints of the person filing a notice of  
34 candidacy, or any potential appointee to fill a vacancy, to the office of sheriff; a form signed by  
35 the individual consenting to the criminal record check and use of fingerprints and other  
36 identifying information required by the State and National Repositories; and any additional  
37 information required by the ~~Department of Public Safety, Bureau.~~ The fingerprints of the  
38 individual shall be forwarded to the ~~State Bureau of Investigation~~ used for a search of the State's  
39 criminal history record file, and the ~~State Bureau of Investigation~~ shall forward a set of  
40 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

41 ...

42 **"§ 143B-1209.57. Criminal record check for platform licensees.**

43 (a) The ~~Department of Public Safety State Bureau of Investigation~~ may provide to the  
44 Secretary of State a criminal history from the State and National Repositories of Criminal  
45 Histories for any applicant seeking a platform license. The Secretary shall provide to the  
46 ~~Department of Public Safety, Bureau,~~ along with the request, the fingerprints of the applicant and  
47 its key persons; a form signed by the individual consenting to the criminal record check and use  
48 of fingerprints and other identifying information required by the State and National Repositories;  
49 and any additional information required by the ~~Department of Public Safety, Bureau.~~ The  
50 fingerprints of the individual shall be forwarded to the ~~State Bureau of Investigation~~ used for a  
51 search of the State's criminal history record file, and the ~~State Bureau of Investigation~~ shall

1 forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history  
2 record check.

3 ...

4 **"§ 143B-1209.58. The National Crime Prevention and Privacy Compact.**

5 The National Crime Prevention and Privacy Compact is enacted into law and entered into  
6 with all jurisdictions legally joining in the compact in the form substantially as set forth in this  
7 section, as follows:

8 Preamble.

9 Whereas, it is in the interest of the State to facilitate the dissemination of criminal  
10 history records from other states for use in North Carolina as authorized by State law; and

11 Whereas, the National Crime Prevention and Privacy Compact creates a legal  
12 framework for the cooperative exchange of criminal history records for noncriminal justice  
13 purposes; and

14 Whereas, the compact provides for the organization of an electronic  
15 information-sharing system among the federal government and the states to exchange criminal  
16 history records for noncriminal justice purposes authorized by federal or state law, such as  
17 background checks for governmental licensing and employment; and

18 Whereas, under the compact, the FBI and the party states agree to maintain detailed  
19 databases of their respective criminal history records, including arrests and dispositions, and to  
20 make them available to the federal government and party states for authorized purposes; and

21 Whereas, the FBI shall manage the federal data facilities that provide a significant  
22 part of the infrastructure for the system; and

23 Whereas, entering into the compact would facilitate the interstate and federal-state  
24 exchange of criminal history information to streamline the processing of background checks for  
25 noncriminal justice purposes; and

26 Whereas, release and use of information obtained through the system for noncriminal  
27 justice purposes would be governed by the laws of the receiving state; and

28 Whereas, entering into the compact will provide a mechanism for establishing and  
29 enforcing uniform standards for record accuracy and for the confidentiality and privacy interests  
30 of record subjects.

31 Article I.

32 Definitions.

33 As used in this compact, the following definitions apply:

34 ...

35 (4) "Criminal history record repository" means the ~~Department of Public~~  
36 ~~Safety State Bureau of Investigation.~~

37 ...."

38 **SECTION 19F.4.(k)** G.S. 143B-600(b)(2) is repealed.

39 **SECTION 19F.4.(l)** G.S. 14-16.9 reads as rewritten:

40 **"§ 14-16.9. Officers-elect to be covered.**

41 Any person who has been elected to any office covered by this Article but has not yet taken  
42 the oath of office shall be considered to hold the office for the purpose of this Article and  
43 ~~G.S. 143B-919.~~ G.S. 143B-1208.5."

44 **SECTION 19F.4.(m)** G.S. 113-172(a) reads as rewritten:

45 "(a) The Secretary shall designate license agents for the Department. The Division and  
46 license agents designated by the Secretary under this section shall issue licenses authorized under  
47 this Article in accordance with this Article and the rules of the Commission. The Secretary may  
48 require license agents to enter into a contract that provides for their duties and compensation,  
49 post a bond, and submit to reasonable inspections and audits. If a license agent violates any  
50 provision of this Article, the rules of the Commission, or the terms of the contract, the Secretary  
51 may initiate proceedings for the forfeiture of the license agent's bond and may summarily

1 suspend, revoke, or refuse to renew a designation as a license agent and may impound or require  
2 the return of all licenses, moneys, record books, reports, license forms and other documents,  
3 ledgers, and materials pertinent or apparently pertinent to the license agency. The Secretary shall  
4 report evidence or misuse of State property, including license fees, by a license agent to the State  
5 Bureau of Investigation as provided by ~~G.S. 143B-920~~G.S. 143B-1208.6."

6 **SECTION 19F.4.(n)** G.S. 164-44(a) reads as rewritten:

7 "(a) The Commission shall have the secondary duty of collecting, developing, and  
8 maintaining statistical data relating to sentencing, corrections, and juvenile justice so that the  
9 primary duties of the Commission will be formulated using data that is valid, accurate, and  
10 relevant to this State. All State agencies shall provide data as it is requested by the Commission.  
11 For the purposes of ~~G.S. 143B-930~~G.S. 143B-1209.10, the Commission shall be considered to  
12 be engaged in the administration of criminal justice. All meetings of the Commission shall be  
13 open to the public and the information presented to the Commission shall be available to any  
14 State agency or member of the General Assembly."

15 **SECTION 19F.4.(o)** G.S. 110-90.2(g) reads as rewritten:

16 "(g) The child care provider shall pay the cost of the fingerprinting and the federal criminal  
17 history record check in accordance with ~~G.S. 143B-934~~G.S. 143B-1209.14. The ~~Department of~~  
18 ~~Public Safety~~State Bureau of Investigation shall perform the State criminal history record check.  
19 The Department of Health and Human Services shall pay for and conduct the county criminal  
20 history record check. Child care providers who reside outside the State bear the cost of the county  
21 criminal history record check and shall provide the county criminal history record check to the  
22 Division of Child Development as required by this section."

23 **SECTION 19F.4.(p)** G.S. 18C-151(a)(3) reads as rewritten:

24 "(3) All proposals shall be accompanied by a bond or letter of credit in an amount  
25 equal to not less than five percent (5%) of the proposal and the fee to cover  
26 the cost of the criminal record check conducted under  
27 ~~G.S. 143B-935~~G.S. 143B-1209.15."

28 **SECTION 19F.4.(q)** G.S. 122C-80 reads as rewritten:

29 **"§ 122C-80. Criminal history record check required for certain applicants for employment.**

30 ...

31 (b) Requirement. – An offer of employment by a provider licensed under this Chapter to  
32 an applicant to fill a position that does not require the applicant to have an occupational license  
33 is conditioned on consent to a State and national criminal history record check of the applicant.  
34 If the applicant has been a resident of this State for less than five years, then the offer of  
35 employment is conditioned on consent to a State and national criminal history record check of  
36 the applicant. The national criminal history record check shall include a check of the applicant's  
37 fingerprints. If the applicant has been a resident of this State for five years or more, then the offer  
38 is conditioned on consent to a State criminal history record check of the applicant. A provider  
39 shall not employ an applicant who refuses to consent to a criminal history record check required  
40 by this section. Except as otherwise provided in this subsection, within five business days of  
41 making the conditional offer of employment, a provider shall submit a request to the ~~Department~~  
42 ~~of Public Safety~~State Bureau of Investigation under ~~G.S. 143B-939~~G.S. 143B-1209.20 to  
43 conduct a criminal history record check required by this section or shall submit a request to a  
44 private entity to conduct a State criminal history record check required by this section.  
45 Notwithstanding ~~G.S. 143B-939~~G.S. 143B-1209.20, the ~~Department of Public Safety~~State  
46 Bureau of Investigation shall return the results of national criminal history record checks for  
47 employment positions not covered by Public Law 105-277 to the Department of Health and  
48 Human Services, Criminal Records Check Unit. Within five business days of receipt of the  
49 national criminal history of the person, the Department of Health and Human Services, Criminal  
50 Records Check Unit, shall notify the provider as to whether the information received may affect  
51 the employability of the applicant. In no case shall the results of the national criminal history

1 record check be shared with the provider. Providers shall make available upon request  
2 verification that a criminal history check has been completed on any staff covered by this section.  
3 A county that has adopted an appropriate local ordinance and has access to the ~~Department of~~  
4 ~~Public Safety~~ State Bureau of Investigation data bank may conduct on behalf of a provider a State  
5 criminal history record check required by this section without the provider having to submit a  
6 request to the ~~Department of Justice~~ State Bureau of Investigation. In such a case, the county  
7 shall commence with the State criminal history record check required by this section within five  
8 business days of the conditional offer of employment by the provider. All criminal history  
9 information received by the provider is confidential and may not be disclosed, except to the  
10 applicant as provided in subsection (c) of this section. For purposes of this subsection, the term  
11 "private entity" means a business regularly engaged in conducting criminal history record checks  
12 utilizing public records obtained from a State agency.

13 ...

14 (g) Conditional Employment. – A provider may employ an applicant conditionally prior  
15 to obtaining the results of a criminal history record check regarding the applicant if both of the  
16 following requirements are met:

- 17 (1) The provider shall not employ an applicant prior to obtaining the applicant's  
18 consent for criminal history record check as required in subsection (b) of this  
19 section or the completed fingerprint cards as required in  
20 ~~G.S. 143B-939~~ G.S. 143B-1209.20.
- 21 (2) The provider shall submit the request for a criminal history record check not  
22 later than five business days after the individual begins conditional  
23 employment."

24 **SECTION 19F.4.(r)** G.S. 131D-40 reads as rewritten:

25 **"§ 131D-40. Criminal history record checks required for certain applicants for**  
26 **employment.**

27 (a) Requirement; Adult Care Home. – An offer of employment by an adult care home  
28 licensed under this Chapter to an applicant to fill a position that does not require the applicant to  
29 have an occupational license is conditioned on consent to a criminal history record check of the  
30 applicant. If the applicant has been a resident of this State for less than five years, then the offer  
31 of employment is conditioned on consent to a State and national criminal history record check of  
32 the applicant. The national criminal history record check shall include a check of the applicant's  
33 fingerprints. If the applicant has been a resident of this State for five years or more, then the offer  
34 is conditioned on consent to a State criminal history record check of the applicant. An adult care  
35 home shall not employ an applicant who refuses to consent to a criminal history record check  
36 required by this section. Within five business days of making the conditional offer of  
37 employment, an adult care home shall submit a request to the ~~Department of Public Safety~~ State  
38 Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national  
39 criminal history record check required by this section, or shall submit a request to a private entity  
40 to conduct a State criminal history record check required by this section. Notwithstanding  
41 ~~G.S. 143B-939~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of  
42 Investigation shall return the results of national criminal history record checks for employment  
43 positions not covered by Public Law 105-277 to the Department of Health and Human Services,  
44 Criminal Records Check Unit. Within five business days of receipt of the national criminal  
45 history of the person, the Department of Health and Human Services, Criminal Records Check  
46 Unit, shall notify the adult care home as to whether the information received may affect the  
47 employability of the applicant. In no case shall the results of the national criminal history record  
48 check be shared with the adult care home. Adult care homes shall make available upon request  
49 verification that a criminal history check has been completed on any staff covered by this section.  
50 All criminal history information received by the home is confidential and may not be disclosed,  
51 except to the applicant as provided in subsection (b) of this section.

1 (a1) Requirement; Contract Agency of Adult Care Home. – An offer of employment by a  
2 contract agency of an adult care home licensed under this Chapter to an applicant to fill a position  
3 that does not require the applicant to have an occupational license is conditioned upon consent  
4 to a criminal history record check of the applicant. If the applicant has been a resident of this  
5 State for less than five years, then the offer of employment is conditioned on consent to a State  
6 and national criminal history record check of the applicant. The national criminal history record  
7 check shall include a check of the applicant's fingerprints. If the applicant has been a resident of  
8 this State for five years or more, then the offer is conditioned on consent to a State criminal  
9 history record check of the applicant. A contract agency of an adult care home shall not employ  
10 an applicant who refuses to consent to a criminal history record check required by this section.  
11 Within five business days of making the conditional offer of employment, a contract agency of  
12 an adult care home shall submit a request to the ~~Department of Public Safety State Bureau of~~  
13 Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal  
14 history record check required by this section, or shall submit a request to a private entity to  
15 conduct a State criminal history record check required by this section. Notwithstanding  
16 ~~G.S. 143B-939, G.S. 143B-1209.20,~~ the ~~Department of Public Safety State Bureau of~~  
17 Investigation shall return the results of national criminal history record checks for employment  
18 positions not covered by Public Law 105-277 to the Department of Health and Human Services,  
19 Criminal Records Check Unit. Within five business days of receipt of the national criminal  
20 history of the person, the Department of Health and Human Services, Criminal Records Check  
21 Unit, shall notify the contract agency of the adult care home as to whether the information  
22 received may affect the employability of the applicant. In no case shall the results of the national  
23 criminal history record check be shared with the contract agency of the adult care home. Contract  
24 agencies of adult care homes shall make available upon request verification that a criminal history  
25 check has been completed on any staff covered by this section. All criminal history information  
26 received by the contract agency is confidential and may not be disclosed, except to the applicant  
27 as provided by subsection (b) of this section.

28 ...

29 (f) Conditional Employment. – An adult care home may employ an applicant  
30 conditionally prior to obtaining the results of a criminal history record check regarding the  
31 applicant if both of the following requirements are met:

- 32 (1) The adult care home shall not employ an applicant prior to obtaining the  
33 applicant's consent for a criminal history record check as required in  
34 subsection (a) of this section or the completed fingerprint cards as required in  
35 ~~G.S. 143B-939~~ G.S. 143B-1209.20.
- 36 (2) The adult care home shall submit the request for a criminal history record  
37 check not later than five business days after the individual begins conditional  
38 employment.

39 ...."

40 **SECTION 19F.4.(s)** G.S. 131E-265 reads as rewritten:

41 "**§ 131E-265. Criminal history record checks required for certain applicants for**  
42 **employment.**

43 (a) Requirement; Nursing Home or Home Care Agency. – An offer of employment by a  
44 nursing home licensed under this Chapter to an applicant to fill a position that does not require  
45 the applicant to have an occupational license is conditioned on consent to a criminal history  
46 record check of the applicant. If the applicant has been a resident of this State for less than five  
47 years, then the offer of employment is conditioned on consent to a State and national criminal  
48 history record check of the applicant. The national criminal history record check shall include a  
49 check of the applicant's fingerprints. If the applicant has been a resident of this State for five  
50 years or more, then the offer is conditioned on consent to a State criminal history record check  
51 of the applicant. An offer of employment by a home care agency licensed under this Chapter to

1 an applicant to fill a position that requires entering the patient's home is conditioned on consent  
2 to a criminal history record check of the applicant. In addition, employment status change of a  
3 current employee of a home care agency licensed under this Chapter from a position that does  
4 not require entering the patient's home to a position that requires entering the patient's home shall  
5 be conditioned on consent to a criminal history record check of that current employee. If the  
6 applicant for employment or if the current employee who is changing employment status has  
7 been a resident of this State for less than five years, then the offer of employment or change in  
8 employment status is conditioned on consent to a State and national criminal history record  
9 check. The national criminal history record check shall include a check of the applicant's or  
10 current employee's fingerprints. If the applicant or current employee has been a resident of this  
11 State for five years or more, then the offer is conditioned on consent to a State criminal history  
12 record check of the applicant or current employee applying for a change in employment status.  
13 A nursing home or a home care agency shall not employ an applicant who refuses to consent to  
14 a criminal history record check required by this section. In addition, a home care agency shall  
15 not change a current employee's employment status from a position that does not require entering  
16 the patient's home to a position that requires entering the patient's home who refuses to consent  
17 to a criminal history record check required by this section. Within five business days of making  
18 the conditional offer of employment, a nursing home or home care agency shall submit a request  
19 to the ~~Department of Public Safety State Bureau of Investigation~~ under ~~G.S. 143B-939~~  
20 G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this  
21 section, or shall submit a request to a private entity to conduct a State criminal history record  
22 check required by this section. Notwithstanding ~~G.S. 143B-939~~, G.S. 143B-1209.20, the  
23 ~~Department of Public Safety State Bureau of Investigation~~ shall return the results of national  
24 criminal history record checks for employment positions not covered by Public Law 105-277 to  
25 the Department of Health and Human Services, Criminal Records Check Unit. Within five  
26 business days of receipt of the national criminal history of the person, the Department of Health  
27 and Human Services, Criminal Records Check Unit, shall notify the nursing home or home care  
28 agency as to whether the information received may affect the employability of the applicant. In  
29 no case shall the results of the national criminal history record check be shared with the nursing  
30 home or home care agency. Nursing homes and home care agencies shall make available upon  
31 request verification that a criminal history check has been completed on any staff covered by this  
32 section. All criminal history information received by the home or agency is confidential and may  
33 not be disclosed, except to the applicant as provided in subsection (b) of this section.

34 (a1) Requirement; Contract Agency of Nursing Home or Home Care Agency. – An offer  
35 of employment by a contract agency of a nursing home or home care agency licensed under this  
36 Chapter to an applicant to fill a position that does not require the applicant to have an occupational  
37 license is conditioned upon consent to a criminal history record check of the applicant. If the  
38 applicant has been a resident of this State for less than five years, then the offer of employment  
39 is conditioned on consent to a State and national criminal history record check of the applicant.  
40 The national criminal history record check shall include a check of the applicant's fingerprints.  
41 If the applicant has been a resident of this State for five years or more, then the offer is  
42 conditioned on consent to a State criminal history record check of the applicant. A contract  
43 agency of a nursing home or home care agency shall not employ an applicant who refuses to  
44 consent to a criminal history record check required by this section. Within five business days of  
45 making the conditional offer of employment, a contract agency of a nursing home or home care  
46 agency shall submit a request to the ~~Department of Public Safety State Bureau of Investigation~~  
47 under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record  
48 check required by this section, or shall submit a request to a private entity to conduct a State  
49 criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939~~,  
50 G.S. 143B-1209.20, the ~~Department of Public Safety State Bureau of Investigation~~ shall return  
51 the results of national criminal history record checks for employment positions not covered by

1 Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check  
 2 Unit. Within five business days of receipt of the national criminal history of the person, the  
 3 Department of Health and Human Services, Criminal Records Check Unit, shall notify the  
 4 contract agency of the nursing home or home care agency as to whether the information received  
 5 may affect the employability of the applicant. In no case shall the results of the national criminal  
 6 history record check be shared with the contract agency of the nursing home or home care agency.  
 7 Contract agencies of nursing homes and home care agencies shall make available upon request  
 8 verification that a criminal history check has been completed on any staff covered by this section.  
 9 All criminal history information received by the contract agency is confidential and may not be  
 10 disclosed, except to the applicant as provided by subsection (b) of this section.

11 ...

12 (f) Conditional Employment. – A nursing home or home care agency may employ an  
 13 applicant conditionally prior to obtaining the results of a criminal history record check regarding  
 14 the applicant if both of the following requirements are met:

- 15 (1) The nursing home or home care agency shall not employ an applicant prior to  
 16 obtaining the applicant's consent for a criminal history record check as  
 17 required in subsection (a) of this section or the completed fingerprint cards as  
 18 required in ~~G.S. 143B-939~~G.S. 143B-1209.20.  
 19 (2) The nursing home or home care agency shall submit the request for a criminal  
 20 history record check not later than five business days after the individual  
 21 begins conditional employment.

22 ...."

23 **SECTION 19F.4.(t)** G.S. 90-171.23(b)(19) reads as rewritten:

24 "(19) Request that the Department of Public Safety conduct criminal history record  
 25 checks of applicants for licensure pursuant to  
 26 ~~G.S. 143B-940~~G.S. 143B-1209.21."

27 **SECTION 19F.4.(u)** G.S. 90-113.33(10) reads as rewritten:

28 "(10) Request that the Department of Public Safety conduct criminal history record  
 29 checks of applicants for registration, certification, or licensure pursuant to  
 30 ~~G.S. 143B-941~~G.S. 143B-1209.22."

31 **SECTION 19F.4.(v)** The following statutes are amended by deleting the language  
 32 "G.S. 143B-943" wherever it appears and substituting "G.S. 143B-1209.23": G.S. 153A-233,  
 33 153A-234, and 160A-292.

34 **SECTION 19F.4.(w)** G.S. 143-143.10(b)(6) reads as rewritten:

35 "(6) To request that the ~~Department of Public Safety~~State Bureau of Investigation  
 36 conduct criminal history checks of applicants for licensure pursuant to  
 37 ~~G.S. 143B-944~~G.S. 143B-1209.24."

38 **SECTION 19F.4.(x)** G.S. 153A-94.2 reads as rewritten:

39 **"§ 153A-94.2. Criminal history record checks of employees permitted.**

40 The board of commissioners may adopt or provide for rules and regulations or ordinances  
 41 concerning a requirement that any applicant for employment be subject to a criminal history  
 42 record check of State and National Repositories of Criminal Histories conducted by the  
 43 ~~Department of Public Safety~~State Bureau of Investigation in accordance with ~~G.S. 143B-945~~  
 44 G.S. 143B-1209.25. The local or regional public employer may consider the results of these  
 45 criminal history record checks in its hiring decisions."

46 **SECTION 19F.4.(y)** G.S. 160A-164.2 reads as rewritten:

47 **"§ 160A-164.2. Criminal history record check of employees permitted.**

48 The council may adopt or provide for rules and regulations or ordinances concerning a  
 49 requirement that any applicant for employment be subject to a criminal history record check of  
 50 State and National Repositories of Criminal Histories conducted by the ~~Department of Public~~



1 ~~Safety State Bureau of Investigation~~ in accordance with ~~G.S. 143B-945-G.S. 143B-1209.25~~. The  
2 city may consider the results of these criminal history record checks in its hiring decisions."

3 **SECTION 19F.4.(z)** G.S. 74F-6(16) reads as rewritten:

4 "(16) Request that the ~~Department of Public Safety State Bureau of Investigation~~  
5 conduct criminal history record checks of applicants for licensure and  
6 apprenticeships pursuant to ~~G.S. 143B-946-G.S. 143B-1209.26~~."

7 **SECTION 19F.4.(aa)** G.S. 7A-349 reads as rewritten:

8 "**§ 7A-349. Criminal history record check; denial of employment, contract, or volunteer**  
9 **opportunity.**

10 The Judicial Department may deny employment, a contract, or a volunteer opportunity to any  
11 person who refuses to consent to a criminal history check authorized under ~~G.S. 143B-950~~  
12 ~~G.S. 143B-1209.31~~ and may dismiss a current employee, terminate a contractor, or terminate a  
13 volunteer relationship if that employee, contractor, or volunteer refuses to consent to a criminal  
14 history record check authorized under ~~G.S. 143B-950-G.S. 143B-1209.31~~."

15 **SECTION 19F.4.(bb)** G.S. 131E-159(g) reads as rewritten:

16 "(g) An individual who applies for EMS credentials, seeks to renew EMS credentials, or  
17 holds EMS credentials is subject to a criminal background review by the Department. At the  
18 request of the Department, the Emergency Medical Services Disciplinary Committee, established  
19 by G.S. 143-519, shall review criminal background information and make a recommendation  
20 regarding the eligibility of an individual to obtain initial EMS credentials, renew EMS  
21 credentials, or maintain EMS credentials. The Department and the Emergency Medical Services  
22 Disciplinary Committee shall keep all information obtained pursuant to this subsection  
23 confidential. The Medical Care Commission shall adopt rules to implement the provisions of this  
24 subsection, including rules to establish a reasonable fee to offset the actual costs of criminal  
25 history information obtained pursuant to ~~G.S. 143B-952-G.S. 143B-1209.33~~."

26 **SECTION 19F.4.(cc)** G.S. 90-345(b) reads as rewritten:

27 "(b) The Board may request that an applicant for licensure, an applicant seeking  
28 reinstatement of a license, or a licensee under investigation by the Board for alleged criminal  
29 offenses in violation of this Article consent to a criminal history record check. Refusal to consent  
30 to a criminal history record check may constitute grounds for the Board to deny licensure to an  
31 applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The  
32 Board shall ensure that the State and national criminal history of an applicant is checked. The  
33 Board shall be responsible for providing to the ~~North Carolina Department of Public Safety State~~  
34 ~~Bureau of Investigation~~ the fingerprints of the applicant or licensee to be checked, a form signed  
35 by the applicant or licensee consenting to the criminal record check and the use of fingerprints  
36 and other identifying information required by the State or National Repositories of Criminal  
37 Histories, and any additional information required by the ~~Department of Public Safety State~~  
38 ~~Bureau of Investigation~~ in accordance with ~~G.S. 143B-957-G.S. 143B-1209.38~~. The Board shall  
39 keep all information obtained pursuant to this section confidential. The Board shall collect any  
40 fees required by the ~~Department of Public Safety State Bureau of Investigation~~ and shall remit  
41 the fees to the ~~Department of Public Safety State Bureau of Investigation~~ for expenses associated  
42 with conducting the criminal history record check."

43 **SECTION 19F.4.(dd)** G.S. 90-270.63(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 history record check and the use of  
2 fingerprints and other identifying information required by the State or National Repositories of  
3 Criminal Histories, and any additional information required by the ~~Department of Public Safety~~  
4 ~~State Bureau of Investigation~~ in accordance with ~~G.S. 143B-958~~. G.S. 143B-1209.39. The Board  
5 shall keep all information obtained pursuant to this section confidential. The Board shall collect  
6 any fees required by the ~~Department of Public Safety State Bureau of Investigation~~ and shall  
7 remit the fees to the ~~Department of Public Safety State Bureau of Investigation~~ for expenses  
8 associated with conducting the criminal history record check."

9 **SECTION 19F.4.(ee)** G.S. 14-415.4(d)(5) reads as rewritten:

10 (5) The petitioner submits his or her fingerprints to the sheriff of the county in  
11 which the petitioner resides for a criminal background check pursuant to  
12 ~~G.S. 143B-959~~. G.S. 143B-1209.40."

13 **SECTION 19F.4.(ff)** G.S. 93E-1-6(c1) reads as rewritten:

14 "(c1) The Board shall also make an investigation as it deems necessary into the background  
15 of the applicant to determine the applicant's qualifications with due regard to the paramount  
16 interest of the public as to the applicant's competency, honesty, truthfulness, and integrity. All  
17 applicants shall consent to a criminal history record check. Refusal to consent to a criminal  
18 history record check may constitute grounds for the Board to deny an application. The Board  
19 shall ensure that the State and national criminal history of an applicant is checked. The Board  
20 shall be responsible for providing to the ~~North Carolina Department of Public Safety State Bureau~~  
21 ~~of Investigation~~ the fingerprints of the applicant to be checked, a form signed by the applicant  
22 consenting to the criminal history record check, and the use of fingerprints and other identifying  
23 information required by the State or National Repositories of Criminal Histories and any  
24 additional information required by the ~~Department of Public Safety State Bureau of Investigation~~  
25 in accordance with ~~G.S. 143B-961~~. G.S. 143B-1209.42. The Board shall keep all information  
26 obtained pursuant to this section confidential. The Board shall collect any fees required by the  
27 ~~Department of Public Safety State Bureau of Investigation~~ and shall remit the fees to the  
28 ~~Department of Public Safety State Bureau of Investigation~~ for expenses associated with  
29 conducting the criminal history record check."

30 **SECTION 19F.4.(gg)** G.S. 93E-2-11(b) reads as rewritten:

31 "(b) The Board may require that an applicant for registration as an appraisal management  
32 company or a registrant consent to a criminal history record check. Refusal to consent to a  
33 criminal history record check may constitute grounds for the Board to deny registration to an  
34 applicant or registrant. The Board shall ensure that the State and national criminal history of an  
35 applicant or registrant is checked. The Board shall be responsible for providing to the ~~North~~  
36 ~~Carolina Department of Public Safety State Bureau of Investigation~~ the fingerprints of the  
37 applicant or registrant to be checked, a form signed by the applicant or registrant consenting to  
38 the criminal record check and the use of fingerprints and other identifying information required  
39 by the State or National Repositories of Criminal Histories, and any additional information  
40 required by the ~~Department of Public Safety State Bureau of Investigation~~ in accordance with  
41 ~~G.S. 143B-961~~. G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to  
42 this section confidential. The Board shall collect any fees required by the ~~Department of Public~~  
43 ~~Safety State Bureau of Investigation~~ and shall remit the fees to the ~~Department of Public Safety~~  
44 ~~State Bureau of Investigation~~ for expenses associated with conducting the criminal history record  
45 check."

46 **SECTION 19F.4.(hh)** G.S. 90-356(15) reads as rewritten:

47 "(15) Request that the ~~Department of Public Safety State Bureau of Investigation~~  
48 conduct criminal history record checks of applicants for licensure pursuant to  
49 ~~G.S. 143B-966~~. G.S. 143B-1209.47."

50 **SECTION 19F.4.(ii)** G.S. 143B-426.39(18) reads as rewritten:

1           "(18) Require a criminal history record check of any current or prospective  
2           employee, volunteer, or contractor, which shall be conducted by the State  
3           Bureau of Investigation as provided in ~~G.S. 143B-966~~. G.S. 143B-1209.47.  
4           The criminal history report shall be provided to the State Controller and is not  
5           a public record under Chapter 132 of the General Statutes."

6           **SECTION 19F.4.(jj)** G.S. 163-27.2(b) reads as rewritten:

7           "(b) A criminal history record check shall be required of all current or prospective  
8           permanent or temporary employees of the State Board and all current or prospective county  
9           directors of elections, which shall be conducted by the ~~Department of Public Safety~~ State Bureau  
10          of Investigation as provided in ~~G.S. 143B-968~~. G.S. 143B-1209.49. The criminal history report  
11          shall be provided to the Executive Director, who shall keep all information obtained pursuant to  
12          this section confidential to the State Board, as provided in ~~G.S. 143B-968(d)~~.  
13          G.S. 143B-1209.49(d). A criminal history report provided under this subsection is not a public  
14          record under Chapter 132 of the General Statutes."

15          **SECTION 19F.4.(kk)** G.S. 163-35(b) reads as rewritten:

16          "(b) Appointment, Duties; Termination. – Upon receipt of a nomination from the county  
17          board of elections stating that the nominee for director of elections is submitted for appointment  
18          upon majority selection by the county board of elections the Executive Director shall issue a  
19          letter of appointment of such nominee to the chairman of the county board of elections within 10  
20          days after receipt of the nomination, unless good cause exists to decline the appointment. The  
21          Executive Director may delay the issuance of appointment for a reasonable time if necessary to  
22          obtain a criminal history records check sought under ~~G.S. 143B-968~~. G.S. 143B-1209.49. The  
23          Executive Director shall apply the standards provided in G.S. 163-27.2 in determining whether  
24          a nominee with a criminal history shall be selected. If the Executive Director determines a  
25          nominee shall not be selected and does not issue a letter of appointment, the decision of the  
26          Executive Director of the State Board shall be final unless the decision is, within 10 days from  
27          the official date on which it was made, deferred by the State Board. If the State Board defers the  
28          decision, then the State Board shall make a final decision on appointment of the director of  
29          elections and may direct the Executive Director to issue a letter of appointment. If an Executive  
30          Director issues a letter of appointment, the county board of elections shall enter in its official  
31          minutes the specified duties, responsibilities and designated authority assigned to the director by  
32          the county board of elections. The specified duties and responsibilities shall include adherence  
33          to the duties delegated to the county board of elections pursuant to G.S. 163-33. A copy of the  
34          specified duties, responsibilities and designated authority assigned to the director shall be filed  
35          with the State Board of Elections. In the event the Executive Director is recused due to an actual  
36          or apparent conflict of interest from rendering a decision under this section, the chair and  
37          vice-chair of the State Board shall designate a member of staff to fulfill those duties."

38          **SECTION 19F.4.(ll)** G.S. 163-37.1(b) reads as rewritten:

39          "(b) The county board of elections shall require a criminal history record check of all  
40          current or prospective employees, which shall be conducted by the ~~Department of Public Safety~~  
41          State Bureau of Investigation as provided in ~~G.S. 143B-969~~. G.S. 143B-1209.50. The criminal  
42          history report shall be provided to the county board of elections. A county board of elections  
43          shall provide the criminal history record of all current or prospective employees required by  
44          G.S. 163-27.2 to the Executive Director and the State Board. The criminal history report shall be  
45          kept confidential as provided in ~~G.S. 143B-969(d)~~. G.S. 143B-1209.50(d) and is not a public  
46          record under Chapter 132 of the General Statutes."

47          **SECTION 19F.4.(mm)** G.S. 108A-150 reads as rewritten:

48          "**§ 108A-150. Criminal history record checks required for child care institutions.**

49          ...

50          (c) Process. – Within five business days of making the conditional offer of employment,  
51          or formally discussing a volunteer opportunity, a child care institution, or a contract agency of a

1 child care institution, shall submit a request to the ~~Department of Public Safety~~ State Bureau of  
 2 Investigation under ~~G.S. 143B-972~~ G.S. 143B-1209.53 to conduct a State and national criminal  
 3 history record check as required by this section. The ~~Department of Public Safety~~ State Bureau  
 4 of Investigation shall return the results of the national criminal history record check to the  
 5 Department of Health and Human Services, Criminal Records Check Unit.

6 ...

7 (g) Conditional Employment. – A child care institution may employ an applicant  
 8 conditionally prior to obtaining the results of a criminal history record check regarding the  
 9 applicant if both of the following requirements are met:

- 10 (1) The child care institution shall not employ an applicant prior to obtaining the  
 11 applicant's consent for a criminal history record check as required in  
 12 subsection (b) of this section or the completed fingerprint cards as required in  
 13 ~~G.S. 143B-972~~ G.S. 143B-1209.53.  
 14 (2) The child care institution shall submit the request for a criminal history record  
 15 check not later than five business days after the individual begins conditional  
 16 employment.

17 ...."

18 **SECTION 19F.4.(nn)** G.S. 120-32(2a) reads as rewritten:

19 "(2a) Obtain a criminal history record check of a prospective employee, volunteer,  
 20 or contractor of the General Assembly. The criminal history record check shall  
 21 be conducted by the State Bureau of Investigation as provided in  
 22 ~~G.S. 143B-972~~ G.S. 143B-1209.55. The criminal history report shall be  
 23 provided to the Legislative Services Officer and is not a public record under  
 24 Chapter 132 of the General Statutes."

25 **SECTION 19F.4.(oo)** Article 5 of Chapter 15A of the General Statutes reads as  
 26 rewritten:

27 "Article 5.

28 "Expunction of Records.

29 **"§ 15A-145. Expunction of records for first offenders under the age of 18 at the time of**  
 30 **conviction of misdemeanor; expunction of certain other misdemeanors.**

31 (a) Whenever any person who has not previously been convicted of any felony, or  
 32 misdemeanor other than a traffic violation, under the laws of the United States, the laws of this  
 33 State or any other state, (i) pleads guilty to or is guilty of a misdemeanor other than a traffic  
 34 violation, and the offense was committed before the person attained the age of 18 years, or (ii)  
 35 pleads guilty to or is guilty of a misdemeanor possession of alcohol pursuant to  
 36 G.S. 18B-302(b)(1), and the offense was committed before the person attained the age of 21  
 37 years, he may file a petition in the court of the county where he was convicted for expunction of  
 38 the misdemeanor from his criminal record. The petition cannot be filed earlier than: (i) two years  
 39 after the date of the conviction, or (ii) the completion of any period of probation, whichever  
 40 occurs later, and the petition shall contain, but not be limited to, the following:

41 ...

- 42 (4a) An application on a form approved by the Administrative Office of the Courts  
 43 requesting and authorizing a name-based State and national criminal record  
 44 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
 45 any information required by the Administrative Office of the Courts to  
 46 identify the individual and a search of the confidential record of expunctions  
 47 maintained by the Administrative Office of the Courts. The application shall  
 48 be filed with the clerk of superior court. The clerk of superior court shall  
 49 forward the application to the ~~Department of Public Safety~~ State Bureau of  
 50 Investigation and to the Administrative Office of the Courts, which shall  
 51 conduct the searches and report their findings to the court.

- 1 (5) An affidavit by the petitioner that no restitution orders or civil judgments  
2 representing amounts ordered for restitution entered against him are  
3 outstanding.

4 The petition shall be served upon the district attorney of the court wherein the case was tried  
5 resulting in conviction. The district attorney shall have 10 days thereafter in which to file any  
6 objection thereto and shall be duly notified as to the date of the hearing of the petition.

7 The judge to whom the petition is presented is authorized to call upon a probation officer for  
8 any additional investigation or verification of the petitioner's conduct during the two-year period  
9 that he deems desirable.

10 ...

11 (e) A person who files a petition for expunction of a criminal record under this section  
12 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the  
13 time the petition is filed. Fees collected under this subsection are payable to the Administrative  
14 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and  
15 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau  
16 of Investigation for the costs of criminal record checks performed in connection with processing  
17 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents  
18 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay  
19 the costs of processing petitions for expunctions under this section. This subsection does not  
20 apply to petitions filed by an indigent.

21 **"§ 15A-145.1. Expunction of records for first offenders under the age of 18 at the time of**  
22 **conviction of certain gang offenses.**

23 (a) Whenever any person who has not previously been convicted of any felony or  
24 misdemeanor other than a traffic violation under the laws of the United States or the laws of this  
25 State or any other state pleads guilty to or is guilty of (i) a Class H felony under Article 13A of  
26 Chapter 14 of the General Statutes or (ii) an enhanced offense under G.S. 14-50.22, or has been  
27 discharged and had the proceedings against the person dismissed pursuant to G.S. 14-50.29, and  
28 the offense was committed before the person attained the age of 18 years, the person may file a  
29 petition in the court of the county where the person was convicted for expunction of the offense  
30 from the person's criminal record. Except as provided in G.S. 14-50.29 upon discharge and  
31 dismissal, the petition cannot be filed earlier than (i) two years after the date of the conviction or  
32 (ii) the completion of any period of probation, whichever occurs later. The petition shall contain,  
33 but not be limited to, the following:

34 ...

35 (4a) An application on a form approved by the Administrative Office of the Courts  
36 requesting and authorizing a name-based State and national criminal record  
37 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
38 any information required by the Administrative Office of the Courts to  
39 identify the individual and a search of the confidential record of expunctions  
40 maintained by the Administrative Office of the Courts. The application shall  
41 be filed with the clerk of superior court. The clerk of superior court shall  
42 forward the application to the ~~Department of Public Safety~~ State Bureau of  
43 Investigation and to the Administrative Office of the Courts, which shall  
44 conduct the searches and report their findings to the court.

- 45 (5) An affidavit by the petitioner that no restitution orders or civil judgments  
46 representing amounts ordered for restitution entered against the petitioner are  
47 outstanding.

48 The petition shall be served upon the district attorney of the court wherein the case was tried  
49 resulting in conviction. The district attorney shall have 10 days thereafter in which to file any  
50 objection thereto and shall be duly notified as to the date of the hearing of the petition.

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 or during the two-year period after conviction.

4 ...

5 (d) 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-145.2. Expunction of records for first offenders not over 21 years of age at the time**  
16 **of the offense of certain drug offenses.**

17 (a) Whenever a person is discharged, and the proceedings against the person dismissed,  
18 pursuant to G.S. 90-96(a) or (a1), and the person was not over 21 years of age at the time of the  
19 offense, the person may apply to the court of the county where charged for an order to expunge  
20 from all official records, other than the confidential files retained under G.S. 15A-151, all  
21 recordation relating to the person's arrest, indictment or information, trial, finding of guilty, and  
22 dismissal and discharge pursuant to this section. The applicant shall attach to the petition the  
23 following:

24 ...

25 (3a) An application on a form approved by the Administrative Office of the Courts  
26 requesting and authorizing a name-based State and national criminal record  
27 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
28 any information required by the Administrative Office of the Courts to  
29 identify the individual and a search of the confidential record of expunctions  
30 maintained by the Administrative Office of the Courts. The application shall  
31 be filed with the clerk of superior court. The clerk of superior court shall  
32 forward the application to the ~~Department of Public Safety~~ State Bureau of  
33 Investigation and to the Administrative Office of the Courts, which shall  
34 conduct the searches and report their findings to the court.

35 The judge to whom the petition is presented is authorized to call upon a probation officer for  
36 any additional investigation or verification of the petitioner's conduct during the probationary  
37 period deemed desirable.

38 If the court determines, after hearing, that such person was discharged and the proceedings  
39 against him or her dismissed and that the person was not over 21 years of age at the time of the  
40 offense, it shall enter such order. The effect of such order shall be to restore such person in the  
41 contemplation of the law to the status the person occupied before such arrest or indictment or  
42 information.

43 ...

44 (d) A person who files a petition for expunction of a criminal record under this section  
45 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the  
46 time the petition is filed. Fees collected under this subsection are payable to the Administrative  
47 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and  
48 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau  
49 of Investigation for the costs of criminal record checks performed in connection with processing  
50 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents  
51 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay

1 the costs of processing petitions for expunctions under this section. This subsection does not  
2 apply to petitions filed by an indigent.

3 **"§ 15A-145.3. Expunction of records for first offenders not over 21 years of age at the time**  
4 **of the offense of certain toxic vapors offenses.**

5 (a) Whenever a person is discharged and the proceedings against the person dismissed  
6 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  
7 of the offense, may apply to the court of the county where charged for an order to expunge from  
8 all official records, other than the confidential files retained under G.S. 15A-151, all recordation  
9 relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal  
10 and discharge pursuant to this section. The applicant shall attach to the petition the following:

11 ...

12 (3a) An application on a form approved by the Administrative Office of the Courts  
13 requesting and authorizing a name-based State and national criminal record  
14 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
15 any information required by the Administrative Office of the Courts to  
16 identify the individual and a search of the confidential record of expunctions  
17 maintained by the Administrative Office of the Courts. The application shall  
18 be filed with the clerk of superior court. The clerk of superior court shall  
19 forward the application to the ~~Department of Public Safety~~ State Bureau of  
20 Investigation and to the Administrative Office of the Courts, which shall  
21 conduct the searches and report their findings to the court.

22 The judge to whom the petition is presented is authorized to call upon a probation officer for  
23 any additional investigation or verification of the petitioner's conduct during the probationary  
24 period deemed desirable.

25 If the court determines, after hearing, that such person was discharged and the proceedings  
26 against the person dismissed and that he or she was not over 21 years of age at the time of the  
27 offense, it shall enter such order. The effect of such order shall be to restore such person in the  
28 contemplation of the law to the status the person occupied before such arrest or indictment or  
29 information. No person as to whom such order was entered shall be held thereafter under any  
30 provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the  
31 person's failures to recite or acknowledge such arrest, or indictment or information, or trial in  
32 response to any inquiry made of him or her for any purpose.

33 The court shall also order that all records of the proceeding be expunged from the records of  
34 the court and direct all law enforcement agencies bearing records of the same to expunge their  
35 records of the proceeding. The clerk shall notify State and local agencies of the court's order as  
36 provided in G.S. 15A-150.

37 ...

38 (d) A person who files a petition for expunction of a criminal record under this section  
39 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the  
40 time the petition is filed. Fees collected under this subsection are payable to the Administrative  
41 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and  
42 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau  
43 of Investigation for the costs of criminal record checks performed in connection with processing  
44 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents  
45 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay  
46 the costs of processing petitions for expunctions under this section. This subsection does not  
47 apply to petitions filed by an indigent.

48 **"§ 15A-145.4. Expunction of records for first offenders who are under 18 years of age at**  
49 **the time of the commission of a nonviolent felony.**

50 ...

1 (c) Whenever any person who had not yet attained the age of 18 years at the time of the  
2 commission of the offense and has not previously been convicted of any felony or misdemeanor  
3 other than a traffic violation under the laws of the United States or the laws of this State or any  
4 other state pleads guilty to or is guilty of a nonviolent felony, the person may file a petition in  
5 the court of the county where the person was convicted for expunction of the nonviolent felony  
6 from the person's criminal record. The petition shall not be filed earlier than four years after the  
7 date of the conviction or when any active sentence, period of probation, and post-release  
8 supervision has been served, whichever occurs later. The person shall also perform at least 100  
9 hours of community service, preferably related to the conviction, before filing a petition for  
10 expunction under this section. The petition shall contain the following:

11 ...

12 (4) An application on a form approved by the Administrative Office of the Courts  
13 requesting and authorizing (i) a State and national criminal history record  
14 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
15 any information required by the Administrative Office of the Courts to  
16 identify the individual; (ii) a search by the ~~Department of Public Safety~~ State  
17 Bureau of Investigation for any outstanding warrants or pending criminal  
18 cases; and (iii) a search of the confidential record of expunctions maintained  
19 by the Administrative Office of the Courts. The application shall be filed with  
20 the clerk of superior court. The clerk of superior court shall forward the  
21 application to the ~~Department of Public Safety~~ State Bureau of Investigation  
22 and to the Administrative Office of the Courts, which shall conduct the  
23 searches and report their findings to the court.

24 (5) An affidavit by the petitioner that no restitution orders or civil judgments  
25 representing amounts ordered for restitution entered against the petitioner are  
26 outstanding.

27 (6) An affidavit by the petitioner that the petitioner has performed at least 100  
28 hours of community service since the conviction for the nonviolent felony.  
29 The affidavit shall include a list of the community services performed, a list  
30 of the recipients of the services, and a detailed description of those services.

31 (7) An affidavit by the petitioner that the petitioner possesses a high school  
32 diploma, a high school graduation equivalency certificate, or a General  
33 Education Development degree.

34 The petition shall be served upon the district attorney of the court wherein the case was tried  
35 resulting in conviction. The district attorney shall have 30 days thereafter in which to file any  
36 objection thereto and shall be duly notified as to the date of the hearing of the petition. The district  
37 attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the  
38 request for expunction prior to the date of the hearing.

39 ...

40 (j) A person who files a petition for expunction of a criminal record under this section  
41 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the  
42 time the petition is filed. Fees collected under this subsection are payable to the Administrative  
43 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and  
44 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau  
45 of Investigation for the costs of criminal record checks performed in connection with processing  
46 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents  
47 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay  
48 the costs of processing petitions for expunctions under this section. This subsection does not  
49 apply to petitions filed by an indigent.

50 **"§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.**

51 ...



1 (c1) A petition filed pursuant to this section shall contain, but not be limited to, the  
 2 following:

- 3 ...  
 4 (4) An application on a form approved by the Administrative Office of the Courts  
 5 requesting and authorizing a name-based State and national criminal history record  
 6 check by the ~~Department of Public Safety~~ State Bureau of Investigation  
 7 using any information required by the Administrative Office of the Courts to  
 8 identify the individual, a search by the ~~Department of Public Safety~~ State  
 9 Bureau of Investigation for any outstanding warrants on pending criminal  
 10 cases, and a search of the confidential record of expunctions maintained by  
 11 the Administrative Office of the Courts. The application shall be filed with the  
 12 clerk of superior court. The clerk of superior court shall forward the  
 13 application to the ~~Department of Public Safety~~ State Bureau of Investigation  
 14 and to the Administrative Office of the Courts, which shall conduct the  
 15 searches and report their findings to the court.

16 ...  
 17 Upon filing of the petition, the petition shall be served upon the district attorney of the court  
 18 wherein the case was tried resulting in conviction. The district attorney shall have 30 days  
 19 thereafter in which to file any objection thereto and shall be duly notified as to the date of the  
 20 hearing of the petition. Upon good cause shown, the court may grant the district attorney an  
 21 additional 30 days to file objection to the petition. The district attorney shall make his or her best  
 22 efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the  
 23 date of the hearing. Upon request by the victim, the victim has a right to be present at any hearing  
 24 on the petition for expunction and the victim's views and concerns shall be considered by the  
 25 court at such hearing.

26 The presiding judge is authorized to call upon a probation officer for any additional  
 27 investigation or verification of the petitioner's conduct since the conviction. The court shall  
 28 review any other information the court deems relevant, including, but not limited to, affidavits  
 29 or other testimony provided by law enforcement officers, district attorneys, and victims of crimes  
 30 committed by the petitioner.

31 ...  
 32 **"§ 15A-145.6. Expunctions for certain defendants convicted of prostitution.**

33 ...  
 34 (c) The petition shall contain all of the following:

- 35 ...  
 36 (4) An application on a form approved by the Administrative Office of the Courts  
 37 requesting and authorizing (i) a State and national criminal history record  
 38 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
 39 any information required by the Administrative Office of the Courts to  
 40 identify the individual; (ii) a search by the ~~Department of Public Safety~~ State  
 41 Bureau of Investigation for any outstanding warrants or pending criminal  
 42 cases; and (iii) a search of the confidential record of expunctions maintained  
 43 by the Administrative Office of the Courts. The application shall be filed with  
 44 the clerk of superior court. The clerk of superior court shall forward the  
 45 application to the ~~Department of Public Safety~~ State Bureau of Investigation  
 46 and to the Administrative Office of the Courts, which shall conduct the  
 47 searches and report their findings to the court.  
 48 (5) An affidavit by the petitioner that no restitution orders or civil judgments  
 49 representing amounts ordered for restitution entered against the petitioner are  
 50 outstanding.

1 **"§ 15A-145.7. Expunction of records for first offenders under 20 years of age at the time of**  
2 **the offense of certain offenses.**

3 (a) Whenever a person is discharged, and the proceedings against the person dismissed,  
4 pursuant to G.S. 14-277.8, and the person was under 20 years of age at the time of the offense,  
5 the person may apply to the court of the county where charged for an order to expunge from all  
6 official records, other than the confidential files retained under G.S. 15A-151, all recordation  
7 relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal  
8 and discharge pursuant to this section. The applicant shall attach to the petition the following:

- 9 ...  
10 (3) An application on a form approved by the Administrative Office of the Courts  
11 requesting and authorizing a name-based State and national criminal record  
12 check by the ~~Department of Public Safety~~ State Bureau of Investigation using  
13 any information required by the Administrative Office of the Courts to  
14 identify the individual and a search of the confidential record of expunctions  
15 maintained by the Administrative Office of the Courts. The application shall  
16 be filed with the clerk of superior court. The clerk of superior court shall  
17 forward the application to the ~~Department of Public Safety~~ State Bureau of  
18 Investigation and to the Administrative Office of the Courts, which shall  
19 conduct the searches and report their findings to the court.

20 The judge to whom the petition is presented is authorized to call upon a probation officer for  
21 any additional investigation or verification of the petitioner's conduct during the probationary  
22 period deemed desirable.

23 If the court determines, after hearing, that such person was discharged and the proceedings  
24 against him or her dismissed and that the person was under 20 years of age at the time of the  
25 offense, it shall enter such order. The effect of such order shall be to restore such person in the  
26 contemplation of the law to the status the person occupied before such arrest or indictment or  
27 information.

- 28 ...  
29 (d) A person who files a petition for expunction of a criminal record under this section  
30 must pay the clerk of superior court a fee of one hundred seventy-five dollars (\$175.00) at the  
31 time the petition is filed. Fees collected under this subsection are payable to the Administrative  
32 Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and  
33 fifty cents (\$122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau  
34 of Investigation for the costs of criminal record checks performed in connection with processing  
35 petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents  
36 (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay  
37 the costs of processing petitions for expunctions under this section. This subsection does not  
38 apply to petitions filed by an indigent.

39 ...  
40 **"§ 15A-145.8A. Expunction of records for offenders under the age of 18 at the time of**  
41 **commission of certain misdemeanors and felonies upon completion of the**  
42 **sentence.**

- 43 ...  
44 (h) A person who files a petition for expunction of a criminal record under this section  
45 must pay the clerk of superior court a fee of ~~one hundred seventy-five~~ fifty-two dollars (~~\$175.00~~)  
46 and fifty cents (\$52.50) at the time the petition is filed. Fees collected under this subsection are  
47 payable to the Administrative Office of the Courts. The ~~clerk of superior court shall remit one~~  
48 ~~hundred twenty-two dollars and fifty cents (\$122.50) of each fee to the North Carolina~~  
49 ~~Department of Public Safety for the costs of eriminal record checks performed in connection with~~  
50 ~~processing petitions for expunctions under this section. The remaining fifty two dollars and fifty~~  
51 ~~cents (\$52.50) of each fee shall be retained by the Administrative Office of the Courts and used~~

1 to pay the costs of processing petitions for expunctions under this section. This subsection does  
2 not apply to petitions filed by an indigent.

3 **"§ 15A-145.9. Expunctions of certain offenses committed by human trafficking victims.**

4 ...

5 (c) **Petition Requirements.** – The petition shall contain all of the following:

- 6 (1) An affidavit by the petitioner that the petitioner is a victim of human  
7 trafficking and was coerced or deceived into committing the offense as a direct  
8 result of their status as a trafficking victim.
- 9 (2) A statement that the petition is a motion in the cause in the case wherein the  
10 petitioner was convicted.
- 11 (3) An application on a form approved by the Administrative Office of the Courts  
12 requesting and authorizing a search by the ~~Department of Public Safety~~ State  
13 Bureau of Investigation for any outstanding warrants. The application shall be  
14 filed with the clerk of superior court. The clerk of superior court shall forward  
15 the application to the ~~Department of Public Safety~~, State Bureau of  
16 Investigation, which shall conduct the search and report its findings to the  
17 court.
- 18 (4) An affidavit by the petitioner that no restitution orders or civil judgments  
19 representing amounts ordered for restitution entered against the petitioner are  
20 outstanding.

21 ...

22 **"§ 15A-146. Expunction of records when charges are dismissed or there are findings of not**  
23 **guilty.**

24 ...

25 (d) A person charged with a crime that is dismissed pursuant to compliance with a  
26 deferred prosecution agreement or the terms of a conditional discharge and who files a petition  
27 for expunction of a criminal record under this section must pay the clerk of superior court a fee  
28 of one hundred seventy-five dollars (\$175.00) at the time the petition is filed. Fees collected  
29 under this subsection are payable to the Administrative Office of the Courts. The clerk of superior  
30 court shall remit one hundred twenty-two dollars and fifty cents (\$122.50) of each fee to the  
31 ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of  
32 criminal record checks performed in connection with processing petitions for expunctions under  
33 this section. The remaining fifty-two dollars and fifty cents (\$52.50) of each fee shall be retained  
34 by the Administrative Office of the Courts and used to pay the costs of processing petitions for  
35 expunctions under this section. This subsection does not apply to petitions filed by an indigent.

36 ...

37 **"§ 15A-153. Effect of expunction; prohibited practices by employers, educational**  
38 **institutions, agencies of State and local governments.**

39 ...

40 (b) Nondisclosure Protected. – No person as to whom an order of expunction has been  
41 entered pursuant to this Article shall be held thereafter under any provision of any laws to be  
42 guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite  
43 or acknowledge any expunged arrest, apprehension, charge, indictment, information, trial, or  
44 conviction in response to any inquiry made of him or her for any purpose other than as provided  
45 in subsection (e) of this section.

46 ...

47 (e) Exceptions. – The provisions of subsection (d) of this section do not apply to any  
48 applicant or licensee seeking or holding any certification issued by the North Carolina Criminal  
49 Justice Education and Training Standards Commission pursuant to Article 1 of Chapter 17C of  
50 the General Statutes or the North Carolina Sheriffs Education and Training Standards  
51 Commission pursuant to Article 2 of Chapter 17E of the General Statutes:

1 (1) Convictions expunged pursuant to G.S. 15A-145.4. – Persons pursuing  
 2 certification under the provisions of Article 1 of Chapter 17C or Article 2 of  
 3 Chapter 17E of the General Statutes shall disclose any and all felony  
 4 convictions to the certifying Commission regardless of whether or not the  
 5 felony convictions were expunged pursuant to the provisions of  
 6 G.S. 15A-145.4.

7 (2) Convictions expunged pursuant to G.S. 15A-145.5. – Persons pursuing  
 8 certification under the provisions of Article 1 of Chapter 17C or Article 2 of  
 9 Chapter 17E of the General Statutes shall disclose any and all convictions to  
 10 the certifying Commission regardless of whether or not the convictions were  
 11 expunged pursuant to the provisions of G.S. 15A-145.5.

12 ...

13 **"§ 15A-160. Reporting requirement.**

14 The ~~Department of Public Safety, State Bureau of Investigation,~~ in conjunction with the  
 15 Department of Justice and the Administrative Office of the Courts, shall report jointly to the  
 16 Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety Oversight by  
 17 September 1 of each year regarding expunctions. The report shall include all of the following  
 18 information:

19 (1) The number and types of expunctions granted during the fiscal year in which  
 20 the report is made.

21 (2) The number and type of expunctions granted each fiscal year for the five fiscal  
 22 years preceding the date of the report.

23 (3) A full accounting of how the agencies have spent the receipts generated by the  
 24 expunction fees received during the fiscal year in which the report is made  
 25 and for the five preceding fiscal years.

26 ...."

27  
 28 **SECTION 19F.4.(pp) [RESERVED]**

29 **SECTION 19F.4.(qq) [RESERVED]**

30 **SECTION 19F.4.(rr)** G.S. 48-3-309 reads as rewritten:

31 **"§ 48-3-309. Mandatory preplacement criminal checks of prospective adoptive parents**  
 32 **seeking to adopt a minor who is in the custody or placement responsibility of a**  
 33 **county department of social services and mandatory preplacement criminal**  
 34 **checks of all individuals 18 years of age or older who reside in the prospective**  
 35 **adoptive home.**

36 ...

37 (c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the  
 38 Department of Health and Human Services the criminal history of any individual required to be  
 39 checked under subsection (a) of this section as requested by the Department and obtained from  
 40 the State and National Repositories of Criminal Histories. The Department shall provide to the  
 41 ~~Department of Public Safety, State Bureau of Investigation,~~ along with the request, the  
 42 fingerprints of any individual to be checked, any additional information required by the  
 43 ~~Department of Public Safety, State Bureau of Investigation,~~ and a form consenting to the check  
 44 of the criminal record and to the use of fingerprints and other identifying information required  
 45 by the State or National Repositories signed by the individual to be checked. The fingerprints of  
 46 any individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for  
 47 a 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.

50 ...

1 (h) ~~The Department of Public Safety State Bureau of Investigation~~ shall perform the State  
2 and national criminal history checks on prospective adoptive parents seeking to adopt a minor in  
3 the custody or placement responsibility of a county department of social services and all  
4 individuals 18 years of age or older who reside in the prospective adoptive home and shall charge  
5 the Department of Health and Human Services a reasonable fee only for conducting the checks  
6 of the national criminal history records authorized by this section. The Division of Social  
7 Services, Department of Health and Human Services, shall bear the costs of implementing this  
8 section."

9 **SECTION 19F.4.(ss)** G.S. 53-244.050 reads as rewritten:

10 "**§ 53-244.050. License and registration application; claim of exemption.**

11 ...

12 (d) For the purposes of this section and in order to reduce the points of contact that the  
13 Federal Bureau of Investigation may have to maintain for purposes of the criminal information  
14 required by this section, the Commissioner may use the Nationwide Mortgage Licensing System  
15 and Registry as a channeling agent for requesting information from and distributing information  
16 to the ~~Department of Public Safety State Bureau of Investigation~~ or any governmental agency.

17 ...

18 (f) For purposes of this section, the Commissioner may request and the ~~North Carolina~~  
19 ~~Department of Public Safety State Bureau of Investigation~~ may provide a criminal record check  
20 to the Commissioner for any person who (i) has applied for or holds a mortgage lender, mortgage  
21 broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator  
22 license as provided by this section or (ii) has applied for or holds a registration as a registrant  
23 under this section. The Commissioner shall provide the ~~Department of Public Safety, State~~  
24 ~~Bureau of Investigation,~~ along with the request, the fingerprints of the person, any additional  
25 information required by the ~~Department of Public Safety, State Bureau of Investigation,~~ and a  
26 form signed by the person consenting to the check of the criminal record and to the use of the  
27 fingerprints and other identifying information required by the State or national repositories. The  
28 person's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a search  
29 of the State's criminal history record file, and the State Bureau of Investigation shall forward a  
30 set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check.  
31 The ~~Department of Public Safety State Bureau of Investigation~~ may charge a fee for each person  
32 for conducting the checks of criminal history records authorized by this section.

33 ...."

34 **SECTION 19F.4.(tt)** G.S. 58-71-51(a) reads as rewritten:

35 "(a) Authorization. – The ~~Department of Public Safety State Bureau of Investigation~~ may  
36 provide a criminal history record check to the Commissioner for a person who has applied to the  
37 Commissioner for a new or renewal license as a bail bondsman or runner. The Commissioner  
38 shall provide to the ~~Department of Public Safety, State Bureau of Investigation,~~ along with the  
39 request, the fingerprints of the new or renewal applicant. The applicant shall furnish the  
40 Commissioner with a complete set of the applicant's fingerprints in a manner prescribed by the  
41 Commissioner. The ~~Department of Public Safety State Bureau of Investigation~~ shall provide a  
42 criminal history record check based upon the new or renewal applicant's fingerprints. The  
43 Commissioner shall provide any additional information required by the ~~Department of Public~~  
44 ~~Safety State Bureau of Investigation~~ and a form signed by the applicant consenting to the check  
45 of the criminal record and to the use of the fingerprints and other identifying information required  
46 by the State or national repositories. The new or renewal applicant's fingerprints shall be  
47 ~~forwarded to used by~~ the State Bureau of Investigation for a search of the State's criminal history  
48 record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the  
49 Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public~~  
50 ~~Safety State Bureau of Investigation~~ may charge each new or renewal applicant a fee for  
51 conducting the checks of criminal history records authorized by this subsection."

1           **SECTION 19F.4.(uu)** G.S. 58-89A-60(d) reads as rewritten:

2           "(d) Every applicant shall furnish the Commissioner a complete set of fingerprints of each  
3 officer, director, and controlling person in a form prescribed by the Commissioner. Each set of  
4 fingerprints shall be certified by an authorized law enforcement officer.

5           Upon request by the Department, the ~~Department of Public Safety State Bureau of~~  
6 Investigation shall provide to the Department from the State and National Repositories of  
7 Criminal Histories the criminal history of any applicant and the officer, director, and controlling  
8 person of any applicant. Along with the request, the Department shall provide to the ~~Department~~  
9 ~~of Public Safety State Bureau of Investigation~~ the fingerprints of the person that is the subject of  
10 the request, a form signed by the person that is the subject of the request 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 State Bureau of Investigation~~. The person's fingerprints shall be ~~forwarded to used~~  
14 by the State Bureau of Investigation for a search of the State's criminal history record file, and  
15 the State Bureau of Investigation may forward a set of fingerprints to the Federal Bureau of  
16 Investigation for a national criminal history record check. The Department shall keep all  
17 information obtained pursuant to this subsection confidential. The ~~Department of Public Safety~~  
18 State Bureau of Investigation may charge a fee to offset the cost incurred by it to conduct a  
19 criminal record check under this section. The fee shall not exceed the actual cost of locating,  
20 editing, researching, and retrieving the information.

21           In the event that an applicant has secured a professional employer organization license in  
22 another state in which the professional employer organization's controlling persons have  
23 completed a criminal background investigation within 12 months of this application, a certified  
24 copy of the report from the appropriate authority of that state may satisfy the requirement of this  
25 subsection. This subsection also applies to a change in a controlling party of a professional  
26 employer organization. For purposes of investigation under this subsection, the Commissioner  
27 shall have all the power conferred by G.S. 58-2-50 and other applicable provisions of this  
28 Chapter."

29           **SECTION 19F.4.(vv)** G.S. 66-407 reads as rewritten:

30       "**§ 66-407. Permits.**

31           (a) Dealer Permit. – Except as provided in subsection (c) of this section, it is unlawful  
32 for any person to engage as a dealer in the business of purchasing precious metals either as a  
33 separate business or in connection with other business operations without first obtaining a permit  
34 for the business from the local law enforcement agency. The Department of Public Safety shall  
35 approve the forms for both the application and the permit. The application shall be given under  
36 oath and shall be notarized. A 30-day waiting period from the date of filing of the application is  
37 required prior to initial issuance of a permit. A separate permit shall be issued for each location,  
38 place, or premises within the jurisdiction of the local law enforcement agency which is used for  
39 conducting a precious metals business, and each permit shall designate the location, place or  
40 premises to which it applies. No business shall be conducted in a place other than that designated  
41 in the permit, or in a mobile home, trailer, camper, or other vehicle, or structure not permanently  
42 affixed to the ground or in any room customarily used for lodging in any hotel, motel, tourist  
43 court, or tourist home. The permit shall be posted in a prominent place on the designated  
44 premises. Permits shall be valid for a period of 12 months from the date issued and may be  
45 renewed without a waiting period upon filing of an application and payment of the annual fee.  
46 The annual fee for a permit within each jurisdiction is one hundred eighty dollars (\$180.00) to  
47 provide for the administrative costs of the local law enforcement agency, including the purchase  
48 of required forms and the cost of conducting the criminal history record check of the applicant.  
49 The fee is not refundable even if the permits are denied or later suspended or revoked. A permit  
50 issued under this section is in addition to and not in lieu of other business licenses and is not

1 transferable. No person other than the dealer named on the permit and that dealer's employees  
2 may engage in the business of purchasing precious metals under the authority of the permit.

3 Any dealer applying to the local law enforcement agency for a permit shall furnish the local  
4 law enforcement agency with the following information:

- 5 (1) The applicant's full name, and any other names used by the applicant during  
6 the preceding five years. In the case of a partnership, association, or  
7 corporation, the applicant shall list any partnership, association, or corporate  
8 names used during the preceding five years.
- 9 (2) Current address, and all addresses used by the applicant during the preceding  
10 five years.
- 11 (3) Physical description.
- 12 (4) Age.
- 13 (5) Driver's license number, if any, and state of issuance.
- 14 (6) Recent photograph.
- 15 (7) Record of felony convictions.
- 16 (8) Record of other convictions during the preceding five years.
- 17 (9) A full set of fingerprints of the applicant.

18 If the applicant for a dealer's permit is a partnership or association, all persons owning a ten  
19 percent (10%) or more interest in the partnership or association shall comply with the provisions  
20 of this subsection. These permits shall be issued in the name of the partnership or association.

21 If the applicant for a dealer's permit is a corporation, each officer, director and stockholder  
22 owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the  
23 provisions of this subsection. These permits shall be issued in the name of the corporation.

24 No permit shall be issued to an applicant who has been convicted of a felony involving a  
25 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal  
26 court or a court of this or any other state, unless the applicant has had his or her rights of  
27 citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer  
28 immediately preceding the date of application. In the case of a partnership, association, or  
29 corporation, no permit shall be issued to any applicant with an officer, partner, or director who  
30 has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving  
31 stolen goods or of similar charges in any federal court or a court of this or any other state, unless  
32 that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General  
33 Statutes for five years or longer immediately preceding the date of application.

34 The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal  
35 history record check to the local law enforcement agency for a person who has applied for a  
36 permit through the agency. The agency shall provide to the ~~Department of Public Safety, State~~  
37 Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional  
38 information required by the ~~Department of Public Safety, State Bureau of Investigation~~, and a  
39 form signed by the applicant consenting to the check of the criminal record and to the use of the  
40 fingerprints and other identifying information required by the State or national repositories. The  
41 applicant's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a  
42 search of the State's criminal history record file, and the State Bureau of Investigation shall  
43 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal  
44 history record check. The agency shall keep all information pursuant to this subsection  
45 privileged, in accordance with applicable State law and federal guidelines, and the information  
46 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

47 The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a  
48 fee for conducting the checks of criminal history records authorized by this subsection.

49 (b) Employee Requirements. – Every employee engaged in the precious metals  
50 purchasing business shall, within two business days of being so engaged, register his or her name  
51 and address with the local law enforcement agency and have his or her photograph taken by the

1 agency. The employee also shall consent to a criminal history record check, which shall be  
2 performed by the local law enforcement agency. A person who refuses to consent to a criminal  
3 history record check shall not be employed by a dealer required to be licensed under this section.  
4 A person who has been convicted of a felony involving a crime of moral turpitude, larceny,  
5 receiving stolen goods, or of similar charges shall not be employed by a dealer required to be  
6 licensed under this section, unless the person has had his or her rights of citizenship restored  
7 pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the  
8 date of registration. The agency shall issue to the employee a certificate of compliance with this  
9 section upon the applicant's payment of the sum of ten dollars (\$10.00) to the agency. The  
10 certificate shall be renewed annually for a three-dollar (\$3.00) fee and shall be posted in the work  
11 area of the registered employee. An employee is not subject to the requirements of this subsection  
12 if the employee is engaged in the precious metals purchasing business only incidentally to his or  
13 her main job responsibilities, and each precious metals transaction with which the employee is  
14 involved is overseen by a licensed dealer or registered employee. All records of transactions must  
15 be signed by the licensed dealer or registered employee at the time of the transaction, as required  
16 under G.S. 66-410(a).

17 The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal  
18 history record check to the local law enforcement agency for an employee engaged in the  
19 precious metals business. The agency shall provide to the ~~Department of Public Safety, State~~  
20 Bureau of Investigation, along with the request, the fingerprints of the employee, any additional  
21 information required by the ~~Department of Public Safety, State Bureau of Investigation~~, and a  
22 form signed by the employee consenting to the check of the criminal record and to the use of the  
23 fingerprints and other identifying information required by the State or national repositories. The  
24 employee's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a  
25 search of the State's criminal history record file, and the State Bureau of Investigation shall  
26 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal  
27 history record check. The agency shall keep all information pursuant to this subsection  
28 privileged, in accordance with applicable State law and federal guidelines, and the information  
29 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

30 The ~~Department of Public Safety~~ State Bureau of Investigation may charge each employee a  
31 fee for conducting the checks of criminal history records authorized by this subsection.

32 (c) Special Occasion Permit. – A special occasion permit authorizes the permittee to  
33 purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts  
34 shows conducted within the State. A special occasion permit shall be issued by any local law  
35 enforcement agency; provided, however, that a permittee under subsection (a) of this section  
36 shall apply for a special occasion permit with the local law enforcement agency that issued the  
37 dealer's permit. The Department of Public Safety shall approve the forms for both the application  
38 and the permit. The application shall be given under oath and notarized. A 30-day waiting period  
39 from the date of filing of the application is required prior to initial issuance of a permit.

40 Any dealer applying to a local law enforcement agency for a special occasion permit shall  
41 furnish the local law enforcement agency with the information required in an application for a  
42 dealer's permit as set forth in subsection (a) of this section. In addition, the applicant shall provide  
43 a physical address where any item included in a dealer purchase will be held for the period  
44 required under G.S. 66-411. The physical address shall be the location where the purchase was  
45 made, unless another physical address within the law enforcement jurisdiction where the  
46 purchase was made is approved by the law enforcement agency that issues the permit. The items  
47 shall be available at all reasonable times for inspection on the premises by law enforcement  
48 agencies.

49 If the applicant for a special occasion permit is a partnership or association, all persons  
50 owning a ten percent (10%) or more interest in the partnership or association shall comply with



1 the provisions of this subsection. Any such permits shall be issued in the name of the partnership  
2 or association.

3 If the applicant for a special occasion permit is a corporation, each officer, director and  
4 stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall  
5 comply with the provisions of this subsection. Any such permits shall be issued in the name of  
6 the corporation.

7 No permit shall be issued to an applicant who has been convicted of a felony involving a  
8 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal  
9 court or a court of this or any other state, unless the applicant has had his or her rights of  
10 citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer  
11 immediately preceding the date of application. In the case of a partnership, association, or  
12 corporation, no permit shall be issued to any applicant with an officer, partner, or director who  
13 has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving  
14 stolen goods or of similar charges in any federal court or a court of this or any other state, unless  
15 that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General  
16 Statutes for five years or longer immediately preceding the date of application.

17 The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal  
18 history record check to the local law enforcement agency for a person who has applied for a  
19 permit through the agency. The agency shall provide to the ~~Department of Public Safety, State~~  
20 Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional  
21 information required by the ~~Department of Public Safety, State Bureau of Investigation~~, and a  
22 form signed by the applicant consenting to the check of the criminal record and to the use of the  
23 fingerprints and other identifying information required by the State or national repositories. The  
24 applicant's fingerprints shall be ~~forwarded to used by~~ the State Bureau of Investigation for a  
25 search of the State's criminal history record file, and the State Bureau of Investigation shall  
26 forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal  
27 history record check. The agency shall keep all information pursuant to this subsection  
28 privileged, in accordance with applicable State law and federal guidelines, and the information  
29 shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

30 The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a  
31 fee for conducting the checks of criminal history records authorized by this subsection.

32 The filing fee for a special occasion permit application is one hundred eighty dollars  
33 (\$180.00) to provide for the administrative cost of the local law enforcement agency including  
34 purchase of required forms and the cost of conducting the criminal history record check of the  
35 applicant. The fee is not refundable even if the permit is denied or is later suspended or revoked.  
36 A special occasion permit is in addition to and not in lieu of other business licenses and is not  
37 transferable. No person other than the dealer named on the permit and that dealer's employees  
38 may engage in the business of purchasing precious metals under the authority of the permit.

39 A special occasion permit is valid for 12 months from the date issued, unless earlier  
40 surrendered, suspended, or revoked. Application for renewal of a permit for an additional 12  
41 months shall be on a form approved by the Department of Public Safety and shall be accompanied  
42 by a nonrefundable renewal fee of one hundred eighty dollars (\$180.00).

43 Each special occasion permit shall be posted in a prominent place on the premises of any  
44 show at which the permittee purchases precious metals."

45 **SECTION 19F.4.(ww)** G.S. 70-13.1(b) reads as rewritten:

46 "(b) All applicants shall consent to a criminal history record check. Refusal to consent to  
47 a criminal history record check or to the use of fingerprints or other identifying information may  
48 constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a  
49 license to an applicant. The Department of Natural and Cultural Resources shall be responsible  
50 for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation  
51 the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the

1 criminal record check and the use of fingerprints and other identifying information required by  
2 the State or National Repositories of Criminal Histories, and any additional information required  
3 by the ~~Department of Public Safety~~. State Bureau of Investigation. If the applicant is not an  
4 individual, the applicant shall provide fingerprints for the principals, officers, directors, and  
5 controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized  
6 law enforcement officer. The Department of Natural and Cultural Resources shall keep all  
7 information obtained under this section confidential."

8 **SECTION 19F.4.(xx)** G.S. 74F-18(b) reads as rewritten:

9 "(b) All applicants for licensure or apprentice designation shall consent to a criminal  
10 history record check. Refusal to consent to a criminal history record check may constitute  
11 grounds for the Board to deny licensure or apprentice designation to an applicant. The Board  
12 shall ensure that the State and national criminal history of an applicant is checked. The Board  
13 shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau  
14 of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant  
15 consenting to the criminal record check and the use of fingerprints and other identifying  
16 information required by the State or National Repositories of Criminal Histories, and any  
17 additional information required by the ~~Department of Public Safety~~. State Bureau of  
18 Investigation. The Board shall keep all information obtained pursuant to this section confidential.  
19 The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of  
20 Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of  
21 Investigation for expenses associated with conducting the criminal history record check."

22 **SECTION 19F.4.(yy)** G.S. 85B-3.2 reads as rewritten:

23 **"§ 85B-3.2. Criminal history record checks of applicants for licensure.**

24 ...

25 (b) The Commission shall ensure that the State criminal history of an applicant is  
26 checked. National criminal history checks are authorized for an applicant who has not resided in  
27 the State of North Carolina during the past five years. The Commission shall provide to the ~~North~~  
28 ~~Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the  
29 applicant to be checked, a form signed by the applicant to be checked consenting to the check of  
30 the criminal history and to the use of fingerprints and other identifying information required by  
31 the State or National Repositories, and any additional information required by the ~~Department of~~  
32 ~~Public Safety~~. State Bureau of Investigation.

33 (c) All releases of criminal history information to the Commission are subject to, and  
34 shall comply with, rules governing the dissemination of criminal history record checks as adopted  
35 by the ~~North Carolina Department of Public Safety~~. State Bureau of Investigation. All of the  
36 information the Commission receives through the checking of the criminal history is for the  
37 exclusive use of the Commission and shall be kept confidential.

38 ...

39 (g) The Commission shall collect any fees required by the ~~Department of Public Safety~~  
40 State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State  
41 Bureau of Investigation for expenses associated with conducting the criminal history record  
42 check."

43 **SECTION 19F.4.(zz)** G.S. 90-113.46A(a) reads as rewritten:

44 "(a) All applicants for registration, certification, or licensure shall consent to a criminal  
45 history record check. Refusal to consent to a criminal history record check may constitute  
46 grounds for the Board to deny registration, certification, or licensure to an applicant. The Board  
47 shall ensure that the State and national criminal history of an applicant is checked. The Board  
48 shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau  
49 of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant  
50 consenting to the criminal history record check and the use of fingerprints and other identifying  
51 information required by the State or National Repositories, the fee required by the ~~Department~~

1 of ~~Public Safety~~ State Bureau of Investigation for providing this service, and any additional  
 2 information required by the ~~Department of Public Safety~~ State Bureau of Investigation. The  
 3 Board shall keep all information obtained pursuant to this section confidential."

4 **SECTION 19F.4.(aaa)** G.S. 90-171.48 reads as rewritten:

5 "**§ 90-171.48. Criminal history record checks of applicants for licensure.**

6 ...

7 (b) All applicants for licensure shall consent to a criminal history record check. Refusal  
 8 to consent to a criminal history record check may constitute grounds for the Board to deny  
 9 licensure to an applicant. The Board shall ensure that the State and national criminal history of  
 10 an applicant applying for initial licensure as a registered nurse or licensed practical nurse either  
 11 by examination pursuant to G.S. 90-171.29 or G.S. 90-171.30 or without examination pursuant  
 12 to G.S. 90-171.32 is checked. The Board may request a criminal history record check for  
 13 applicants applying for reinstatement of licensure pursuant to G.S.90-171.35 or returning to  
 14 active status pursuant to G.S. 90-171.36 as a registered nurse or licensed practical nurse.

15 The Board shall be responsible for providing to the ~~North Carolina Department of Public~~  
 16 ~~Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed  
 17 by the applicant consenting to the criminal record check and the use of fingerprints and other  
 18 identifying information required by the State or National Repositories, and any additional  
 19 information required by the ~~Department of Public Safety~~ State Bureau of Investigation. The  
 20 Board shall keep all information obtained pursuant to this section confidential.

21 (c) If an applicant's criminal history record check reveals one or more convictions listed  
 22 under ~~subsection~~ subdivision (a)(2) of this section, the conviction shall not automatically bar  
 23 licensure. The Board shall consider all of the following factors regarding the conviction:

- 24 (1) The level of seriousness of the crime.
- 25 (2) The date of the crime.
- 26 (3) The age of the person at the time of the conviction.
- 27 (4) The circumstances surrounding the commission of the crime, if known.
- 28 (5) The nexus between the criminal conduct of the person and the job duties of  
 29 the position to be filled.
- 30 (6) The person's prison, jail, probation, parole, rehabilitation, and employment  
 31 records since the date the crime was committed.
- 32 (7) The subsequent commission by the person of a crime listed in subsection (a)  
 33 of this section.

34 If, after reviewing the factors, the Board determines that the grounds set forth in G.S. 90-171.37  
 35 exist, the Board may deny licensure of the applicant. The Board may disclose to the applicant  
 36 information contained in the criminal history record check that is relevant to the denial. The  
 37 Board shall not provide a copy of the criminal history record check to the applicant. The applicant  
 38 shall have the right to appear before the Board to appeal the Board's decision. However, an  
 39 appearance before the full Board shall constitute an exhaustion of administrative remedies in  
 40 accordance with Chapter 150B of the General Statutes.

41 ...."

42 **SECTION 19F.4.(bbb)** G.S. 90-270.155(a) reads as rewritten:

43 "(a) The Board may request that an applicant for licensure or reinstatement of a license or  
 44 that a licensed psychologist or psychological associate currently under investigation by the Board  
 45 for allegedly violating this Article consent to a criminal history record check. Refusal to consent  
 46 to a criminal history record check may constitute grounds for the Board to deny licensure or  
 47 reinstatement of a license to an applicant or take disciplinary action against a licensee, including  
 48 revocation of a license. The Board shall be responsible for providing to the ~~North Carolina~~  
 49 ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or  
 50 licensee to be checked, a form signed by the applicant or licensee consenting to the criminal  
 51 record check and the use of fingerprints and other identifying information required by the State

1 or National Repositories, and any additional information required by the ~~Department of Public~~  
2 ~~Safety- State Bureau of Investigation~~. The Board shall keep all information obtained pursuant to  
3 this section confidential.

4 The Board shall collect any fees required by the ~~Department of Public Safety- State Bureau~~  
5 ~~of Investigation~~ and shall remit the fees to the ~~Department of Public Safety- State Bureau of~~  
6 ~~Investigation~~ for the cost of conducting the criminal history record check."

7 **SECTION 19F.4.(ccc)** G.S. 90-270.96 reads as rewritten:

8 "**§ 90-270.96. Criminal history record checks of applicants for licensure.**

9 (a) All applicants for licensure shall consent to a criminal history record check. Refusal  
10 to consent to a criminal history record check may constitute grounds for the Board to deny  
11 licensure to an applicant. The Board shall be responsible for providing to the ~~North Carolina~~  
12 ~~Department of Public Safety- State Bureau of Investigation~~ the fingerprints of the applicant to be  
13 checked, a form signed by the applicant consenting to the criminal history record check and the  
14 use of fingerprints and other identifying information required by the State or National  
15 Repositories, and any additional information required by the ~~Department of Public Safety- State~~  
16 ~~Bureau of Investigation~~. The Board shall keep all information obtained pursuant to this section  
17 confidential.

18 (b) The cost of the criminal history record check and the fingerprinting shall be borne by  
19 the applicant. The Board shall collect any fees required by the ~~Department of Public Safety- State~~  
20 ~~Bureau of Investigation~~ and shall remit the fees to the ~~Department of Public Safety- State Bureau~~  
21 ~~of Investigation~~ for expenses associated with conducting the criminal history record check.

22 ...."

23 **SECTION 19F.4.(ddd)** G.S. 90-288.01(b) reads as rewritten:

24 "(b) Criminal History Record Check. – The Board shall require a criminal history record  
25 check of all applicants for initial licensure and temporary licensure. The Board, in its discretion,  
26 may require a criminal history record check of an applicant for license renewal. Refusal to  
27 consent to a criminal history record check may constitute grounds for the Board to deny licensure  
28 to an applicant. The Board shall provide to the ~~North Carolina Department of Public Safety- State~~  
29 ~~Bureau of Investigation~~ the fingerprints of the applicant to be checked, a form signed by the  
30 applicant consenting to the criminal history 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. The Board shall  
34 collect any fees required by the ~~Department of Public Safety- State Bureau of Investigation~~ and  
35 shall remit the fees to the ~~Department of Public Safety- State Bureau of Investigation~~ for expenses  
36 associated with conducting the criminal history record check."

37 **SECTION 19F.4.(eee)** G.S. 90-357.6 reads as rewritten:

38 "**§ 90-357.6. Criminal history record checks of applicants for licensure.**

39 (a) All applicants for licensure shall consent to a criminal history record check. The  
40 Board may request a criminal history record check of applicants returning to active status as a  
41 licensed dietitian/nutritionist or a licensed nutritionist. Refusal to consent to a criminal history  
42 record check may constitute grounds for the Board to deny licensure to an applicant. The Board  
43 shall ensure that the State and national criminal history of each applicant is checked. The Board  
44 shall be responsible for providing to the ~~North Carolina Department of Public Safety- State Bureau~~  
45 ~~of Investigation~~ the fingerprints of the applicant to be checked, a form signed by the applicant  
46 consenting to the criminal history record check and the use of fingerprints and other identifying  
47 information required by the State or National Repositories, the fee required by the ~~Department~~  
48 ~~of Public Safety- State Bureau of Investigation~~ for providing this service, and any additional  
49 information required by the ~~Department of Public Safety- State Bureau of Investigation~~. The  
50 Board shall keep all information obtained pursuant to this section confidential.

1 (b) The cost of the criminal history record check and the fingerprinting shall be borne by  
2 the applicant. The Board shall collect any fees required by the ~~Department of Public Safety State~~  
3 Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety State~~  
4 Bureau of Investigation for expenses associated with conducting the criminal history record check.

5 ...."

6 **SECTION 19F.4.(fff)** G.S. 90-622(2b) reads as rewritten:

7 "(2b) Criminal history record check. – A report resulting from a request made by  
8 the Board to the ~~North Carolina Department of Public Safety State~~ Bureau of  
9 Investigation for a history of conviction of a crime, whether a misdemeanor  
10 or felony, that bears on an applicant's fitness for licensure to practice massage  
11 and bodywork therapy."

12 **SECTION 19F.4.(ggg)** G.S. 90-629(6) reads as rewritten:

13 "(6) Has submitted fingerprint cards in a form acceptable to the Board at the time  
14 the license application is filed and consented to a criminal history record check  
15 by the ~~North Carolina Department of Public Safety State~~ Bureau of  
16 Investigation."

17 **SECTION 19F.4.(hhh)** G.S. 90-629.1(a) reads as rewritten:

18 "(a) All applicants for licensure to practice massage and bodywork therapy or to operate  
19 a massage and bodywork therapy establishment shall consent to a criminal history record check.  
20 Refusal to consent to a criminal history record check may constitute grounds for the Board to  
21 deny licensure to an applicant. The Board shall ensure that the State and national criminal history  
22 of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina~~  
23 Department of Public Safety State Bureau of Investigation the fingerprints of the applicant to be  
24 checked, a form signed by the applicant consenting to the criminal record check and the use of  
25 fingerprints and other identifying information required by the State or National Repositories, and  
26 any additional information required by the ~~Department of Public Safety State~~ Bureau of  
27 Investigation. The Board shall keep all information obtained pursuant to this section  
28 confidential."

29 **SECTION 19F.4.(iii)** G.S. 90-632.11(a)(4) reads as rewritten:

30 "(4) Fingerprint cards submitted in accordance with G.S. 90-629.1 at the time the  
31 license application is filed and consented to a criminal history record check  
32 by the ~~Department of Public Safety State~~ Bureau of Investigation."

33 **SECTION 19F.4.(jjj)** G.S. 90-652(1) reads as rewritten:

34 "(1) Determine the qualifications and fitness of applicants for licensure, renewal  
35 of licensure, and reciprocal licensure. The Board shall, in its discretion,  
36 investigate the background of an applicant to determine the applicant's  
37 qualifications with due regard given to the applicant's competency, honesty,  
38 truthfulness, and integrity. The ~~Department of Public Safety State~~ Bureau of  
39 Investigation may provide a criminal record check to the Board for a person  
40 who has applied for a license through the Board. The Board shall provide to  
41 the ~~Department of Public Safety State~~ Bureau of Investigation, along with the  
42 request, the fingerprints of the applicant, any additional information required  
43 by the ~~Department of Public Safety State~~ Bureau of Investigation, and a form  
44 signed by the applicant consenting to the check of the criminal record and to  
45 the use of the fingerprints and other identifying information required by the  
46 State or national repositories. The applicant's fingerprints shall be ~~forwarded~~  
47 ~~to be used by~~ the State Bureau of Investigation for a search of the State's criminal  
48 history record file, and the State Bureau of Investigation shall forward a set of  
49 the fingerprints to the Federal Bureau of Investigation for a national criminal  
50 history check. The Board shall keep all information pursuant to this  
51 subdivision privileged, in accordance with applicable State law and federal

1 guidelines, and the information shall be confidential and shall not be a public  
2 record under Chapter 132 of the General Statutes. The Board shall collect any  
3 fees required by the ~~Department of Public Safety~~ State Bureau of Investigation  
4 and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of  
5 Investigation for expenses associated with conducting the criminal history  
6 record check."

7 **SECTION 19F.4.(kkk)** G.S. 115C-238.73(c) reads as rewritten:

8 "(c) The board of directors shall require the person to be checked by the ~~Department of~~  
9 ~~Public Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional  
10 information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person  
11 designated by the board of directors or to the local sheriff or the municipal police, whichever is  
12 more convenient for the person, and (ii) to sign a form consenting to the check of the criminal  
13 record and to the use of fingerprints and other identifying information required by the  
14 repositories. The board of directors shall consider refusal to consent when making employment  
15 decisions and decisions with regard to independent contractors. The fingerprints of the individual  
16 shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal  
17 history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the  
18 Federal Bureau of Investigation for a national criminal history record check. The ~~Department of~~  
19 ~~Public Safety~~ State Bureau of Investigation shall provide to the board of directors the criminal  
20 history from the State and National Repositories of Criminal Histories of any school personnel  
21 for which the board of directors requires a criminal history record check.

22 The board of directors shall not require school personnel to pay for the fingerprints authorized  
23 under this section."

24 **SECTION 19F.4.(lll)** G.S. 115C-332(c) reads as rewritten:

25 "(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the  
26 local board of education the criminal history from the State and National Repositories of Criminal  
27 Histories of any applicant for a school personnel position in the local school administrative unit  
28 for which a local board of education requires a criminal history check. The local board of  
29 education shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau  
30 of Investigation to (i) be fingerprinted and to provide any additional information required by the  
31 ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the local  
32 board, or to the local sheriff or the municipal police, whichever is more convenient for the person,  
33 and (ii) sign a form consenting to the check of the criminal record and to the use of fingerprints  
34 and other identifying information required by the repositories. The local board of education shall  
35 consider refusal to consent when making employment decisions and decisions with regard to  
36 independent contractors.

37 The local board of education shall not require an applicant to pay for being fingerprinted."

38 **SECTION 19F.4.(mmm)** G.S. 116-239.12(c) reads as rewritten:

39 "(c) The chancellor shall require the person to be checked by the ~~Department of Public~~  
40 ~~Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional  
41 information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person  
42 designated by the chancellor or to the local sheriff, the campus police department of the  
43 constituent institution, or the municipal police, whichever is more convenient for the person and  
44 (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints  
45 and other identifying information required by the repositories. The chancellor shall consider  
46 refusal to consent when making employment decisions and decisions with regard to independent  
47 contractors. The fingerprints of the individual shall be ~~forwarded to~~ used by the State Bureau of  
48 Investigation for a search of the State criminal history record file, and the State Bureau of  
49 Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a  
50 national criminal history record check. The ~~Department of Public Safety~~ State Bureau of  
51 Investigation shall provide to the chancellor the criminal history from the State and National

1 Repositories of Criminal Histories of any school personnel for which the chancellor requires a  
2 criminal history record check.

3 The chancellor shall not require school personnel to pay for fingerprints authorized under this  
4 section."

5 **SECTION 19F.4.(nnn)** G.S. 121-25.1(b) reads as rewritten:

6 "(b) All applicants shall consent to a criminal history record check. Refusal to consent to  
7 a criminal history record check or to the use of fingerprints or other identifying information may  
8 constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a  
9 license to an applicant. The Department of Natural and Cultural Resources shall be responsible  
10 for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation  
11 the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the  
12 criminal record check and the use of fingerprints and other identifying information required by  
13 the State or National Repositories of Criminal Histories, and any additional information required  
14 by the ~~Department of Public Safety~~ State Bureau of Investigation. If the applicant is not an  
15 individual, the applicant shall provide fingerprints for the principals, officers, directors, and  
16 controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized  
17 law enforcement officer. The Department of Natural and Cultural Resources shall keep all  
18 information obtained under this section confidential."

19 **SECTION 19F.4.(ooo)** G.S. 131D-10.3A reads as rewritten:

20 "**§ 131D-10.3A. Mandatory criminal checks.**

21 ...

22 (d) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the  
23 Department the criminal history of the individuals specified in subsection (a) of this section  
24 obtained from the State and National Repositories of Criminal Histories as requested by the  
25 Department. The Department shall provide to the ~~Department of Public Safety~~ State Bureau of  
26 Investigation, along with the request, the fingerprints of the individual to be checked, any  
27 additional information required by the ~~Department of Public Safety~~ State Bureau of  
28 Investigation, and a form consenting to the check of the criminal record and to the use of  
29 fingerprints and other identifying information required by the State or National Repositories  
30 signed by the individual to be checked. The fingerprints of the individual to be checked shall be  
31 ~~forwarded to used by~~ the State Bureau of Investigation for a search of the State's criminal history  
32 record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal  
33 Bureau of Investigation for a national criminal history record check.

34 (e) At the time of application, the individual whose criminal history is to be checked shall  
35 be furnished with a statement substantially similar to the following:

36 "NOTICE

37 MANDATORY CRIMINAL HISTORY CHECK

38 NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY  
39 CHECK BE CONDUCTED ON ALL PERSONS 18 YEARS OF AGE OR  
40 OLDER WHO RESIDE IN A LICENSED FAMILY FOSTER HOME.

41 "Criminal history" includes any county, State, and federal conviction of a  
42 felony by a court of competent jurisdiction or pending felony indictment of a crime  
43 for child abuse or neglect, spousal abuse, a crime against a child, including child  
44 pornography, or for a crime involving violence, including rape, sexual assault, or  
45 homicide, other than physical assault or battery; a county, State, or federal  
46 conviction of a felony by a court of competent jurisdiction or a pending felony  
47 indictment for physical assault, battery, or a drug related offense, if the offense  
48 was committed within the past five years; or similar crimes under federal law or  
49 under the laws of other states. Your fingerprints will be used to check the criminal  
50 history records of the State Bureau of Investigation (SBI) and the Federal Bureau  
51 of Investigation (FBI).

1 If it is determined, based on your criminal history, that you are unfit to have a  
2 foster child reside with you, you shall have the opportunity to complete or  
3 challenge the accuracy of the information contained in the SBI or FBI  
4 identification records.

5 If licensure is denied or the foster home license is revoked by the Department  
6 of Health and Human Services as a result of the criminal history check, if you are  
7 a foster parent, or are applying to become a foster parent, you may request a  
8 hearing pursuant to Article 3 of Chapter 150B of the General Statutes, the  
9 Administrative Procedure Act.

10 Any person who intentionally falsifies any information required to be furnished  
11 to conduct the criminal history is guilty of a Class 2 misdemeanor.

12 Refusal to consent to a criminal history check is grounds for the Department to deny or revoke  
13 a license to provide foster care. Any person who intentionally falsifies any information required  
14 to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

15 ...

16 (i) ~~The Department of Public Safety State Bureau of Investigation~~ shall perform the State  
17 and national criminal history checks on individuals required by this section and shall charge the  
18 Department a reasonable fee only for conducting the checks of the national criminal history  
19 records authorized by this section. The Division of Social Services, Department of Health and  
20 Human Services, shall bear the costs of implementing this section."

21 **SECTION 19F.4.(ppp)** G.S. 143-143.10A(b) reads as rewritten:

22 "(b) All applicants for initial licensure shall consent to a criminal history record check.  
23 Refusal to consent to a criminal history record check may constitute grounds for the Board to  
24 deny licensure to an applicant. The Board shall ensure that the State and national criminal history  
25 of an applicant is checked. Applicants shall obtain criminal record reports from one or more  
26 reporting services designated by the Board to provide criminal record reports. Each applicant is  
27 required to pay the designated service for the cost of the criminal record report. In the alternative,  
28 the Board may provide to the ~~North Carolina Department of Public Safety State Bureau of~~  
29 Investigation the fingerprints of the applicant to be checked, a form signed by the applicant  
30 consenting to the criminal record check and the use of fingerprints and other identifying  
31 information required by the State or National Repositories of Criminal Histories, and any  
32 additional information required by the ~~Department of Public Safety State Bureau of~~  
33 Investigation. The Board shall keep all information obtained pursuant to this section  
34 confidential."

35 **SECTION 19F.4.(qqq)** Notwithstanding any provision of law to the contrary,  
36 positions exempted within the State Bureau of Investigation by the Governor under the authority  
37 set forth in G.S. 126-5(d)(1) shall no longer be exempt under that authority upon the effective  
38 date of this section. Nothing in this subsection shall be construed as prohibiting the Director of  
39 the State Bureau of Investigation from exempting those same positions under the authority set  
40 forth in G.S. 126-5(c1)(39), as enacted by subsection (c1) of this section.

41 **SECTION 19F.4.(rrr)** The State Bureau of Investigation shall adopt rules, or amend  
42 its rules, consistent with the provisions of this section. The Bureau may use the procedure set  
43 forth in G.S. 150B-21.1 to adopt or amend any rules as required under this subsection.

44 **SECTION 19F.4.(sss)** Subsections (c1), (qqq), and (sss) of this section are effective  
45 when they become law. Subsections (j) through (ppp) of this section become effective December  
46 1, 2023, and apply to criminal history checks requested, expunction petitions filed, and fees  
47 collected on or after that date. The remainder of this section becomes effective December 1, 2023.

#### 49 **REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION**

50 **SECTION 19F.5.(a)** The Department of Public Safety shall maintain and shall  
51 furnish upon request a remote work policy.



1           **SECTION 19F.5.(b)** The remote work policies required by subsection (a) of this  
2 section shall, at a minimum, require that all employees utilizing the remote work policy shall  
3 sign an agreement to be retained in the employee's file that records the employee's assent to  
4 adhere to the remote work policy.

5           **SECTION 19F.5.(c)** The Department of Public Safety shall report all of the  
6 following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than  
7 March 1, 2024, and March 1, 2025:

8           (1) The remote work policy currently in place for its employees.

9           (2) Any remote work policy previously in place for its employees that was not a  
10 part of the most recent report required by this subsection.

11           (3) The total number of employees utilizing its remote work policy.

12           (4) The total number of employees utilizing its remote work policy, delineated by  
13 division, section, and any other organizational category.

14           **SECTION 19F.5.(d)** This section becomes effective October 1, 2023.

## 15 16 **EXPANSION OF ALTERNATIVES TO PRE-TRIAL DETENTION FUND**

17           **SECTION 19F.7.** Of the funds appropriated in this act from the General Fund to the  
18 Department of Public Safety, the sum of four million dollars (\$4,000,000) in recurring funds for  
19 the 2023-2024 fiscal year shall be used for the Alternatives to Pre-Trial Detention Fund to expand  
20 the electronic monitoring program in accordance with Section 19A.7B(a) through (e) of S.L.  
21 2021-180 and Section 5.3 of S.L. 2021-189.

## 22 23 **PART XIX-G. LAW ENFORCEMENT**

### 24 25 **STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS**

26           **SECTION 19G.1.(a)** Creation of Receipt-Supported Positions Authorized. – The  
27 State Capitol Police may contract with State agencies for the creation of receipt-supported  
28 positions to provide security services to the buildings occupied by those agencies.

29           **SECTION 19G.1.(b)** Annual Report Required. – No later than September 1 of each  
30 fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on  
31 Justice and Public Safety the following information for the fiscal year in which the report is due:

32           (1) A list of all positions in the State Capitol Police. For each position listed, the  
33 report shall include at least the following information:

34           a. The position type.

35           b. The agency to which the position is assigned.

36           c. The source of funding for the position.

37           (2) For each receipt-supported position listed, the contract and any other terms of  
38 the contract.

39           **SECTION 19G.1.(c)** Additional Reporting Required Upon Creation of  
40 Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section,  
41 the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this  
42 section to the chairs of the House of Representatives Appropriations Committee on Justice and  
43 Public Safety and the Senate Appropriations Committee on Justice and Public Safety and to the  
44 Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant  
45 to this section shall include at least all of the following information:

46           (1) The position type.

47           (2) The agency to which the position is being assigned.

48           (3) The position salary.

49           (4) The total amount of the contract.

50           (5) The terms of the contract.

1           **SECTION 19G.1.(d)** Format of Reports. – Reports submitted pursuant to this section  
2 shall be submitted electronically and in accordance with any applicable General Assembly  
3 standards.  
4

#### 5 **USE OF SEIZED AND FORFEITED PROPERTY**

6           **SECTION 19G.2.(a)** Seized and forfeited assets transferred to the Department of  
7 Justice, Department of Public Safety, and Department of Adult Correction during the 2023-2025  
8 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient  
9 department and shall result in an increase of law enforcement resources for that department. The  
10 Department of Justice, Department of Public Safety, and Department of Adult Correction shall  
11 each make the following reports to the chairs of the House of Representatives Appropriations  
12 Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and  
13 Public Safety:

- 14           (1) A report upon receipt of any assets.
- 15           (2) A report that shall be made prior to use of the assets on their intended use and  
16 the departmental priorities on which the assets may be expended.
- 17           (3) A report on receipts, expenditures, encumbrances, and availability of these  
18 assets for the previous fiscal year, which shall be made no later than  
19 September 1 of each year.

20           **SECTION 19G.2.(b)** The General Assembly finds that the use of seized and  
21 forfeited assets transferred pursuant to federal law for new personnel positions, new projects,  
22 acquisition of real property, repair of buildings where the repair includes structural change, and  
23 construction of or additions to buildings may result in additional expenses for the State in future  
24 fiscal periods. Therefore, the Department of Justice, Department of Public Safety, and  
25 Department of Adult Correction are prohibited from using these assets for such purposes without  
26 the prior approval of the General Assembly.

27           **SECTION 19G.2.(c)** Nothing in this section prohibits State law enforcement  
28 agencies from receiving funds from the United States Department of Justice, the United States  
29 Department of the Treasury, and the United States Department of Health and Human Services.

30           **SECTION 19G.2.(d)** The Joint Legislative Oversight Committee on Justice and  
31 Public Safety shall study the impact on State and local law enforcement efforts of the receipt of  
32 seized and forfeited assets. The Committee shall report its findings and recommendations prior  
33 to the convening of the 2024 Regular Session of the 2023 General Assembly.  
34

#### 35 **TEMPORARILY INCREASE THE LIEUTENANT GOVERNOR'S STATE HIGHWAY** 36 **PATROL SECURITY DETAIL**

37           **SECTION 19G.6.(a)** Notwithstanding any provision of G.S. 20-189.1 to the  
38 contrary, the Lieutenant Governor's Executive Protection Detail shall consist of four sworn  
39 members in good standing of the North Carolina State Highway Patrol. The fourth member of  
40 the Detail shall hold the rank of Sergeant by the approval of the Commander's Office.

41           **SECTION 19G.6.(b)** This section is effective when it becomes law and shall expire  
42 on December 31, 2024.  
43  
44

#### 45 **PART XIX-H. JUVENILE JUSTICE**

#### 46 **LIMIT USE OF COMMUNITY PROGRAM FUNDS**

47           **SECTION 19H.1.(a)** Funds appropriated in this act to the Department of Public  
48 Safety for the 2023-2025 fiscal biennium for community program contracts, that are not required  
49 for or used for community program contracts, may be used only for the following:  
50

- 1 (1) Other statewide residential programs that provide Level 2 intermediate  
2 dispositional alternatives for juveniles.
- 3 (2) Statewide community programs that provide Level 2 intermediate  
4 dispositional alternatives for juveniles.
- 5 (3) Regional programs that are collaboratives of two or more Juvenile Crime  
6 Prevention Councils which provide Level 2 intermediate dispositional  
7 alternatives for juveniles.
- 8 (4) The Juvenile Crime Prevention Council funds to be used for the Level 2  
9 intermediate dispositional alternatives for juveniles listed in  
10 G.S. 7B-2506(13) through (23).

11 **SECTION 19H.1.(b)** Funds appropriated by this act to the Department of Public  
12 Safety for the 2023-2025 fiscal biennium for community programs may not be used for staffing,  
13 operations, maintenance, or any other expenses of youth development centers or detention  
14 facilities.

15 **SECTION 19H.1.(c)** The Department of Public Safety shall submit an electronic  
16 report by October 1 of each year of the 2023-2025 fiscal biennium on all expenditures made in  
17 the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 to the chairs of  
18 the House of Representatives Appropriations Committee on Justice and Public Safety and the  
19 Senate Appropriations Committee on Justice and Public Safety and the Fiscal Research Division.  
20 The report shall include all of the following: an itemized list of the contracts that have been  
21 executed, the amount of each contract, the date the contract was executed, the purpose of the  
22 contract, the number of juveniles that will be served and the manner in which they will be served,  
23 the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized  
24 list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.  
25

## 26 **PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD**

### 27 **COMPETITIVE EMERGENCY MANAGEMENT GRANTS**

28 **SECTION 19I.2.(a)** The funds appropriated in this act to the Department of Public  
29 Safety, Division of Emergency Management, to provide competitive grants to county emergency  
30 management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to  
31 county emergency management agencies located in counties with a population of 230,000 or  
32 fewer, based upon the 2021 Certified County Population Estimates from the State Demographer  
33 in the Office of State Budget and Management, as of July 1, 2021. Grants shall be used to ensure  
34 local emergency management offices are adequately equipped, trained, and prepared for all  
35 hazards and emergencies. The Division shall develop policies and procedures to implement a  
36 competitive grant program consistent with this section.

37 **SECTION 19I.2.(b)** The Division shall report to the chairs of the Joint Legislative  
38 Emergency Management Oversight Committee and the Fiscal Research Division on the awarding  
39 of grant funds pursuant to subsection (a) of this section by April 1, 2024.  
40

### 41 **CYBERSECURITY SUPPORT REQUESTS**

42 **SECTION 19I.3.(a)** Part 8 of Article 1A of Chapter 166A of the General Statutes is  
43 amended by adding a new section to read:

44 **"§ 166A-19.78A. Cybersecurity support requests.**

45 Requests from units of local government, State agencies, or critical infrastructure partners for  
46 operational support from or access to operational cyber resources shall be sent to the North  
47 Carolina Emergency Management 24-Hour Watch for intake and activation. For purposes of this  
48 section, the term "critical infrastructure partners" means any entity that manages, oversees, or is  
49 otherwise responsible for critical infrastructure, as defined in 42 U.S.C. § 5195c."  
50  
51

1           **SECTION 19I.3.(b)** This section is effective when it becomes law.

2  
3   **PART XX. ADMINISTRATION**

4  
5   **DOA/E-PROCUREMENT TRANSACTION FEES**

6           **SECTION 20.1.** Article 3 of Chapter 143 of the General Statutes is amended by  
7 adding a new section to read:

8   "§ 143-48.3A. Electronic procurement fees.

9           The Department of Administration shall impose a transaction fee of one and seventy-five  
10 hundredths percent (1.75%) on purchase orders for material goods. The Department shall not  
11 increase or decrease the transaction fee on purchase orders for material goods or impose a  
12 transaction fee on purchase orders for services without the express authorization of the General  
13 Assembly."

14  
15   **CHANGE REPORTING REQUIREMENT FOR DOMESTIC VIOLENCE AND**  
16   **SEXUAL ASSAULT GRANTS**

17           **SECTION 20.2.(a)** G.S. 50B-9(c) reads as rewritten:

18           "(c) On or before September 1, the North Carolina Council for Women and Youth  
19 Involvement shall report on the quarterly distributions of ~~the~~ grants from the Domestic Violence  
20 Center Fund for the current fiscal year and the prior fiscal year to the chairs of the House  
21 Appropriations Committee on General Government and the Senate Appropriations Committee  
22 on General Government and Information Technology and to the Fiscal Research Division. The  
23 report shall include the following:

- 24           (1) Date, amount, and recipients of the fund disbursements.  
25           (2) Eligible programs which are ineligible to receive funding during the relative  
26 reporting cycle as well as the reason of the ineligibility for that relative  
27 reporting cycle."

28           **SECTION 20.2.(b)** G.S. 143B-394.21(c) reads as rewritten:

29           "(c) On or before September 1, the North Carolina Council for Women and Youth  
30 Involvement shall report on the quarterly distributions of ~~the~~ grants from the Sexual Assault and  
31 Rape Crisis Center Fund for the current fiscal year and the prior fiscal year to the chairs of the  
32 House Appropriations Committee on General Government, the chairs of the Senate  
33 Appropriations Committee on General Government and Information Technology, and the Fiscal  
34 Research Division. The report shall include the following:

- 35           (1) Date, amount, and recipients of the fund disbursements.  
36           (2) Eligible programs which are ineligible to receive funding during the relative  
37 reporting cycle, as well as the reason of the ineligibility for that relative  
38 reporting cycle."

39  
40   **PROCUREMENT BENCHMARK/DEPARTMENT OF AGRICULTURE AND**  
41   **CONSUMER SERVICES**

42           **SECTION 20.3.(a)** G.S. 143-53.1 reads as rewritten:

43   "§ 143-53.1. Setting of benchmarks; increase by Secretary.

44           (a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to  
45 competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to  
46 rule making by the Secretary of Administration for competitive bidding shall promote  
47 compliance with the principles of procurement efficiency, transparency, and fair competition to  
48 obtain the State's business. For State departments, institutions, and agencies, except the  
49 Department of Agriculture and Consumer Services and the President of The University of North  
50 Carolina or a special responsibility constituent institution of The University of North Carolina  
51 and community colleges, the benchmark shall not be greater than one hundred thousand dollars

1 (\$100,000). For the President of The University of North Carolina or a special responsibility  
 2 constituent institution of The University of North Carolina, the benchmark prescribed in this  
 3 section is as provided in G.S. 116-31.10. For community colleges, the benchmark prescribed in  
 4 this section is as provided in G.S. 115D-58.14. For the Department of Agriculture and Consumer  
 5 Services, the benchmark shall be two hundred fifty thousand dollars (\$250,000).

6 (b) Expired pursuant to Session Laws 2009-475, s. 16, effective June 30, 2012."

7 **SECTION 20.3.(b)** This section is effective when it becomes law and applies to the  
 8 purchase of goods and services on or after that date.

9 **PUBLIC CONTRACTS/EXPAND DEFINITION OF THE TERMS "MINORITY**  
 10 **BUSINESS" AND "HISTORICALLY UNDERUTILIZED BUSINESS"**

11 **SECTION 20.4.(a)** G.S. 143-128.2 reads as rewritten:

12 **"§ 143-128.2. Minority business participation goals.**

13 ...  
 14 (g) As used in this section:

15 (1) The term "minority business" ~~means a business;~~means either of the following:

16 a. A business that meets both of the following conditions:

17 1. ~~In which at~~ At least fifty-one percent (51%) of the business is  
 18 owned by one or more minority persons or socially and  
 19 economically disadvantaged individuals, or in the case of a  
 20 corporation, in which at least fifty-one percent (51%) of the  
 21 stock is owned by one or more minority persons or socially and  
 22 economically disadvantaged individuals; and

23 ~~b.2. Of which the~~ The management and daily business operations  
 24 are controlled by one or more of the minority persons or  
 25 socially and economically disadvantaged individuals who own  
 26 it.

27 b. An Employee Stock Ownership Plan company in which at least  
 28 fifty-one percent (51%) of the stock is owned by one or more minority  
 29 persons or socially and economically disadvantaged individuals.

30 ...."

31 **SECTION 20.4.(b)** G.S. 143-128.4 reads as rewritten:

32 **"§ 143-128.4. Historically underutilized business defined; statewide uniform certification.**

33 (a) As used in this Chapter, the term "historically underutilized business" ~~means a~~means  
 34 either of the following:

35 (1) A business that meets ~~all~~ both of the following conditions:

36 ~~(1)a.~~ At least fifty-one percent (51%) of the business is owned by one or  
 37 more persons who are members of at least one of the groups set forth  
 38 in subsection (b) of this section, or in the case of a corporation, at least  
 39 fifty-one percent (51%) of the stock is owned by one or more persons  
 40 who are members of at least one of the groups set forth in subsection  
 41 (b) of this section; and

42 ~~(2)b.~~ The management and daily business operations are controlled by one  
 43 or more owners of the business who are members of at least one of the  
 44 groups set forth in subsection (b) of this section.

45 (2) An Employee Stock Ownership Plan company in which at least fifty-one  
 46 percent (51%) of the stock is owned by one or more persons who are members  
 47 of at least one of the groups set forth in subsection (b) of this section.

48 ...."

49 **SECTION 20.4.(c)** This section is effective when it becomes law and applies to  
 50 contracts awarded on or after that date.

**STATE PROPERTY AND LAND USE REGULATION**

**SECTION 20.5.(a)** G.S. 160D-913 reads as rewritten:

**"§ 160D-913. Public buildings.**

(a) All Except as provided in G.S. 143-345.5 and this section, local government zoning and development regulations are applicable to the erection, construction, and use of buildings by the State of North Carolina and its political subdivisions.

(b) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction, erection, alteration, enlargement, renovation, substantial repair, movement to another site, demolition, or use of any building or property by the State of North Carolina, including The University of North Carolina or any of its constituent institutions, located in whole or in part in Wake County and the project is managed by the State Construction Office.

(c) Except as provided in G.S. 143-345.5, this Chapter shall not apply to the construction, erection, alteration, enlargement, renovation, substantial repair, movement to another site, demolition, or use of any building or property when the project is managed by the Legislative Services Commission.

(d) Notwithstanding the provisions of any general or local law or ordinance, except as provided in Part 4 of Article 9 of this Chapter, no land owned by the State of North Carolina may be included within an overlay district or a conditional zoning district without approval of the Council of State or its delegate.

(e) For properties exempt from this Chapter under subsection (b) or (c) of this section, the State Construction Office or the Legislative Services Commission shall consult with the appropriate county or city with jurisdiction with regard to all of the following:

(1) Water and sewer services to be provided to the project.

(2) Stormwater implications of the project.

(3) Impacts on traffic patterns and parking.

(4) Perimeter buffering, landscaping, tree protection, and riparian buffer requirements.

(5) Local environmental regulations adopted under Part 2 of Article 9 of this Chapter."

**SECTION 20.5.(b)** This section is effective when it becomes law and applies to any erection, construction, repair, or renovation in existence on or after that date.

**PART XXI. ADMINISTRATIVE HEARINGS****INCREASE COMPENSATION FOR RULES REVIEW COMMISSION MEMBERS**

**SECTION 21.1.** G.S. 143B-30.1(d) reads as rewritten:

"(d) Members of the Commission who are not officers or employees of the State shall receive compensation of two hundred fifty dollars ~~(\$200.00)~~ (\$250.00) for each day or part of a day of service plus reimbursement for travel and subsistence expenses at the rates specified in G.S. 138-5. Members of the Commission who are officers or employees of the State shall receive reimbursement for travel and subsistence at the rate set out in G.S. 138-6."

**AMEND RULEMAKING PROCEDURES IN THE ADMINISTRATIVE PROCEDURE ACT**

**SECTION 21.2.(a)** G.S. 150B-21.1 reads as rewritten:

**"§ 150B-21.1. Procedure for adopting a temporary rule.**

...

(b1) If the Commission or its designee finds that the statement does not meet the criteria listed in subsection (a) of this section or that the rule does not meet the standards in G.S. 150B-21.9, the Commission or its designee must immediately notify the head of the agency. The agency may supplement its statement of need with additional findings or submit a new

1 ~~statement.~~ statement within 30 days of the notification. If the agency fails to supplement its  
2 statement of need with additional findings or submit a new statement to the Commission within  
3 30 days, or submits written notice within 30 days to the Commission that the agency does not  
4 intend to supplement its statement of need with additional findings or submit a new statement,  
5 the Commission or its designee shall immediately return the rule to the agency. If the agency  
6 provides additional findings or submits a new ~~statement,~~ statement within 30 days of the  
7 notification, the Commission or its designee must review the additional findings or new statement  
8 within five business days after the agency submits the additional findings or new statement. If  
9 the Commission or its designee again finds that the statement does not meet the criteria listed in  
10 subsection (a) of this section or that the rule does not meet the standards in G.S. 150B-21.9, the  
11 Commission or its designee must immediately notify the head of the agency and return the rule  
12 to the agency. When the Commission returns a rule to an agency in accordance with this  
13 subsection, the agency may file an action for declaratory judgment within 30 days after  
14 notification of the return of the rule by the Commission in Wake County Superior Court pursuant  
15 to Article 26 of Chapter 1 of the General Statutes.

16 (b2) If an agency decides not to provide additional findings or submit a new statement  
17 when notified by the Commission or its designee that the agency's findings of need for a rule do  
18 not meet the required criteria or that the rule does not meet the required standards, the agency  
19 must notify the Commission or its designee of its decision. The Commission or its designee shall  
20 then return the rule to the agency. When the Commission returns a rule to an agency in  
21 accordance with this subsection, the agency may file an action for declaratory judgment in Wake  
22 County Superior Court pursuant to Article 26 of Chapter 1 of the General ~~Statutes.~~ Statutes within  
23 30 days of the date the rule is returned to the agency.

24 (b3) Notwithstanding any other provision of this subsection, if the agency has not  
25 complied with the provisions of G.S. 12-3.1, the Codifier of Rules shall not enter the rule into  
26 the Code.

27 (b4) When the Commission returns to an agency a proposed permanent rule intended to  
28 replace a temporary rule, the holder of a permit from the agency may submit revised plans for a  
29 revised permit removing the impacts of the returned rule if all of the following conditions apply:

30 (1) The permit was conditioned upon adherence to the requirements of a  
31 temporary rule that the returned proposed permanent rule was intended to  
32 replace.

33 (2) The revised plans comply with all other applicable regulations.

34 The agency shall review the revised plans and approve or deny the revised permit within 45  
35 days of the receipt of the revised plans. The agency may not impose an additional permit fee for  
36 review of a revised plan resulting from the expiration of a temporary rule.

37 (c) Standing. – A person aggrieved by a temporary rule adopted by an agency may file  
38 an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of  
39 Chapter 1 of the General Statutes. In the action, the court shall determine whether the agency's  
40 written statement of findings of need for the rule meets the criteria listed in subsection (a) of this  
41 section and whether the rule meets the standards in G.S. 150B-21.9. The court shall not grant an  
42 ex parte temporary restraining order.

43 (c1) Filing a petition for rule making or a request for a declaratory ruling with the agency  
44 that adopted the rule is not a prerequisite to filing an action under this subsection. A person who  
45 files an action for declaratory judgment under this subsection must serve a copy of the complaint  
46 on the agency that adopted the rule being contested, the Codifier of Rules, and the Commission.

47 (d) Effective Date and Expiration. – A temporary rule becomes effective on the date  
48 specified in G.S. 150B-21.3. A temporary rule expires on the earliest of the following dates:

49 (1) The date specified in the rule.

50 (2) The effective date of the permanent rule adopted to replace the temporary rule,  
51 if the Commission approves the permanent rule.

- 1 (3) The date the Commission returns to an agency a permanent rule the agency  
2 adopted to replace the temporary rule.
- 3 (4) The effective date of an act of the General Assembly that specifically  
4 disapproves a permanent rule adopted to replace the temporary rule.
- 5 (5) 270 days from the date the temporary rule was published in the North Carolina  
6 Register, unless the permanent rule adopted to replace the temporary rule has  
7 been submitted to the Commission.
- 8 (6) Notwithstanding subdivision (5) of this subsection, 12 months after the  
9 effective date of the temporary rule.

10 (e) Publication. – When the Codifier of Rules enters a temporary rule in the North  
11 Carolina Administrative Code, the Codifier must publish the rule in the North Carolina Register."

12 **SECTION 21.2.(b)** G.S. 150B-21.2 reads as rewritten:

13 **"§ 150B-21.2. Procedure for adopting a permanent rule.**

14 (a) Steps. – Before an agency adopts a permanent rule, the agency must comply with the  
15 requirements of G.S. 150B-19.1, and it must take the following actions:

16 ...

17 (e) Hearing. – An agency must hold a public hearing on a rule it proposes to adopt if the  
18 agency publishes the text of the proposed rule in the North Carolina Register and the agency  
19 receives a written request for a public hearing on the proposed rule within 15 days after the notice  
20 of text is published. The agency must accept comments at the public hearing on both the proposed  
21 rule and any fiscal note that has been prepared in connection with the proposed rule.

22 An agency may hold a public hearing on a proposed rule and fiscal note in other  
23 circumstances. When an agency is required to hold a public hearing on a proposed rule or decides  
24 to hold a public hearing on a proposed rule when it is not required to do so, the agency must  
25 publish in the North Carolina Register a notice of the date, time, and place of the public hearing.  
26 The hearing date of a public hearing held after the agency publishes notice of the hearing in the  
27 North Carolina Register must be at least 15 but not later than 60 days after the date the notice is  
28 published. If notice of a public hearing has been published in the North Carolina Register and  
29 that public hearing has been cancelled, the agency must publish notice in the North Carolina  
30 Register at least 15 days prior to the date of any rescheduled hearing.

31 ...."

32 **SECTION 21.2.(c)** G.S. 150B-21.3 reads as rewritten:

33 **"§ 150B-21.3. Effective date of rules.**

34 ...

35 (b2) Objection. – Any person who objects to the adoption of a permanent rule may submit  
36 written comments to the agency. If the objection is not resolved prior to adoption of the rule, a  
37 person may submit written objections to the Commission. If the Commission receives written  
38 objections from 10 or more persons, no later than 5:00 P.M. of the day following the day the  
39 Commission approves the rule, clearly requesting review by the legislature in accordance with  
40 instructions posted on the agency's Web site pursuant to G.S. 150B-19.1(c)(4), and the  
41 Commission approves the rule, the rule will become effective as provided in subsection (b1) of  
42 this section. The Commission shall notify the agency that the rule is subject to legislative  
43 disapproval on the day following the day it receives 10 or more written objections. ~~When the~~  
44 ~~requirements of this subsection have been met and a rule is subject to legislative disapproval, the~~  
45 ~~agency may adopt the rule as a temporary rule if the rule would have met the criteria listed in~~  
46 ~~G.S. 150B-21.1(a) at the time the notice of text for the permanent rule was published in the North~~  
47 ~~Carolina Register.~~ If the Commission receives objections from 10 or more persons clearly  
48 requesting review by the legislature, and the rule objected to is one of a group of related rules  
49 adopted by the agency at the same time, the agency that adopted the rule may cause any of the  
50 other rules in the group to become effective as provided in subsection (b1) of this section by



1 submitting a written statement to that effect to the ~~Commission~~ Codifier of Rules before the other  
2 rules become effective.

3 ...  
4 (f) Technical Change. – A permanent rule for which no notice or hearing is required  
5 under G.S. 150B-21.5(a)(1) through (a)(5) or G.S. 150B-21.5(b) becomes effective on the first  
6 day of the month following the month the rule is approved by the Rules Review  
7 ~~Commission~~ Commission or the Codifier of Rules, as applicable."

8 **SECTION 21.2.(d)** G.S. 150B-21.4(b) reads as rewritten:

9 "(b) Local Funds. – Before an agency publishes in the North Carolina Register the  
10 proposed text of a permanent rule change that would affect ~~the expenditures or revenues of~~ a unit  
11 of local government, it must submit the text of the proposed rule change and a fiscal note on the  
12 proposed rule change to the Office of State Budget and Management as provided by  
13 G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the North Carolina  
14 Association of County Commissioners, and the North Carolina League of Municipalities. The  
15 fiscal note must state the amount by which the proposed rule change would increase or decrease  
16 the direct or indirect expenditures or revenues of a unit of local government and must explain  
17 how the amount was computed."

18 **SECTION 21.2.(e)** G.S. 150B-21.5 reads as rewritten:

19 "**§ 150B-21.5. Circumstances when notice and rule-making hearing not required;**  
20 **circumstances when submission to the Commission not required.**

21 ...  
22 ~~(e) OSHA Standard. – The Occupational Safety and Health Division of the Department~~  
23 ~~of Labor is not required to publish a notice of text in the North Carolina Register or hold a public~~  
24 ~~hearing when it proposes to adopt a rule that concerns an occupational safety and health standard~~  
25 ~~and is identical to a federal regulation promulgated by the Secretary of the United States~~  
26 ~~Department of Labor. The Occupational Safety and Health Division is not required to submit to~~  
27 ~~the Commission for review a rule for which notice and hearing is not required under this~~  
28 ~~subsection.~~

29 ...  
30 (e) An agency that adopts or amends a rule pursuant to subsection (a) ~~or (e)~~ of this section  
31 shall notify the Codifier of Rules of its actions. When notified of an agency action taken pursuant  
32 to subsection (a) ~~or (e)~~ of this section, the Codifier of Rules shall make the appropriate change  
33 to the North Carolina Administrative Code."

34 **SECTION 21.2.(f)** G.S. 150B-21.8 reads as rewritten:

35 "**§ 150B-21.8. Review of rule by Commission.**

36 (a) Emergency Rule. – The Commission does not review an emergency rule.

37 (b) Temporary and Permanent Rules. – An agency must submit temporary and permanent  
38 rules adopted by it to the Commission before the rule can be included in the North Carolina  
39 Administrative Code. The Commission reviews a temporary or permanent rule in accordance  
40 with the standards in G.S. 150B-21.9 and follows the procedure in this Part in its review of a rule.

41 (c) Scope. – When the Commission reviews an amendment to a temporary or permanent  
42 rule, it may review the entire rule that is being amended. The procedure in G.S. 150B-21.1 applies  
43 when the Commission objects to part of a temporary rule that is within its scope of review but is  
44 not changed by a rule amendment. The procedure in G.S. 150B-21.12 applies when the  
45 Commission objects to a part of a permanent rule that is within its scope of review but is not  
46 changed by a rule amendment.

47 (d) Judicial Review. – When the Commission returns a permanent rule to an agency in  
48 accordance with G.S. 150B-21.12(d), the agency may file an action for declaratory judgment in  
49 Wake County Superior Court within 30 days of the date the rule is returned to the agency,  
50 pursuant to Article 26 of Chapter 1 of the General Statutes."

51 **SECTION 21.2.(g)** G.S. 150B-21.9 reads as rewritten:

1 **"§ 150B-21.9. Standards and timetable for review by Commission.**

2 (a) Standards. – The Commission must determine whether a rule meets all of the  
3 following criteria:

- 4 (1) It is within the authority delegated to the agency by the General Assembly.  
5 (2) It is clear and unambiguous.  
6 (3) It is reasonably necessary to implement or interpret an enactment of the  
7 General Assembly, or of Congress, or a regulation of a federal agency. The  
8 Commission shall consider the cumulative effect of all rules adopted by the  
9 agency related to the specific purpose for which the rule is proposed.  
10 (4) It was adopted in accordance with Part 2 of this Article.

11 The Commission shall not consider questions relating to the quality or efficacy of the rule  
12 but shall restrict its review to determination of the standards set forth in this subsection.

13 The Commission may ask the Office of State Budget and Management to determine if a rule  
14 has a substantial economic impact and is therefore required to have a fiscal note. The Commission  
15 must ask the Office of State Budget and Management to make this determination if a fiscal note  
16 was not prepared for a rule and the Commission receives a written request for a determination of  
17 whether the rule has a substantial economic impact.

18 In the event that a proposed temporary or permanent rule fails to comply with any of the  
19 standards set forth in this section, the Commission shall object to the temporary or permanent  
20 rule.

21 ~~(a1) Entry of a rule in the North Carolina Administrative Code after review by the~~  
22 ~~Commission creates a rebuttable presumption that the rule was adopted in accordance with Part~~  
23 ~~2 of this Article.~~

24 (b) Timetable. – The Commission must review a permanent rule submitted to it on or  
25 before the twentieth of a month by the last day of the next month. The Commission must review  
26 a rule submitted to it after the twentieth of a month by the last day of the second subsequent  
27 month. The Commission must review a temporary rule in accordance with the timetable and  
28 procedure set forth in G.S. 150B-21.1."

29 **SECTION 21.2.(h)** G.S. 150B-21.12 reads as rewritten:

30 **"§ 150B-21.12. Procedure when Commission objects to a permanent rule.**

31 (a) Action. – When the Commission objects to a permanent rule, it must send the agency  
32 that adopted the rule a written statement of the objection and the reason for the objection. The  
33 agency that adopted the rule must take one of the following actions:

- 34 (1) Change the rule to satisfy the Commission's objection and submit the revised  
35 rule to the Commission.  
36 (2) Submit a written response to the Commission indicating that the agency has  
37 decided not to change the rule.

38 (b) Time Limit. – An agency that is not a board or commission must take one of the  
39 actions listed in subsection (a) of this section within 30 days after receiving the Commission's  
40 statement of objection. A board or commission must take one of these actions within 30 days  
41 after receiving the Commission's statement of objection or within 10 days after the board or  
42 commission's next regularly scheduled meeting, whichever comes later.

43 (c) Changes. – When an agency changes a rule in response to an objection by the  
44 Commission, the Commission must determine whether the change satisfies the Commission's  
45 objection. If it does, the Commission must approve the rule. If it does not, the Commission must  
46 send the agency a written statement of the Commission's continued objection and the reason for  
47 the continued objection. The Commission must also determine whether the change is substantial.  
48 In making this determination, the Commission shall use the standards set forth in  
49 G.S. 150B-21.2(g). If the change is substantial, the revised rule shall be published and reviewed  
50 in accordance with the procedure set forth in ~~G.S. 150B-21.1(a3) and (b).~~ G.S. 150B-21.2.

1 (d) Return of Rule. – A rule to which the Commission has objected remains under review  
2 by the Commission until the agency that adopted the rule ~~decides not to satisfy~~ satisfies the  
3 Commission's objection ~~and makes a written request to the Commission to return the rule to the~~  
4 ~~agency. When the Commission returns a rule to which it has objected, it must or~~ submits a written  
5 response to the Commission indicating that the agency has decided not to change the rule. If the  
6 agency does not submit a revised rule to satisfy the Commission's objection within the time limit  
7 established in subsection (b) of this section, or submits a written response indicating that the  
8 agency has decided not to change the rule within the time limit established by subsection (b) of  
9 this section, the Commission shall return the rule to the agency and notify the Codifier of Rules  
10 of its action. If the rule that is returned would have increased or decreased expenditures or  
11 revenues of a unit of local government, the Commission must also notify the Governor of its  
12 action and must send a copy of the record of the Commission's review of the rule to the Governor.  
13 The record of review consists of the rule, the Commission's letter of objection to the rule, the  
14 agency's written response to the Commission's letter, and any other relevant documents before  
15 the Commission when it decided to object to the rule.

16 ~~Regulatory Reform"~~

17 **SECTION 21.2.(i)** G.S. 150B-21.19 reads as rewritten:

18 **"§ 150B-21.19. Requirements for including rule in Code.**

19 To be acceptable for inclusion in the North Carolina Administrative Code, a rule must:

20 ...

- 21 (4) Have been approved by the Commission, if the rule is a temporary or  
22 permanent rule.

23 ...."

24 **SECTION 21.2.(j)** G.S. 120-30.9H reads as rewritten:

25 **"§ 120-30.9H. Decision letters of U. S. Attorney General published in North Carolina**  
26 **Register.**

27 All letters and other documents received by the authorities required by this Article to submit  
28 any "changes affecting voting" from the Attorney General of the United States in which a final  
29 decision is made concerning a submitted "change affecting voting" shall be filed with the ~~Director~~  
30 ~~of the Office of Administrative Hearings. The Director~~ Codifier of Rules. The Codifier shall  
31 publish the letters and other documents in the North Carolina Register."

32 **SECTION 21.2.(k)** G.S. 163-278.23 reads as rewritten:

33 **"§ 163-278.23. Duties of Executive Director of State Board.**

34 The Executive Director of the State Board shall inspect or cause to be inspected each  
35 statement filed with the State Board under this Article within 30 days after the date it is filed.  
36 The Executive Director shall advise, or cause to be advised, no more than 30 days and at least  
37 five days before each report is due, each candidate or treasurer whose organizational report has  
38 been filed, of the specific date each report is due. He shall immediately notify any individual,  
39 candidate, treasurer, political committee, referendum committee, media, or other entity that may  
40 be required to file a statement under this Article if:

- 41 (1) It appears that the individual, candidate, treasurer, political committee,  
42 referendum committee, media, or other entity has failed to file a statement as  
43 required by law or that a statement filed does not conform to this Article; or  
44 (2) A written complaint is filed under oath with the State Board by any registered  
45 voter of this State alleging that a statement filed with the State Board does not  
46 conform to this Article or to the truth or that an individual, candidate,  
47 treasurer, political committee, referendum committee, media, or other entity  
48 has failed to file a statement required by this Article.

49 The entity that is the subject of the complaint will be given an opportunity to respond to the  
50 complaint before any action is taken requiring compliance.

1 The Executive Director of the Board of Elections shall issue written opinions to candidates,  
2 the communications media, political committees, referendum committees, or other entities upon  
3 request, regarding filing procedures and compliance with this Article. Any such opinion so issued  
4 shall specifically refer to this paragraph. If the candidate, communications media, political  
5 committees, referendum committees, or other entities rely on and comply with the opinion of the  
6 Executive Director of the Board of Elections, then prosecution or civil action on account of the  
7 procedure followed pursuant thereto and prosecution for failure to comply with the statute  
8 inconsistent with the written ruling of the Executive Director of the Board of Elections issued to  
9 the candidate or committee involved shall be barred. Nothing in this paragraph shall be construed  
10 to prohibit or delay the regular and timely filing of reports. The Executive Director shall file all  
11 opinions issued pursuant to this section with the Codifier of Rules to be published unedited in  
12 the North Carolina Register and the ~~North Carolina Administrative Code~~. State Board of Elections  
13 website.

14 This section applies to ~~Articles and Article 22M of the General Statutes~~ this Chapter to the  
15 same extent that it applies to this Article."

16 **SECTION 21.2.(l)** Any pending proposed temporary rule submitted to the Rules  
17 Review Commission pursuant to G.S. 150B-21.1 on or before the day immediately prior to the  
18 effective date of this act shall be returned to the agency by the Commission if:

- 19 (1) The Commission has notified the agency that the agency's statement of its  
20 findings of need does not meet the criteria listed in G.S. 150B-21.1(a) or that  
21 the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of  
22 Chapter 150B of the General Statutes;
- 23 (2) The agency has not supplemented its statement of need with additional  
24 findings or submitted a new statement that meets the criteria listed in  
25 G.S. 150B-21.1(a) or that the rule meets the standards in G.S. 150B-21.9 or  
26 Article 2A of Chapter 150B of the General Statutes, as determined by the  
27 Commission; and
- 28 (3) More than 60 days have passed since the Commission first notified the agency  
29 that the statement does not meet the criteria listed in G.S. 150B-21.1(a) or that  
30 the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of  
31 Chapter 150B of the General Statutes.

32 If a rule is returned to the agency under this section, the agency may file an action for  
33 declaratory judgment within 30 days after the rule is returned in Wake County Superior Court  
34 pursuant to Article 26 of Chapter 1 of the General Statutes and G.S. 150B-21.1(b2).

35 **SECTION 21.2.(m)** Any pending proposed permanent rule submitted to the  
36 Commission pursuant to G.S. 150B-21.2 on or before the day immediately prior to the effective  
37 date of this act shall immediately be returned to the agency if:

- 38 (1) The Commission has notified the agency that it has objected to the proposed  
39 permanent rule.
- 40 (2) The agency has not submitted a change to the rule to satisfy the Commission's  
41 objection.
- 42 (3) More than 60 days have passed since the Commission first notified the agency  
43 of the Commission's objection to the proposed rule.

44 If a rule is returned to the agency under this section, the agency may file an action for  
45 declaratory judgment within 30 days after the rule is returned to the agency in Wake County  
46 Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

47 **SECTION 21.2.(n)** Subsection (e) of this section is effective when it becomes law  
48 and applies to rules adopted on or after that date. Subsections (j) and (k) of this section are  
49 effective when they become law and apply to filings on or after that date. The remainder of this  
50 section is effective when it becomes law.  
51

**PART XXII. OFFICE OF STATE AUDITOR [RESERVED]****PART XXIII. BUDGET AND MANAGEMENT****NCPRO/EXTENSION OF OPERATIONS**

**SECTION 23.1.** Section 4.3(a) of S.L. 2020-4, as amended by Section 3.5 of S.L. 2021-1, Section 23.2 of S.L. 2021-180, and Section 6.1 of S.L. 2021-189, reads as rewritten:

"**SECTION 4.3.(a)** OSBM shall establish a temporary North Carolina Pandemic Recovery Office (Office) to oversee and coordinate funds made available under COVID-19 Recovery Legislation, as defined in Section 1.2 of S.L. 2020-4, and the American Rescue Plan Act, as defined in Section 1.1 of S.L. 2021-25 and Section 4.9(b) of S.L. 2021-180. This Office shall also provide technical assistance and ensure coordination of federal funds received by State agencies and local governments and ensure proper reporting and accounting of all funds. The authorization set forth in this section expires on ~~June 30, 2023~~, June 30, 2026, and the Office shall cease to operate upon expiration of the authorization."

**STATEWIDE FEDERAL MATCHING AND ADMINISTRATION FUNDS**

**SECTION 23.2.(a)** Of the funds appropriated in this act to the Office of State Budget and Management (OSBM) from the Federal Infrastructure Match Reserve, the sum of ten million dollars (\$10,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used by OSBM as follows:

- (1) Five million dollars (\$5,000,000) to aid State agencies in hiring time-limited positions or third-party contractors to assist the agencies in applying for federal grants available under the Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58), the Chips and Science Act of 2022 (CHIPS) (P.L. 117-167), and the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169).
- (2) Five million dollars (\$5,000,000) to provide funds to State agencies that must meet a state match requirement in order to procure federal funds from the IIJA, CHIPS, or IRA. The funds allocated in this subdivision may not be provided to a State agency for any federal grant (i) for which the agency is allocated funds from the Federal Infrastructure Match Reserve in this act or (ii) for which state matching funds are included in the agency's base budget.

**SECTION 23.2.(b)** Funds appropriated for the purposes authorized in subsection (a) of this section that are unencumbered on June 30, 2024, shall not revert to the Federal Infrastructure Match Reserve but shall remain available for the purposes authorized in subsection (a) of this section until the funds are expended.

**SECTION 23.2.(c)** Not later than February 1, 2024, and February 1 of each year thereafter until the funds are expended, OSBM shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division which shall include all of the following:

- (1) For each agency that requested funds from OSBM to meet the federal state match requirement for IIJA, CHIPS, or IRA:
  - a. The number of grant applications submitted to federal agencies and the number of grants awarded to the agency as a result of the applications.
  - b. The name of each federal agency to which the agency submitted a grant application, the name of each federal grant applied for, the type of federal grant (formula, competitive, or other), and a brief description of the purpose of the federal grant. If the type of funding

1 was identified as "other," the type of funding must be clearly  
2 identified.

3 c. The amount of federal funds the agency applied for and the amount of  
4 the state match requirement for each federal grant application.

5 d. The amount of federal funds awarded and the amount of funds  
6 allocated to the agency by OSBM to meet the federal state match  
7 requirement.

8 (2) The agencies that used funds allocated by OSBM to hire time-limited  
9 positions to assist in applying for IJJA, CHIPS, or IRA grants; the amount of  
10 funds allocated to each agency to hire these time-limited positions; and the  
11 number of time-limited positions hired by each agency.

12 (3) The agencies that used funds allocated by OSBM to hire third-party  
13 contractors to assist in applying for IJJA, CHIPS, or IRA grants; the amount  
14 of funds allocated to each agency to hire these third-party contractors; and the  
15 names of the third-party contractors.

## 16 NCPRO/AUDIT OF STATE FISCAL RECOVERY FUND

17 **SECTION 23.3.(a)** Notwithstanding the provisions of S.L. 2021-180 or the  
18 Committee Report described in Section 43.2 of that act to the contrary, the sum of three million  
19 five hundred thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year  
20 that was appropriated to the Office of the State Auditor to conduct audits of the State Fiscal  
21 Recovery Fund shall not be used for that purpose but shall instead be allocated to the North  
22 Carolina Pandemic Recovery Office in the Office of State Budget and Management to contract  
23 with one or more auditing firms to conduct audits of the State Fiscal Recovery Fund, as required  
24 by federal law or guidance, including a final performance audit not later than 90 days following  
25 the latest date on which expenditures may be made under applicable federal law or guidance.

26 **SECTION 23.3.(b)** Section 4.9(j) of S.L. 2021-180 is repealed.

## 28 CAGC CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM

29 **SECTION 23.4.** Section 24.1D(a) of S.L. 2021-180 reads as rewritten:

30 **"SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal Recovery  
31 Fund to the Office of State Budget and Management, the sum of three million five hundred  
32 thousand dollars (\$3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be  
33 provided as follows:

34 (1) The sum of one million dollars (\$1,000,000) to be allocated to the Community  
35 Colleges System Office to develop an eight-week work-based learning  
36 program across the community college system on campuses where  
37 construction programs currently exist or where there is a demand to expand  
38 construction programs. The work-based learning program shall involve the  
39 construction industry and shall focus on core competencies, including applied  
40 hands-on skills, safety training, and soft skills training.

41 (2) The sum of two million five hundred thousand dollars (\$2,500,000) to CAGC  
42 Foundation, Inc., (CAGC), a nonprofit corporation, to be used as follows:

43 a. ~~One million five hundred thousand dollars (\$1,500,000) for outreach,~~  
44 To conduct outreach, recruitment, career coaching, and placement, and  
45 to provide grants to employers for internships, apprenticeships, and  
46 other work-based learning for eligible participants. For purposes of  
47 this sub-subdivision, the term "eligible participant" means a woman,  
48 minority, veteran, low-wealth individual, and an individual that has  
49 been previously incarcerated.

50 b. ~~One million dollars (\$1,000,000) to provide financial~~ To provide  
51 financial assistance to individuals to pursue a career pathway through

1 a registered apprenticeship or trade ~~program once an individual has~~  
2 ~~completed the eight week work based learning program described in~~  
3 ~~subdivision (1) of this subsection.~~  
4 ~~program.~~

- 4 c. To provide grants to community colleges selected by CAGC, in  
5 consultation with the Community Colleges System Office, to expand  
6 the construction programs described in subdivision (1) of this  
7 subsection to community college campuses beyond the 10 campuses  
8 that are currently receiving funds from the Community Colleges  
9 System Office pursuant to subdivision (1) of this subsection."

## 11 PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS

### 13 NC FUTURE CITY COMPETITION

14 SECTION 24.1. Of the funds appropriated in this act to the Office of State Budget  
15 and Management, Special Appropriations, the sum of two hundred thousand dollars (\$200,000)  
16 in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to provide a grant  
17 to the Professional Engineers of North Carolina Educational Foundation, a nonprofit  
18 organization. These funds may be used by the NC Future City program to hire up to one position  
19 to support the program.

### 21 FUNDS FOR PARKING FACILITY EQUIPPED WITH ELECTRIC VEHICLE 22 CHARGING STATIONS

23 SECTION 24.2.(a) Of the funds appropriated in this act to the Office of State Budget  
24 and Management, Special Appropriations, the sum of twenty-nine million three hundred fifty  
25 thousand dollars (\$29,350,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used  
26 to provide a directed grant to North Carolina SAVES Green Community Program, Inc.  
27 (hereinafter "NC Saves"), a nonprofit corporation established to further sustainability initiatives  
28 in the State, for the purpose of developing a new parking facility equipped with fully automated  
29 charging stations for electric and/or electric autonomous vehicles. NC Saves shall, through a  
30 grant or forgivable loan, provide the funds appropriated as provided in this section to a private  
31 partner selected by NC Saves who shall develop the parking facility and automated charging  
32 stations as provided in subsection (b) of this section. NC Saves and the private partner shall work  
33 together to determine which type of funds, either a grant or forgivable loan, will result in the  
34 most efficient and effective use of the grant funds to develop the parking facility and charging  
35 stations. The grant or forgivable loan shall be used to pay all costs associated with developing  
36 the parking facility and charging stations, including, but not limited to, design, construction,  
37 permitting, and land purchase. The private partner may loan the grant funds to affiliated entities  
38 to provide maximum leverage for the parking facility development project. NC Saves may use  
39 no more than three percent (3%) of the grant funds for administrating the grant or forgivable  
40 loan.

41 SECTION 24.2.(b) The parking facility, which shall be completed not later than  
42 December 31, 2026, shall be used for public parking and, for each parking space therein, shall  
43 be equipped to charge electric vehicles and/or electric autonomous vehicles. The parking facility  
44 shall be located on a site that meets all of the following criteria:

- 45 (1) Is a designated qualified opportunity zone under sections 1400Z-1 and  
46 1400Z-2 of the Internal Revenue Code, as defined in G.S. 105-228.90(b)(7).  
47 (2) Is in a city having a population of more than 200,000 according to the  
48 population estimates of the United States Census Bureau as of January 1,  
49 2023.  
50 (3) Is zoned for uses that allow a multistory parking deck.

1           **SECTION 24.2.(c)** Not later than February 15 of each year until the design and  
2 construction of the facility has been completed, NC Saves shall submit a written report to the  
3 Joint Legislative Oversight Committee on General Government, the House of Representatives  
4 Appropriations Committee on General Government, and the Senate Appropriations Committee  
5 on General Government and Information Technology on the private partner's progress in  
6 designing and constructing the facility and the amount of grant funds expended for those  
7 purposes. Beginning February 15, 2027, and not later than February 15 of the next four years  
8 thereafter, NC Saves shall submit a written report to the committees named in this subsection  
9 detailing the number of electric and/or electric autonomous vehicles that used the facility each  
10 year and the energy savings realized each year.

#### 11 **REGISTER OF DEEDS GRANT PROGRAM**

12           **SECTION 24.6.** Of the funds appropriated in this act to the Office of State Budget  
13 and Management, Special Appropriations, for the 2023-2024 fiscal year, the sum of two hundred  
14 thousand dollars (\$200,000) in nonrecurring funds shall be used to provide a grant program for  
15 county register of deeds offices. The Office of State Budget and Management (OSBM) shall  
16 administer the program and disburse grant funds as follows:

- 17           (1) County register of deeds offices shall apply for the funds in the manner  
18 prescribed by OSBM.
- 19           (2) Applicants shall use grant funds for the preservation of historic records and  
20 files. Allowable uses of the funds include, but are not limited to, document  
21 restoration, reparation, deacidification, and placement in protected archival  
22 binders.
- 23           (3) Funds may be used for document digitization only if the original documents  
24 will continue to be maintained and preserved.
- 25           (4) The maximum grant amount to each office shall be two thousand dollars  
26 (\$2,000). Additional grant funds shall be disbursed in a second round of  
27 applications based on availability of funds. The maximum amount of the  
28 second-round grants shall be determined by OSBM. The provisions of this  
29 section shall apply if a second round of grants is administered.
- 30           (5) Grantees must provide a one hundred percent (100%) match for all grant funds  
31 awarded.

#### 32 33 **PERSON COUNTY/TREATMENT AND REMOVAL OF NATIVE AND NOXIOUS** 34 **AQUATIC WEEDS**

35           **SECTION 24.7.** Of the funds appropriated in this act to the Office of State Budget  
36 and Management, Special Appropriations, from the Regional Economic Development Reserve  
37 (Reserve), the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds for  
38 the 2023-2024 fiscal year shall be used to provide a directed grant to Person County for the  
39 treatment and removal of native and noxious aquatic weeds in Hyco Lake, including Brittle  
40 Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil, Salvinia, and  
41 Chara. Any unexpended funds in the Reserve after the effective treatment of native and noxious  
42 aquatic weeds in Hyco Lake may be used for other surface bodies in Person County, including  
43 Mayo Lake. Funds appropriated for the purposes authorized in this section shall not revert to the  
44 Reserve on June 30, 2024, but shall remain available to Person County to use as provided in this  
45 section. For purposes of this section, native and noxious aquatic weeds in Hyco Lake, including  
46 Brittle Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil,  
47 Salvinia, and Chara shall be considered a "noxious aquatic weed" under Article 15 of Chapter  
48 113A of the General Statutes.

#### 49 50 **DARE COUNTY AFFORDABLE HOUSING**



1           **SECTION 24.8.(a)** The following shall apply to all construction of buildings and  
2 infrastructure under the agreement or series of agreements entered into pursuant to Section 24.1  
3 of S.L. 2022-74 to construct affordable housing units in accordance with Dare County's  
4 longstanding master development plan to increase workforce housing:

- 5           (1) With respect to building permits and inspections of the new construction, the  
6 State of North Carolina and any local government with jurisdiction over the  
7 new construction shall expedite the issuance of permits and prioritizing the  
8 conduct of all necessary inspections.
- 9           (2) With respect to development regulations:
- 10           a. Articles 6 and 7 of Chapter 160D of the General Statutes shall not  
11 apply to the new construction under the agreement or series of  
12 agreements.
- 13           b. Approval under Article 8 of Chapter 160D of the General Statutes shall  
14 not be required for the new construction under the agreement or series  
15 of agreements; however, a plat of any subdivided land shall be  
16 recorded by a selected qualified private partner.
- 17           (3) With respect to utilities, and provided that the local government has sufficient  
18 capacity, any local government within a 1-mile radius of the new construction  
19 under the agreement or series of agreements shall provide all utilities in the  
20 same manner as that local government provides utilities to all other new  
21 construction in that jurisdiction.

22           **SECTION 24.8.(b)** This section is effective when it becomes law.

## 23 24 **PART XXV. OFFICE OF STATE CONTROLLER**

### 25 26 **AUTHORIZE STATE CONTROLLER TO RETAIN PRIVATE COUNSEL, 27 DESIGNATE EXEMPT POSITIONS, AND SET SALARY OF EXEMPT POSITIONS**

28           **SECTION 25.1.(a)** G.S. 143B-426.38 reads as rewritten:

29           "**§ 143B-426.38. Organization and operation of office.**

30           ...

31           (d) The State Controller may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the  
32 services of independent public accountants, attorneys, qualified management consultants, and  
33 other professional persons or experts to carry out his powers and duties. Notwithstanding  
34 G.S. 147-17 and G.S. 114-2.3, the State Controller may retain private counsel to represent his or  
35 her interests in litigation related to his or her financial management of State appropriations by  
36 the General Assembly. Notwithstanding the provisions of G.S. 143C-6-9(b), the State Controller  
37 may use lapsed salary savings to retain private counsel to provide litigation services.

38           (e) The State Controller shall have legal custody of all books, papers, documents, email  
39 files, organizational internet domain names, digital files, online website content, and other  
40 records of the office.

41           ...."

42           **SECTION 25.1.(b)** G.S. 126-5 reads as rewritten:

43           "**§ 126-5. Employees subject to Chapter; exemptions.**

44           ...

45           (c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State  
46 agency and the Office of the State Controller has the sole authority to set the salary of its exempt  
47 policymaking and exempt managerial positions within the minimum rates, and the maximum  
48 rates plus ten percent (10%), established by the State Human Resources Commission under  
49 G.S. 126-4(2).

50           ...

1 (d) (1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is  
 2 known as the North Carolina Human Resources Act, the Governor may  
 3 designate a total of 425 exempt positions throughout the following  
 4 departments and offices:

5 ...

6 (2) Exempt Positions in Council of State Departments and ~~Offices~~ Offices and  
 7 the Office of the State Controller. – The Secretary of State, the Auditor, the  
 8 Treasurer, the Attorney General, the Superintendent of Public Instruction, the  
 9 Commissioner of Agriculture, the Commissioner of Insurance, ~~and the Labor~~  
 10 ~~Commissioner~~ Commissioner, and the State Controller may designate exempt  
 11 positions. The number of exempt policymaking positions in each department  
 12 headed by an elected department head listed in this subdivision is limited to  
 13 25 exempt policymaking positions or two percent (2%) of the total number of  
 14 full-time positions in the department, whichever is greater. The number of  
 15 exempt managerial positions is limited to 25 positions or two percent (2%) of  
 16 the total number of full-time positions in the department, whichever is greater.  
 17 The number of exempt policymaking positions designated by the  
 18 Superintendent of Public Instruction is limited to 70 exempt policymaking  
 19 positions or two percent (2%) of the total number of full-time positions in the  
 20 department, whichever is greater. The number of exempt managerial positions  
 21 designated by the Superintendent of Public Instruction is limited to 70 exempt  
 22 managerial positions or two percent (2%) of the total number of full-time  
 23 positions in the department, whichever is greater. The total number of exempt  
 24 positions, policymaking and managerial, designated by the Office of the State  
 25 Controller is limited to 10.

26 ...

27 (4) Vacancies. – In the event of a vacancy in the Office of ~~Governor or in~~  
 28 Governor, the office of a member of the Council of State, or the Office of the  
 29 State Controller, the person who succeeds to or is appointed or elected to fill  
 30 the unexpired term shall make designations in a letter to the Director of the  
 31 Office of State Human Resources, the Speaker of the House of  
 32 Representatives, and the President of the Senate within 180 days after the oath  
 33 of office is administered to that person.

34 ...."

35  
 36 **OVERPAYMENTS AUDIT**

37 **SECTION 25.2.(a)** During the 2023-2025 fiscal biennium, receipts generated by the  
 38 collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors,  
 39 neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously  
 40 paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as  
 41 required by G.S. 147-86.22(c).

42 **SECTION 25.2.(b)** Of the funds appropriated in this act from Special Reserve  
 43 Account 24172, and for each fiscal year of the 2023-2025 fiscal biennium, two hundred fifty  
 44 thousand dollars (\$250,000) of the funds shall be used by the Office of the State Controller for  
 45 data processing, debt collection, or e-commerce costs.

46 **SECTION 25.2.(c)** The State Controller shall report annually to the Joint Legislative  
 47 Commission on Governmental Operations and the Fiscal Research Division on the revenue  
 48 deposited into Special Reserve Account 24172 and the disbursement of that revenue.  
 49

50 **PART XXVI. ELECTIONS**  
 51

**SBE/USE OF HELP AMERICA VOTE ACT (HAVA) FUNDS**

**SECTION 26.1.** The State Board of Elections shall use federal Help America Vote Act (HAVA) funds appropriated in this act for the 2023-2025 fiscal biennium for the following purposes:

- (1) Maintaining and updating voter lists in coordination with county boards of election.
- (2) Retaining and preserving State election records and papers consistent with the requirements for federal elections as prescribed by Title 52 U.S.C. § 20701.
- (3) Continuing the 10 FTE positions authorized in the 2022-2023 fiscal year budget and adding up to five additional FTE time-limited positions.

**SBE/POST-ELECTION AUDIT REPORT**

**SECTION 26.2.** G.S. 163-182.12A reads as rewritten:

**"§ 163-182.12A. Post-election audits.**

(a) After conducting a post-election audit, audit for each election as required by this Chapter, except for a general election, the State Board shall produce a report which summarizes the audit, including the rationale for and the findings of the audit. The ~~After conducting a post-election audit for a general election, the State Board shall produce a report which shall include all of the following:~~

- (1) A summary of the types of post-election audits required by law and the requirements for conducting each of the audits.
- (2) A summary of the results of each of the post-election audits described in subdivision (1) of this subsection.
- (3) A detailed description of each of the post-election audits described in subdivision (1) of this subsection, including any issues that could have affected the outcome of the election and the manner in which those issues were resolved.
- (4) A description of any systemic issues that were identified during the post-election audits and any recommendations on the manner in which those issues should be addressed to ensure election security and integrity.
- (5) The ways in which the public were allowed to observe and comment on the conduct of the post-election audits, as authorized by law.
- (6) Any other matters deemed appropriate by the State Board.

(b) Each report required by subsection (a) of this section shall be submitted to the Joint Legislative Elections Oversight Committee and the Joint Legislative Oversight Committee on 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.

1 c. Hire up to seven full-time, time-limited employees to assist the Board  
 2 in implementing the voter ID requirements as provided in S.L.  
 3 2018-144, as amended by S.L. 2019-22, and in implementing the  
 4 provisions of Senate Bill 747, 2023 Regular Session, if that bill  
 5 becomes law.

6 (2) One million dollars (\$1,000,000) to publicize the voter ID requirements by  
 7 advertising through media outlets throughout the State and sending out  
 8 mailings. If the Board contracts with a vendor to publicize the voter ID  
 9 requirements through media or mailings or both, the provisions of Article 3 of  
 10 Chapter 143 of the General Statutes shall not apply to those contracts.

11  
 12 **SBE RECOMMENDED REVISIONS/PHOTO ID LAWS**

13  
 14 **CORRECTION REGARDING COLOR PHOTOCOPIES OF**  
 15 **IDENTIFICATION/ABSENTEE BALLOTS**

16 **SECTION 26.6.(a)** G.S. 20-30(6) reads as rewritten:

17 "(6) To make a color photocopy or otherwise make a color reproduction of a  
 18 drivers license, learner's permit, or special identification card, unless such  
 19 color photocopy or other color reproduction was authorized by the  
 20 Commissioner or is made to comply with ~~G.S. 163-230.2~~, G.S. 163-230.1. It  
 21 shall be lawful to make a black and white photocopy of a drivers license,  
 22 learner's permit, or special identification card or otherwise make a black and  
 23 white reproduction of a drivers license, learner's permit, or special  
 24 identification card. This subdivision does not apply to: (i) a lender that is  
 25 licensed or otherwise authorized to engage in the lending business in this  
 26 State; (ii) a licensed motor vehicle dealer creating, storing, or receiving, in the  
 27 ordinary course of business, a color image of a drivers license, learner's  
 28 permit, or special identification card of a borrower or loan applicant; or (iii) a  
 29 federally insured depository institution or its affiliates creating, storing, or  
 30 receiving, in the ordinary course of business, a color image of a drivers license,  
 31 learner's permit, or special identification card of a consumer."  
 32

33 **EXPAND PERMITTED USES OF MOBILE VOTER ID FUNDS**

34 **SECTION 26.6.(b)** Notwithstanding any provision of S.L. 2022-74 or the  
 35 Committee Report described in Section 43.2 of that act to the contrary, the sum of five million  
 36 dollars (\$5,000,000) in nonrecurring funds appropriated in S.L. 2021-180 for the 2021-2022  
 37 fiscal year to the State Board of Elections for a mobile voting program to assist individuals in  
 38 need of photo identification for in-person voting is expanded to allow the State Board of Elections  
 39 to use those funds for any photo identification implementation efforts and to implement the  
 40 requirements of Senate Bill 747, 2023 Regular Session, if that bill becomes law. These funds  
 41 shall not revert on June 30, 2023, but shall remain available until expended.  
 42

43 **ALLOW SECURE PHOTO ID STORAGE BY STATE BOARD OF ELECTIONS OR**  
 44 **COUNTY BOARDS OF ELECTIONS**

45 **SECTION 26.6.(c)** G.S. 163-82.8A(c) reads as rewritten:

46 "(c) County boards of elections or the State Board of Elections shall maintain a secure  
 47 database containing the photographs of registered voters taken for the purpose of issuing voter  
 48 photo identification cards."  
 49

50 **STATEWIDE ELECTIONS INFORMATION MANAGEMENT SYSTEM**

1           **SECTION 26.7.(a)** Of the funds appropriated in this act to the State Board of  
2 Elections (hereinafter "Board") from the Information Technology Reserve, the sum of five  
3 million six hundred thousand dollars (\$5,600,000) in nonrecurring funds for the 2023-2024 fiscal  
4 year shall be used to replace the Statewide Elections Information Management System. The  
5 Board shall, in consultation with the Department of Information Technology, create a plan to  
6 develop and implement the new system. Prior to implementing the plan and system, and not later  
7 than November 1, 2023, the Board shall submit the plan to the Joint Legislative Oversight  
8 Committee on General Government, the House Appropriations Committee on General  
9 Government, the Senate Appropriations Committee on General Government, the Joint  
10 Legislative Elections Oversight Committee, and the Fiscal Research Division. The plan shall  
11 include all of the following:

- 12           (1) A detailed description of the project, including the scope of work involved.
- 13           (2) A projected timeline for the completion of the project, including detailed  
14 milestones.
- 15           (3) The total cost of the project to the State, including five years of operation and  
16 maintenance costs after the completion of the project.
- 17           (4) A detailed description of the vendors expected to be involved in the project,  
18 their functions, and the total costs of using the vendors.
- 19           (5) The personnel to be involved in the project, including both State employees  
20 and contract personnel.
- 21           (6) A plan for county boards of elections to participate in developing the new  
22 Statewide Elections Information Management System.
- 23           (7) A plan for rolling out the new Statewide Elections Information Management  
24 System and training county boards of elections on its use.
- 25           (8) The number and total cost of personnel required to operate the new Statewide  
26 Elections Information Management System once it has been completed.
- 27           (9) The potential risks to the project and a strategy to mitigate those risks.
- 28           (10) Any other information the State Board of Elections deems necessary to  
29 successfully complete the project.

30           **SECTION 26.7.(b)** After submitting the plan as required by subsection (a) of this  
31 section, the State Board of Elections shall, in consultation with the Department of Information  
32 Technology, report on a quarterly basis until the system has been fully implemented to the Joint  
33 Legislative Oversight Committee on General Government, the House Appropriations Committee  
34 on General Government, the Senate Appropriations Committee on General Government and  
35 Information Technology, the Joint Legislative Elections Oversight Committee, and the Fiscal  
36 Research Division on the Board's progress in implementing the plan and new Statewide Elections  
37 Information Management System.

## 38 39 **POSITIONS TO PROVIDE ADMINISTRATIVE SUPPORT TO BOARD OF** 40 **ELECTIONS**

41           **SECTION 26.8.** If Senate Bill 749, 2023 Regular Session, becomes law, of the funds  
42 appropriated in this act to the State Board of Elections, the sum of one hundred thirty-seven  
43 thousand dollars (\$137,000) in recurring funds for the 2023-2024 fiscal year and the sum of two  
44 hundred seventy-four thousand dollars (\$274,000) in recurring funds for the 2024-2025 fiscal  
45 year shall be used to hire two full-time equivalent Accounting Specialist 1 and one full-time  
46 equivalent Procurement Specialist 1 to provide administrative support to the Board in accordance  
47 with the provisions of Senate Bill 749, 2023 Regular Session.

## 48 49 **PART XXVII. GENERAL ASSEMBLY**

50

1 **CONTINUING LEGAL EDUCATION EXEMPTION FOR FULL-TIME ATTORNEYS**  
2 **FOR GENERAL ASSEMBLY**

3 **SECTION 27.1.(a)** Finding. – The General Assembly finds that licensed attorneys  
4 who are full-time employees of the North Carolina General Assembly draft the general and local  
5 laws of this State, which requires extensive writing skills and researching capabilities similar to  
6 those required of full-time judicial law clerks employed by the judicial branch and full-time law  
7 professors. These full-time law clerks and full-time law professors have been granted exemptions  
8 from the continuing legal education requirements established by the North Carolina State Bar for  
9 any calendar year in which they serve some portion thereof in their capacity as a law clerk or law  
10 professor. Further, licensed attorneys who are members of the General Assembly have also been  
11 granted an exemption from continuing legal education requirements for any calendar year in  
12 which they serve some portion thereof as a member of the General Assembly. The General  
13 Assembly finds that given the similarities of the professional skills and abilities required by  
14 licensed attorneys who are full-time judicial law clerks, full-time law professors, and full-time  
15 employees of the General Assembly to perform their duties, there is ample justification for  
16 providing that licensed attorneys who are full-time employees of the General Assembly should  
17 be granted an exemption from the continuing legal education requirements established by the  
18 North Carolina State Bar for any calendar year in which they serve some portion thereof in their  
19 capacity as full-time employees of the General Assembly.

20 **SECTION 27.1.(b)** Full-Time Attorneys for General Assembly. – Notwithstanding  
21 any other provision of law or rule, the North Carolina State Bar Council shall adopt rules in  
22 accordance with Article 4 of Chapter 84 of the General Statutes to provide that full-time  
23 employees of the North Carolina General Assembly are exempt from the continuing legal  
24 education requirements established by the North Carolina State Bar for any calendar year in  
25 which they serve some portion thereof in their capacity as full-time employees of the North  
26 Carolina General Assembly. Rules adopted pursuant to this section are not subject to Part 3 of  
27 Article 2A of Chapter 150B of the General Statutes. Until such time that the Bar Council adopts  
28 rules as required by this section, full-time employees of the North Carolina General Assembly  
29 shall be exempt from the continuing legal education requirements established by the North  
30 Carolina State Bar for any calendar year in which they serve some portion thereof in their  
31 capacity as full-time employees of the North Carolina General Assembly.

32 **SECTION 27.1.(c)** This section is effective when it becomes law.  
33

34 **EXPAND PASS-FACILITATED ENTRY TO LEGISLATIVE COMPLEX**

35 **SECTION 27.4.(a)** G.S. 120-32 reads as rewritten:

36 **"§ 120-32. Commission duties.**

37 The Legislative Services Commission is authorized to:

38 ...

39 (2a) Obtain a criminal history record check of a prospective employee, volunteer,  
40 or contractor of the ~~General Assembly.~~ Assembly and lobbyists and liaison  
41 personnel registered under Chapter 120C of the General Statutes. The criminal  
42 history record check shall be conducted by the State Bureau of Investigation  
43 as provided in ~~G.S. 143B-972.~~ G.S. 143B-973. The criminal history report  
44 shall be provided to the Legislative Services Officer and is not a public record  
45 under Chapter 132 of the General Statutes.

46 ...."

47 **SECTION 27.4.(b)** G.S. 120-32.1 reads as rewritten:

48 **"§ 120-32.1. Use and maintenance of buildings and grounds.**

49 ...

50 (a1) The Legislative Services Commission may establish a policy for allowing lobbyists  
51 and liaison personnel registered under Chapter 120C of the General Statutes to obtain a pass

1 authorizing expedited entry into the State Legislative Building and the Legislative Office  
2 Building during the hours these buildings are open to the public. The policy may include a  
3 process to revoke or suspend a pass for violating the policy and may provide for the deactivation  
4 of all expedited entry passes for any reason deemed advisable by the Commission. The  
5 Commission may charge lobbyists a fee of up to two thousand dollars (\$2,000) and liaison  
6 personnel up to one thousand dollars (\$1,000) per pass each regular session. Fees shall not be  
7 prorated or refunded.

8 ...."

9 **SECTION 27.4.(c)** G.S. 120C-200 reads as rewritten:

10 **"§ 120C-200. Lobbyist registration procedure.**

11 ...

12 (g) The Secretary of State, on a quarterly basis, shall submit to the Legislative Services  
13 Commission a list of the names of lobbyists and liaison personnel registered under this section  
14 for the sole purpose of allowing the Commission to verify whether the lobbyists or liaison  
15 personnel are eligible for an expedited entry pass into the State Legislative Building and  
16 Legislative Office Building as authorized by G.S. 120-32.1."

17 **SECTION 27.4.(d)** G.S. 143B-973 reads as rewritten:

18 **"§ 143B-973. Criminal record checks for the Legislative Services Commission.**

19 The Department of Public Safety ~~may shall, upon request,~~ provide to the Legislative Services  
20 Officer from the State and National Repositories of Criminal Histories the criminal history of  
21 any prospective employee, volunteer, or contractor of the General Assembly. ~~Assembly, and~~  
22 lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. The  
23 Legislative Services Officer shall provide to the Department of Public Safety, along with the  
24 request, the fingerprints of the prospective employee, volunteer, ~~or contractor, contractor,~~  
25 lobbyist, or liaison personnel, a form signed by the prospective employee, volunteer, ~~or~~  
26 ~~contractor~~ contractor, lobbyist, or liaison personnel consenting to the criminal record check and  
27 use of fingerprints and other identifying information required by the State and National  
28 Repositories and any additional information required by the Department of Public Safety. The  
29 fingerprints of the prospective employee, volunteer, ~~or contractor~~ contractor, lobbyist, or liaison  
30 personnel shall be forwarded to the State Bureau of Investigation for a search of the State's  
31 criminal history record file, and the State Bureau of Investigation shall forward a set of  
32 fingerprints to the Federal Bureau of Investigation for a national criminal history record check.  
33 The Legislative Services Officer shall keep all information obtained pursuant to this section  
34 confidential. The Department of Public Safety may charge a fee to offset the cost incurred by it  
35 to conduct a criminal record check under this section. The fee shall not exceed the actual cost of  
36 locating, editing, researching, and retrieving the information."

37 **SECTION 27.4.(e)** This section is effective when it becomes law.

## 39 **MODIFY CONSTITUTIONAL AMENDMENT PUBLICATION PROCESS**

40 **SECTION 27.5.(a)** G.S. 120-32 reads as rewritten:

41 **"§ 120-32. Commission duties.**

42 The Legislative Services Commission is authorized to:

43 ...

44 (3) Acquire and dispose of ~~furnishings, furniture, equipment, and supplies~~  
45 personal property or fixtures required by the General Assembly, its agencies  
46 and commissions and maintain custody of same between sessions. It shall be  
47 a Class 1 misdemeanor for any person(s) to remove any state-owned ~~furniture,~~  
48 fixtures, or equipment personal property or fixtures from the State Legislative  
49 Building for any purpose whatsoever, except as approved by the Legislative  
50 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 be available to any registered voter or representative of the print or broadcast media making request to the Secretary of State. The Secretary of State may make copies available in such additional manner as the Secretary may determine."

**SECTION 27.5.(c)** This section is effective when it becomes law.

**YOUTH LEGISLATIVE ASSEMBLY FUNDING MODIFICATIONS**

**SECTION 27.6.(a)** G.S. 120C-700 reads as rewritten:

**"§ 120C-700. Persons exempted from this Chapter.**

Except as otherwise provided in Article 8, the provisions of this Chapter shall not be construed to apply to any of the following:

...



1           (10) Anything of value given to the North Carolina Youth Legislative Assembly  
2           Fund under G.S. 120-32.04."

3           **SECTION 27.6.(b)** This section is effective when it becomes law.  
4

5 **LEGISLATIVE CONFIDENTIALITY MODIFICATION**

6           **SECTION 27.7.(a)** G.S. 120-129 reads as rewritten:

7 **"§ 120-129. Definitions.**

8           As used in this Article:

9           (1) ~~"Document" means all Document. – All records, papers, letters, maps, books,~~  
10           ~~photographs, films, sound recordings, magnetic or other tapes, electronic~~  
11           ~~data-processing records, artifacts, communications, or other documentary~~  
12           ~~material regardless of physical form or characteristics.~~  
13           Document. – All records, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data-processing records, artifacts, communications, or other documentary material regardless of physical form or characteristics made or received in the transaction of legislative business.

14           (1a) ~~"Legislative commission" means any Legislative commission. – Any~~  
15           ~~commission or committee which the Legislative Services Commission is~~  
16           ~~directed or authorized to staff by law or resolution and which it does, in fact,~~  
17           ~~staff.~~  
Legislative commission. – Any commission or committee which the Legislative Services Commission is directed or authorized to staff by law or resolution and which it does, in fact, staff.

18           (2) ~~"Legislative employee" means employees Legislative employee. – Employees~~  
19           ~~and officers of the General Assembly, consultants and counsel to members~~  
20           ~~and committees of either house of the General Assembly or of legislative~~  
21           ~~commissions who are paid by State funds, students at an accredited law school~~  
22           ~~while in an externship program at the General Assembly approved by the~~  
23           ~~Legislative Services Commission, and employees of the School of~~  
24           ~~Government at the University of North Carolina at Chapel Hill; but Hill. The~~  
25           ~~term does not mean include legislators and members of the Council of State.~~  
Legislative employee. – Employees and officers of the General Assembly, consultants and counsel to members and committees of either house of the General Assembly or of legislative commissions who are paid by State funds, students at an accredited law school while in an externship program at the General Assembly approved by the Legislative Services Commission, and employees of the School of Government at the University of North Carolina at Chapel Hill; but Hill. The term does not mean include legislators and members of the Council of State.

26           (3) ~~"Legislator" means Legislator. – Any of the following with respect to the~~  
27           ~~North Carolina Senate or House of Representatives:~~

28           a. ~~a member elect, A member-elect.~~  
A member-elect.

29           b. ~~member designate, A member-designate.~~  
member designate, A member-designate.

30           c. ~~or member of the North Carolina Senate or House of~~  
31           ~~Representatives. A member."~~  
or member of the North Carolina Senate or House of Representatives. A member."

32           **SECTION 27.7.(b)** G.S. 120-131 reads as rewritten:

33 **"§ 120-131. Documents produced by legislative employees.**

34           (a) Documents prepared by legislative employees upon the request of legislators are  
35           confidential. Except as provided in subsection (b) of this section, the existence of the document  
36           may not be revealed nor may a copy of the document be provided to any person who is not a  
37           legislative employee without the consent of the legislator.

38           (b) A document prepared by a legislative employee upon the request of a legislator  
39           becomes available to the public when the document is ~~a~~one of the following:

40           (1) ~~Bill A bill or resolution and it has been introduced;~~once introduced.

41           (2) ~~Proposed A proposed amendment or committee substitute for a bill or~~  
42           ~~resolution and it has been once offered at a committee meeting or on the floor~~  
43           ~~of a house; house.~~  
Proposed A proposed amendment or committee substitute for a bill or resolution and it has been once offered at a committee meeting or on the floor of a house; house.

44           (3) ~~Proposed A proposed conference committee report and it has been once~~  
45           ~~offered at a joint meeting of the conference committees; or committees.~~  
Proposed A proposed conference committee report and it has been once offered at a joint meeting of the conference committees; or committees.

46           (4) ~~Bill, A bill, resolution, memorandum, written analysis, letter, or other~~  
47           ~~document resulting from a drafting or information request and it has been once~~  
48           ~~distributed at a legislative commission or standing committee or~~  
49           ~~subcommittee meeting not held in executive session, closed session, or on the~~  
50           ~~floor of a house.~~  
Bill, A bill, resolution, memorandum, written analysis, letter, or other document resulting from a drafting or information request and it has been once distributed at a legislative commission or standing committee or subcommittee meeting not held in executive session, closed session, or on the floor of a house.

1           (5) A letter or other written communication appointing an individual to serve on  
2           a board, commission, or other position in accordance with this Chapter.

3           (b1) A document prepared by a legislative employee upon the request of any legislator,  
4 that pursuant to this Article does not become available to the public, is not a "public record," as  
5 defined by G.S. 132-1.

6           (c) This section does not prohibit the dissemination of information or language contained  
7 in any document which has been prepared by a legislative employee in response to a substantially  
8 similar request from another legislator, provided that the identity of the requesting legislator and  
9 the fact that he or she had made such a request is not be divulged.

10          (d) Administrative documents prepared by legislative employees shall become available  
11 to the public, and subject to retention schedules thereof, in accordance with policies adopted by  
12 the Legislative Services Commission."

13           **SECTION 27.7.(c)** G.S. 120-132(c) reads as rewritten:

14           "~~Subject to G.S. 120-9, G.S. 120-133, and~~ In accordance with this Article, the common  
15 law of legislative ~~privilege-privilege,~~ and the common law of legislative immunity, ~~the presiding~~  
16 ~~judge may compel disclosure of a legislative employee or former legislative employee may~~  
17 disclose information acquired under subsection (a) of this section if in the judge's opinion, the  
18 disclosure is necessary to a proper administration of justice. ~~this Article if the legislator or former~~  
19 legislator consents."

20           **SECTION 27.7.(d)** G.S. 120-133 is repealed.

21           **SECTION 27.7.(e)** Article 17 of Chapter 120 of the General Statutes is amended by  
22 adding two new sections to read:

23           "**§ 120-135. Legislator is custodian of documents.**

24           (a) Each legislator, while in office and after leaving office, shall be the custodian of all  
25 documents, supporting documents, drafting requests, and information requests made or received  
26 by that legislator while a legislator.

27           (b) A legislator, while in office or after leaving office, shall not be required to reveal or  
28 to consent to reveal any document, supporting document, drafting request, or information request  
29 made or received by that legislator while a legislator.

30           "**§ 120-137. Legislative privilege.**

31           Nothing in this Chapter nor in Chapter 132 of the General Statutes shall be construed as a  
32 waiver of the common law of legislative privilege or legislative immunity by a legislator or  
33 former legislator. A legislator or former legislator may assert the common law of legislative  
34 privilege or the common law of legislative immunity in all instances."

35           **SECTION 27.7.(f)** G.S. 132-1 is amended by adding a new subsection to read:

36           "~~(c)~~ Article 17 of Chapter 120 of the General Statutes shall govern all records and  
37 information of the legislative branch which shall be exempt from this Chapter, including  
38 documents as defined by G.S. 120-129."

39           **SECTION 27.7.(g)** G.S. 132-1.1(a) reads as rewritten:

40           "(a) Confidential Communications. – Public records, as defined in G.S. 132-1, shall not  
41 include written communications (and copies thereof) to any public board, council, commission  
42 or other governmental body of the State or of any county, municipality or other political  
43 subdivision or unit of ~~government,~~ government made within the scope of the attorney-client  
44 relationship ~~by any attorney at law serving any such governmental body,~~ concerning any claim  
45 against or on behalf of the governmental body or the governmental entity for which such body  
46 acts, or concerning the prosecution, defense, settlement or litigation of any judicial action, or any  
47 administrative or other type of proceeding to which the governmental body is a party or by which  
48 it is or may be directly affected. Such written communication and copies thereof shall not be  
49 open to public inspection, examination or copying unless specifically made public by the  
50 governmental body receiving such written ~~communications;~~ provided, however, that such written  
51 ~~communications and copies thereof shall become public records as defined in G.S. 132-1~~ three

1 years from the date such communication was received by such public board, council, commission  
2 or other governmental body.communications."

3 **SECTION 27.7.(h)** G.S. 120-9 reads as rewritten:

4 "**§ 120-9. Freedom of speech.**

5 (a) The members shall have freedom of speech and debate in the General Assembly, and  
6 shall not be liable to impeachment or question, in any court or place out of the General Assembly,  
7 for words therein spoken.

8 (b) Nothing in Article 17 of this Chapter shall be construed to limit the application of this  
9 section."

10 **SECTION 27.7.(i)** This section is effective when it becomes law.

## 11 **SUBSISTENCE AND TRAVEL ALLOWANCE CLARIFICATION**

12 **SECTION 27.8.(a)** G.S. 138-5(f) reads as rewritten:

13 (f) Members of all State boards, commissions and councils whose salaries or any portion  
14 of whose salaries are paid from State funds shall receive no per diem compensation from State  
15 funds for their services; provided, however, that members of State boards, commissions and  
16 councils who are also members of the General Assembly shall ~~receive, when the General~~  
17 ~~Assembly is not in session, receive~~ subsistence and travel allowances ~~at the rate set forth in~~  
18 ~~G.S. 120-3.1(a)(2) through (a)(4), in accordance with the provisions of G.S. 120-3.1."~~

19 **SECTION 27.8.(b)** This section is effective when it becomes law.

## 20 **GENERAL ASSEMBLY RECORDS ARCHIVING**

21 **SECTION 27.9.(a)** G.S. 121-5 is amended by adding a new subsection to read:

22 (d1) General Assembly. – Notwithstanding any other provision of this section or order,  
23 rules, or regulations promulgated or adopted thereunder, the custodian of any General Assembly  
24 record shall determine, in the custodian's discretion, whether a record is a public record and  
25 whether to turn over to the Department of Natural and Cultural Resources, or retain, destroy, sell,  
26 loan, or otherwise dispose of, such records. When requested by the Legislative Services Officer,  
27 the Department of Natural and Cultural Resources shall assist in the preparation of an inventory  
28 of the records to which the request applies."

29 **SECTION 27.9.(b)** This section is effective when it becomes law.

## 30 **GOVOPS MODIFICATIONS**

31 **SECTION 27.10.(a)** G.S. 120-73, 120-76, and 120-79 are repealed.

32 **SECTION 27.10.(b)** Article 13 of Chapter 120 of the General Statutes, as amended  
33 by Section 20 of S.L. 2021-90 and subsection (a) of this section, reads as rewritten:

34 "Article 13.

35 "Joint Legislative Commission on Governmental Operations.

36 "**§ 120-71. Purpose. Legislative findings; creation of Commission.**

37 (a) ~~The rapid increase in the functions and costs of General Assembly finds that the~~  
38 ~~scope, cost, and complexity of State and local government and the complexity of agency~~  
39 ~~operations deeply concern the General Assembly. Members of the General Assembly have the~~  
40 ~~ultimate operations require continual review and evaluation by those charged with the~~  
41 ~~responsibility for making public policy decisions and deciding on appropriations—the~~  
42 ~~appropriation of public moneys. Knowledge of State funds. It is imperative that members of the~~  
43 ~~General Assembly have the resources to determine whether the public service needs of the~~  
44 ~~citizens of this State are being met, having met and have mechanisms to collect evidence as to~~  
45 ~~whether previous public policy and appropriations have resulted in expected program benefits,~~  
46 ~~and data on how State government reorganization has affected agency operations are most~~  
47 ~~important. benefits. Legislative examination and review of public policies, expenditures and~~  
48 ~~reorganization implementation as policies and expenditures are an integral part of legislative~~

1 duties and responsibilities and therefore should be strengthened. ~~For the purpose of performing~~  
2 ~~such continuing examination and evaluation~~

3 (b) In order to undertake the ongoing examination, evaluation, and investigation of State  
4 agencies, agencies, public authorities, units of local government, and non-State entities receiving  
5 public funds, and of their actual effectiveness in programming and in carrying out procedures  
6 under reorganization, the General Assembly herein provides for the continuing review of  
7 operations of State government implementing public policy or providing public services, there is  
8 hereby established the Joint Legislative Commission on Governmental Operations which shall  
9 have the powers and duties as provided in this Article.

10 **"§ 120-72. ~~Definition.~~Definitions.**

11 For the purposes of this Article, "program evaluation" is defined as: ~~an examination of the~~  
12 ~~organization, programs, and administration of State government to ascertain whether such~~  
13 ~~functions (i) are effective, (ii) continue to serve their intended purposes, (iii) are efficient, and~~  
14 ~~(iv) require modification or elimination.~~

15 The following definitions apply in this Article:

- 16 (1) Agency employee. – Defined in G.S. 120-131.1.
- 17 (2) Commission. – The Joint Legislative Commission on Governmental  
18 Operations.
- 19 (3) Commission staff. – A legislative employee whose primary responsibility is  
20 to provide professional or administrative services to the Commission.
- 21 (4) Document. – Defined in G.S. 120-129.
- 22 (5) Legislative employee. – Defined in G.S. 120-129.
- 23 (6) Local funds. – Any moneys held by a unit of local government or a public  
24 authority except moneys deposited in a trust fund.
- 25 (7) Non-state entity. – A unit of local government, a public authority, or an  
26 individual, firm, partnership, association, or corporation, or any other private  
27 organization or group acting as a unit.
- 28 (8) Program. – A specific activity or set of activities established or described by  
29 law, administrative rule, executive order, policy, or local ordinance.
- 30 (9) Public authority. – Defined in G.S. 143C-1-1.
- 31 (10) Public funds. – State funds, local funds, or both. The term does not apply to  
32 State funds or local funds received by a non-State entity that is an individual,  
33 a firm, a partnership, an association, a corporation, or any other private  
34 organization or group acting as a unit unless the non-State entity received the  
35 funds to (i) conduct a program or (ii) provide a service to a State agency, a  
36 unit of local government, or a public authority.
- 37 (11) State agency. – A unit of the executive, legislative, or judicial branch of State  
38 government, such as a department, institution, division, commission, board,  
39 council, community college, or The University of North Carolina.
- 40 (12) State funds. – Defined in G.S. 143C-1-1.
- 41 (13) Unit of local government. – Defined in G.S. 143C-1-1.

42 **"§ 120-74. Appointment of members; terms of office.**

43 The Commission shall consist of 42 members. The President pro tempore of the Senate, the  
44 Speaker pro tempore of the House, the Deputy President pro tempore of the Senate, the Majority  
45 Leader of the House of Representatives, and the Majority Leader of the Senate and the Speaker  
46 of the House shall serve as ex officio members of the Commission. The Speaker of the House of  
47 Representatives shall appoint 21 members from the House, at least five of whom are members of  
48 the minority party. The President pro tempore of the Senate shall appoint 21 members from the  
49 Senate, at least five of whom are members of the minority party. A quorum of the Commission  
50 shall be a majority of its members. Vacancies created by resignation or otherwise shall be filled  
51 by the original appointing authority. Members shall serve two-year terms beginning and ending

1 on January 15 of the odd-numbered years. Members shall not be disqualified from completing a  
2 term of service on the Commission because they fail to run or are defeated for reelection.  
3 Resignation or removal from the General Assembly shall constitute resignation or removal from  
4 membership on the Commission.

5 **"§ 120-75. Organization of the Commission; subcommittees.**

6 (a) The President pro tempore of the Senate and the Speaker of the House of  
7 Representatives shall serve as cochairs of the Commission. Either of the cochairs may call a  
8 meeting of the Commission.

9 ~~Notwithstanding~~ In addition to the provisions of G.S. 120-19.7, the cochairs of the  
10 Commission may designate jointly authorize, in writing, subcommittees which shall have the  
11 power to conduct hearings, call witnesses, and inquire into any matters properly before the shall  
12 appoint members of a subcommittee. The President Pro Tempore of the Senate shall appoint the  
13 Senate cochair, and the Speaker of the House of Representatives shall appoint the House cochair  
14 of a subcommittee. Either cochair of a subcommittee may call a meeting of the subcommittee. A  
15 quorum of a subcommittee shall be a majority of its members. A member of the House of  
16 Representatives or the Senate may be appointed to a subcommittee, even if the member has not  
17 been appointed to the Commission. A duly constituted subcommittee shall have all the powers  
18 of the Commission and may utilize staff to the Commission. Commission staff. Members of a  
19 subcommittee shall receive subsistence and travel expenses as provided in G.S. 120-78. Members  
20 of a subcommittee serve at the pleasure of the appointing officer. The cochairs may dissolve a  
21 subcommittee of the Commission at any time.

22 **"§ 120-75.1. Powers and duties.**

23 The Commission shall have the following powers and duties:

- 24 (1) To study the efficiency, economy, and effectiveness of any State agency,  
25 public authority, unit of local government, or non-State entity receiving public  
26 funds.
- 27 (2) To evaluate the implementation of public policies, as articulated by enacted  
28 law, administrative rule, executive order, policy, or local ordinance, by any  
29 State agency, public authority, unit of local government, or non-State entity  
30 receiving public funds.
- 31 (3) To investigate possible instances of misfeasance, malfeasance, nonfeasance,  
32 mismanagement, waste, abuse, or illegal conduct by the following:
- 33 a. Officers and employees of a State agency, public authority, or unit of  
34 local government, as it relates to the officer's or employee's  
35 performance of his or her public duties.
- 36 b. Officers and employees of a non-State entity receiving, directly or  
37 indirectly, public funds, as it relates to the officer's or employee's  
38 responsibilities regarding the receipt of public funds.
- 39 (4) To receive reports as required by law or as requested by the Commission.
- 40 (5) To make periodic reports, including recommended legislation to the General  
41 Assembly.
- 42 (6) To access and review the following:
- 43 a. Any documents or records related to any contract awarded by a State  
44 agency, including, but not limited to, (i) records related to the drafting  
45 and approval of the contract and (ii) documents and records of the  
46 contractor that the Commission determines will assist in verifying  
47 accounts or will contain data affecting fees or performance.
- 48 b. Any records related to any subcontract of a contract awarded by a State  
49 agency that is utilized to fulfill the contract, including, but not limited  
50 to, (i) records related to the drafting and approval of the subcontract  
51 and (ii) documents and records of the contractor or subcontractor that

1 the Commission determines will assist in verifying accounts or will  
2 contain data affecting fees or performance.

3 **"§ 120-76.1. Prior consultation with the Commission; reporting requirements.**

4 (a) ~~Consultation by Governor.~~ Notwithstanding the provisions of G.S. 120-76(8) or any  
5 other provision of law requiring prior consultation by the Governor with the Commission, The  
6 Governor shall consult the Commission before doing any of the following:

7 (1) Authorizing expenditures in excess of the total requirements of a purpose or  
8 program as enacted by the General Assembly and as provided by  
9 G.S. 143C-6-4.

10 (2) Proceeding to reduce programs subsequent to a reduction of ten percent (10%)  
11 or more in the federal fund level certified to a department and any subsequent  
12 changes in distribution formulas.

13 (3) Taking measures under Article III, Section 5(3) of the North Carolina  
14 Constitution to effect necessary economies in State expenditures required for  
15 balancing the budget due to a revenue shortfall, including, but not limited to,  
16 (i) making loans among funds, (ii) personnel freezes or layoffs, (iii) capital  
17 project reversions, (iv) program eliminations, and (v) use of reserves.  
18 However, if the Commission fails to meet within 10 calendar days of a request  
19 from the Governor for its consultation, the Governor may proceed to take the  
20 actions the Governor deems appropriate and necessary and shall then report  
21 those actions at the next meeting of the Commission.

22 (4) Approving a new capital improvement project funded from gifts, grants,  
23 receipts, special funds, self-liquidating indebtedness, and other funds or any  
24 combination of funds for the project not specifically authorized by the General  
25 Assembly. The budget for each capital project must include projected  
26 revenues in an amount not less than projected expenditures.

27 (a1) Notwithstanding the provisions of subdivision (1) of subsection (a) of this section,  
28 whenever the Governor determines that an expenditure is required because of an emergency ~~that~~  
29 ~~poses an imminent threat to public health or public safety, and is either the result of a natural~~  
30 ~~event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck, as that term~~  
31 is defined in G.S. 166A-19.3(6), the Governor may take action without consulting the  
32 Commission if the ~~action is determined by the Governor to be~~ Governor determines the  
33 expenditure is directly related to the emergency. The Governor shall report to the Commission  
34 on any expenditures made under this subsection no later than 30 days after making the  
35 expenditure and shall identify in the report the emergency, the ~~type of action taken,~~ expenditure,  
36 how the funds were used, and how ~~it was the~~ use of the funds was related to the emergency. To  
37 the extent it may apply, this subsection does not supersede the requirements of  
38 G.S. 166A-19.30(b).

39 (b) ~~Consultation by Agencies, Boards, and Commission.~~ Any agency, board,  
40 commission, or other entity required ~~under G.S. 120-76(8) or by any other~~ provision of law to  
41 consult with the Commission prior to taking an action shall submit a detailed report of the action  
42 under consideration to the Chairs of the ~~Commission, the Commission Assistant, and the Fiscal~~  
43 ~~Research Division of the General Assembly.~~ Commission. If the Commission does not hold a  
44 meeting to hear the consultation within 90 days of receiving the submission of the detailed report,  
45 the consultation requirement is satisfied. With regard to capital improvement projects of The  
46 University of North Carolina, if the Commission does not hold a meeting to hear the consultation  
47 within 30 days of receiving the submission of the detailed report, the consultation requirement  
48 of ~~G.S. 120-76(8)e.~~ subdivision (4) of subsection (a) of this section is satisfied.

49 (c) ~~Exemptions.~~ Consultations regarding the establishment of new fees and charges and  
50 the increase of existing fees and charges are governed by G.S. 12-3.1, and this section does not  
51 apply to those consultations.

1 **"§ 120-77. Additional ~~powers~~; confidentiality; penalties.**

2 ~~(a) The Commission, while in the discharge of official duties, Commission shall have~~  
3 ~~access to any paper or document, and may compel the attendance of any State official or~~  
4 ~~employee before the Commission or secure any evidence under the provisions of G.S. 120-19.~~  
5 ~~In addition, the the power to compel the following in the discharge of its duties under this Article:~~

6 (1) Access to any document or system of record held by a:

7 a. State agency pursuant to the provisions of G.S. 120-19.

8 b. Unit of local government or public authority.

9 c. A non-State entity receiving, directly or indirectly, public funds, to the  
10 extent the documents relate to the receipt, purpose, or implementation  
11 of a program or service paid for with public funds.

12 (2) Attendance of any officer or employee of any:

13 a. State agency.

14 b. Unit of local government or public authority.

15 c. Non-State entity receiving public funds provided the officer or  
16 employee is responsible for implementing a program or providing a  
17 service paid for with public funds.

18 (b) Unless prohibited by federal law, the Commission and Commission staff shall be  
19 provided access to all of the following in the discharge of their duties under this Article:

20 (1) Any building or facility allocated to or leased by a State agency.

21 (2) Any building or facility owned or leased by a unit of local government or  
22 public authority.

23 (3) Any building or facility owned or leased by a non-State entity receiving public  
24 funds provided (i) the building or facility is used to implement a program or  
25 provide a service paid for with public funds and (ii) the access is reasonably  
26 related to the receipt, purpose, or implementation of a program or service paid  
27 for with public funds.

28 (c) The Commission cochairs shall each designate one Commission staff member who  
29 shall have access to the BEACON/HR payroll system.

30 (d) Any confidential information obtained by the Commission shall remain confidential  
31 and is not a public record as defined in G.S. 132-1.

32 (e) Any document or information obtained or produced by Commission staff in  
33 furtherance of staff's duties to the Commission is confidential and is not a public record as defined  
34 in G.S. 132-1.

35 (f) Any request made to an agency employee by Commission staff and any  
36 communication between Commission staff and an agency employee is confidential. An agency  
37 employee shall treat as confidential to a member of Commission staff any request from and any  
38 communication with the member. The nature and existence of the request and communications  
39 shall only be revealed by an agency employee to another agency employee to the extent that it is  
40 necessary to fulfill a request for document production or to gather more information as requested  
41 by the member of Commission staff. A violation of this subsection by an agency employee shall  
42 be grounds for disciplinary action, including dismissal.

43 (g) A person who conceals, falsifies, or refuses to provide to the Commission any  
44 document, information, or access to any building or facility as required by this Article with the  
45 intent to mislead, impede, or interfere with the Commission's discharge of its duties under this  
46 Article shall be guilty of a Class 2 misdemeanor.

47 (h) The provisions of G.S. 120-19.1 through 120-19.4 shall apply to the proceedings of  
48 the Commission as if it were a joint committee of the General Assembly.

49 **"§ 120-78. Compensation and expenses of Commission ~~members~~; member; staffing.**

50 ~~Members of the Commission, Commission or a subcommittee of the Commission who are~~  
51 ~~also members of the General Assembly, shall receive subsistence and travel expenses at the rates~~

1 set forth in G.S. 120-3.1 for General Assembly members. The Commission shall be funded by  
2 the Legislative Services Commission from appropriations made to the General Assembly for that  
3 purpose.

4 Commission staff are not subject to the State Budget Act or to the North Carolina Human  
5 Resources Act."

6 **SECTION 27.10.(c)** Article 7A of Chapter 120 of the General Statutes is amended  
7 by adding a new section to read:

8 **"§ 120-36.7A. Reports; consultation.**

9 Whenever a provision of law directs any entity to submit a report to or consult with the Joint  
10 Legislative Commission on Governmental Operations, the entity shall also submit a copy of the  
11 report or materials provided with the consultation to the Fiscal Research Division."

12 **SECTION 27.10.(d)** G.S. 143C-4-4(c) reads as rewritten:

13 "(c) Request for Allocation. – A State agency may request an allocation from the  
14 Contingency and Emergency Fund by submitting a request in writing to the Director along with  
15 any information required by the Director. If the Director approves the request, the Director shall  
16 present the request, together with a recommendation, to the Council of State for its approval. If  
17 the Council of State approves the request, the Director shall order the Controller to allocate the  
18 funds requested. The Director shall report ~~on the request at the next scheduled meeting of~~ within  
19 30 days to the Joint Legislative Commission on Governmental Operations."

20 **SECTION 27.10.(e)** G.S. 143C-8-7.1(a) reads as rewritten:

21 "(a) Appropriations made by an act of the General Assembly for capital improvements are  
22 for constructing, repairing, or renovating State buildings, utilities, and other capital facilities; for  
23 acquiring sites for them where necessary; for acquiring buildings and land for State government  
24 purposes and other purposes as set forth in G.S. 143C-4-3.1; and shall be disbursed for the  
25 purposes provided by that act. Expenditure of funds shall not be made by any State department,  
26 institution, or agency until an allotment has been issued by the Governor as Director of the  
27 Budget, which shall not be unreasonably withheld. The allotment shall be issued upon  
28 compliance with the provisions of this Chapter. Prior to the award of construction contracts for  
29 projects to be financed in whole or in part with self-liquidating appropriations, the Director of  
30 the Budget shall approve the elements of the method of financing of those projects, including the  
31 source of funds, interest rate, and liquidation period. Provided, however, that if the Director of  
32 the Budget approves the method of financing a project, the Director shall report that action to the  
33 Joint Legislative Commission on Governmental Operations ~~at its next meeting within 30 days."~~

34 **SECTION 27.10.(f)** G.S. 143C-8-8 reads as rewritten:

35 **"§ 143C-8-8. When a State agency may increase the cost of a capital improvement project.**

36 Upon the request of the administration of a State agency, the Director of the Budget may,  
37 when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a  
38 capital improvement project. Provided, however, that if the Director of the Budget increases the  
39 cost of a project, the Director shall report that action to the Joint Legislative Commission on  
40 Governmental Operations ~~at its next meeting within 30 days.~~ The increase may be funded from  
41 gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted  
42 at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement  
43 appropriations to that department or institution."

44 **SECTION 27.10.(g)** G.S. 143C-8-10(b) reads as rewritten:

45 "(b) Reporting Requirement. – Whenever the Director authorizes the use of funds from  
46 the Project Reserve Account, the Director shall report the action to the Joint Legislative  
47 Commission on Governmental Operations ~~at its next meeting within 30 days."~~

48 **SECTION 27.10.(h)** The following statutes are amended by deleting the word  
49 "Government" and substituting "Governmental": G.S. 128-29, 135-7, 146-29.1, and 147-69.12.

50 **SECTION 27.10.(i)** G.S. 143-49 reads as rewritten:

51 **"§ 143-49. Powers and duties of Secretary.**



1 The Secretary of Administration has the power and authority, and it is the Secretary's duty,  
 2 subject to the provisions of this Article:

3 ...

4 (9) To include a standard clause in all contracts awarded by the State and  
 5 departments, agencies, and institutions of the State, providing that all of the  
 6 ~~State Auditor and internal auditors of the affected department, agency, or~~  
 7 ~~institution following entities~~ may audit the records of the contractor during  
 8 and after the term of the contract to verify accounts and data affecting fees or  
 9 ~~performance.~~ performance:

- 10 a. The State Auditor.
- 11 b. The internal auditors of the affected department, agency, or institution.
- 12 c. The Joint Legislative Commission on Governmental Operations and  
 13 legislative employees whose primary responsibility is to provide  
 14 professional or administrative services to the Commission.

15 ...."

16 **SECTION 27.10.(j)** Subsection (i) of this section is effective when this act becomes  
 17 law and applies to contracts entered into on or after that date. The remainder of this section is  
 18 effective when this act becomes law.

19  
 20 **NORTH CAROLINA STATE BAR GRIEVANCE REVIEW COMMITTEE,**  
 21 **DISCIPLINARY HEARING COMMISSION, AND BAR FEES**

22 **SECTION 27.11.(a)** Establishment; Composition. – There is created the State Bar  
 23 Review Committee (Committee). The Committee shall be composed of seven members as  
 24 follows:

- 25 (1) One member appointed by the President Pro Tempore of the Senate.
- 26 (2) One member appointed by the Speaker of the House of Representatives.
- 27 (3) One member appointed by the Governor.
- 28 (4) Three members appointed by the Chief Justice of the Supreme Court of North  
 29 Carolina, of which one shall be an Associate Justice of the Supreme Court of  
 30 North Carolina and one shall be a Judge of the North Carolina Court of  
 31 Appeals.
- 32 (5) The President of the State Bar serving in that position on the date this section  
 33 becomes law, who shall serve until the Committee terminates.

34 **SECTION 27.11.(b)** Terms; Officers; Vacancies; Quorum. – Members shall serve  
 35 until the Committee expires in accordance with this section. The members appointed by the  
 36 President Pro Tempore of the Senate and the Speaker of the House of Representatives shall serve  
 37 as cochairs for the duration of their terms. The Committee shall meet upon the call of the cochairs.  
 38 Vacancies shall be filled by the original appointing authority for which the vacancy exists. A  
 39 majority of the total membership of the Committee shall constitute a quorum of the Committee.

40 **SECTION 27.11.(c)** Duties. – The Committee shall review and examine the  
 41 grievance review process of the North Carolina State Bar conducted in accordance with Article  
 42 4 of Chapter 84 of the General Statutes in an effort to improve the effectiveness, fairness, and  
 43 process of disciplinary and grievance review procedures. The Committee shall review and  
 44 examine the grievance and complaint process of the North Carolina State Bar, including any  
 45 rules, procedures, and policies to address the following issues of concern:

- 46 (1) The grievance process, including the role of the Grievance Committee,  
 47 grievance review panel, and the Disciplinary Hearing Commission.
- 48 (2) Right to due process, right to be heard, and other rights consistent with  
 49 G.S. 84-30 of the accused person during the grievance and discipline process.
- 50 (3) Sufficiency and thoroughness of the screening, decision making, and review  
 51 of grievances and complaints.

- 1 (4) The selection, composition, and role of the grievance review panel of the  
2 Grievance Committee and the Disciplinary Hearing Commission.  
3 (5) Role of the North Carolina State Bar Office of Counsel in the grievance  
4 process.  
5 (6) Any other area the Committee deems concerning or needing improvement.

6 **SECTION 27.11.(d)** Compensation; Allowance. – Members of the Committee shall  
7 receive subsistence and travel allowances in accordance with G.S. 120-3.1, 138-5, and 138-6, as  
8 appropriate. The Legislative Services Commission, through the Legislative Services Officer,  
9 shall assign professional staff to assist the Committee in its work. Upon direction of the  
10 Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the  
11 House of Representatives shall assign clerical staff to the Committee. The expenses for clerical  
12 employees shall be borne by the Committee.

13 **SECTION 27.11.(e)** Report. – By April 1, 2024, the Committee shall submit a report  
14 to the Joint Legislative Commission on Governmental Operations containing any legislative  
15 recommendations to address and alleviate the concerns listed in subsection (c) of this section of  
16 the grievance review process. The report shall also contain any potential improvements and  
17 changes in oversight of the North Carolina State Bar. The Committee shall expire upon  
18 submitting the report under this subsection.

19 **SECTION 27.11.(f)** G.S. 84-34 reads as rewritten:

20 "**§ 84-34. Membership fees and list of members.**

21 (a) Every active member of the North Carolina State Bar shall, prior to the first day of  
22 July of each year, pay to the secretary-treasurer an annual membership fee in an amount  
23 determined by the Council but not to exceed ~~three hundred dollars (\$300.00), and every three~~  
24 hundred twenty-five dollars (\$325.00).

25 (b) Every member shall notify the secretary-treasurer of the member's correct mailing  
26 and email address. Any member who fails to pay the required dues by the last day of June of each  
27 year shall be subject to a late fee in an amount determined by the Council but not to exceed thirty  
28 dollars (\$30.00). All dues for prior years shall be as were set forth in the General Statutes then in  
29 effect. The membership fee shall be regarded as a service charge for the maintenance of the  
30 several services authorized by this Article, and shall be in addition to all fees required in  
31 connection with admissions to practice, and in addition to all license taxes required by law. The  
32 fee shall not be prorated: ~~Provided, that no fee shall be required of an~~ prorated or waived, except  
33 for the following:

- 34 (1) An attorney licensed after this Article shall have gone into effect shall not be  
35 liable for dues until the first day of January of the calendar year following that  
36 in which the attorney was licensed; but this proviso shall not apply to attorneys  
37 from other states admitted on certificate.  
38 (2) A member serving in the Armed Forces, whether in a legal or nonlegal  
39 capacity, will be exempt from payment of dues for any year in which the  
40 member is on full-time active duty in the military, including members of the  
41 National Guard and Reserves called to active duty beyond regularly scheduled  
42 monthly and annual trainings.

43 (c) The fees shall be disbursed by the secretary-treasurer on the order of the Council. The  
44 secretary-treasurer shall annually, at a time and in a law magazine or daily newspaper to be  
45 prescribed by the Council, publish an account of the financial transactions of the Council in a  
46 form to be prescribed by it. The secretary-treasurer shall compile and keep currently correct from  
47 the names and mailing addresses forwarded to the secretary-treasurer and from any other  
48 available sources of information a list of members of the North Carolina State Bar and furnish to  
49 the clerk of the superior court in each county, not later than the first day of October in each year,  
50 a list showing the name and address of each attorney for that county who has not complied with  
51 the provisions of this Article. The name of each of the active members who are in arrears in the

1 payment of membership fees shall be furnished to the presiding judge ~~at the next term of the~~  
2 ~~superior court after the first day of October of each year,~~ by the clerk of the superior court of  
3 each county wherein the member or members reside, and the court shall thereupon take action  
4 that is necessary and proper. The names and addresses of attorneys so certified shall be kept  
5 available to the public. The Secretary of Revenue is hereby directed to supply the  
6 secretary-treasurer, from records of license tax payments, with any information for which the  
7 secretary-treasurer may call in order to enable the secretary-treasurer to comply with this  
8 requirement.

9 The list submitted to several clerks of the superior court shall also be submitted to the Council  
10 ~~at its October meeting of each year~~ and it shall take the action thereon that is necessary and  
11 proper."

12 **SECTION 27.11.(g)** G.S. 84-18.1 reads as rewritten:

13 **"§ 84-18.1. Membership and fees of district bars.**

14 (a) The district bar shall be a subdivision of the North Carolina State Bar subject to the  
15 general supervisory authority of the Council and may adopt rules, regulations and bylaws that  
16 are not inconsistent with this Article. A copy of any rules, regulations and bylaws that are  
17 adopted, along with any subsequent amendments, shall be transmitted to the Secretary-Treasurer  
18 of the North Carolina State Bar.

19 (b) Any district bar may from time to time by a majority vote of the members present at  
20 a duly called meeting prescribe an annual membership fee to be paid by its active members as a  
21 service charge to promote and maintain its administration, activities and programs. The fee shall  
22 be ~~in addition to, but shall not exceed, the amount of the membership fee prescribed by~~  
23 ~~G.S. 84-34 for active members of the North Carolina State Bar, ninety dollars (\$90.00).~~ The  
24 district bar may also charge a late fee, which shall not exceed fifteen dollars (\$15.00), for the  
25 failure to pay judicial district bar dues on time. The district bar shall send by mail or email a  
26 written notice to every active member of the district bar at least 30 days before any meeting at  
27 which an election is held to impose or increase mandatory district bar dues. Every active member  
28 of a district bar which has prescribed an annual membership fee shall keep its secretary-treasurer  
29 notified of ~~his~~ the member's correct mailing and email address and shall pay the prescribed fee  
30 at the time and place set forth in the demand for payment ~~mailed sent by mail or email to him~~ the  
31 member by its secretary-treasurer. The name of each active member of a district bar who is more  
32 than 12 full calendar months in arrears in the payment of any fee shall be furnished by the  
33 secretary-treasurer of the district bar to the Council. In the exercise of its powers as set forth in  
34 G.S. 84-23, the Council shall thereupon take disciplinary or other action with reference to the  
35 delinquent as it considers necessary and proper."

36 **SECTION 27.11.(h)** G.S. 84-28.1 reads as rewritten:

37 **"§ 84-28.1. Disciplinary hearing commission.**

38 (a) There shall be a disciplinary hearing commission of the North Carolina State Bar  
39 which shall consist of ~~20-26~~ members. ~~Twelve-Eighteen~~ of these members shall be members of  
40 the North Carolina State Bar, ~~and shall be with 12~~ appointed by the ~~Council.~~ Council, two  
41 members by the General Assembly upon the recommendation of the President Pro Tempore of  
42 the Senate in accordance with G.S. 120-121, two members by the General Assembly upon the  
43 recommendation of the Speaker of the House of Representatives in accordance with  
44 G.S. 120-121, and two members by the Chief Justice of the Supreme Court of North Carolina.  
45 The other eight shall be citizens of North Carolina not licensed to practice law in this or any other  
46 state, four of whom shall be appointed by the Governor, two by the General Assembly upon the  
47 recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121,  
48 and two by the General Assembly upon the recommendation of the Speaker of the House of  
49 Representatives in accordance with G.S. 120-121. The Council shall designate one of its  
50 appointees as chair and another as vice-chair. The chair shall have actively practiced law in the  
51 courts of the State for at least 10 years. Except as set out herein, the terms of members of the

1 commission are set at three years commencing on the first day of July of the year of their  
2 appointment. The Council, the Governor, the Chief Justice of the Supreme Court of North  
3 Carolina, and the General Assembly respectively, shall appoint members to fill unexpired terms  
4 when vacancies are created by resignation, disqualification, disability or death, except that  
5 vacancies in appointments made by the General Assembly may also be filled as provided by  
6 G.S. 120-122. No member may serve more than a total of seven years or a one-year term and two  
7 consecutive three-year terms: Provided, that any member or former member who is designated  
8 chair may serve one additional three-year term in that capacity. No member of the Council may  
9 be appointed to the commission.

10 ...."

11 **SECTION 27.11.(i)** Notwithstanding G.S. 84-28.1, as amended by subsection (h) of  
12 this section, the President Pro Tempore of the Senate, the Speaker of the House of  
13 Representatives, and the Chief Justice of the Supreme Court of North Carolina shall appoint two  
14 members each to the disciplinary hearing commission, respectively. The terms of the members  
15 appointed in accordance with this section shall begin upon appointment and expire on June 30,  
16 2024. Notwithstanding G.S. 84-28.1, as amended by subsection (h) of this section, a member  
17 appointed by an appointing authority under this section for a term expiring on June 30, 2024,  
18 shall not have that partial year term ending on that date count toward the maximum allowed terms  
19 or years the appointee is eligible to serve.

20 **SECTION 27.11.(j)** The North Carolina State Bar may adopt temporary rules to  
21 implement subsections (f) through (i) of this section.

22 **SECTION 27.11.(k)** Subsections (f) and (g) become effective July 1, 2024. The  
23 remainder of this section is effective when this act becomes law.

## 24 **PART XXVIII. GOVERNOR [RESERVED]**

## 25 **PART XXIX. HOUSING FINANCE AGENCY**

### 26 **REPORTING REQUIREMENTS**

27 **SECTION 29.1.(a)** Sub-subdivision e. of subdivision (7) of Section 3 of S.L.  
28 2017-119 is repealed.

29 **SECTION 29.1.(b)** G.S. 122A-16 reads as rewritten:

30 "**§ 122A-16. Oversight by committees of General Assembly; annual reports; report; audit;**  
31 **construction of Chapter.**

32 (a) Oversight. – The Finance Committee of the House of ~~Representatives and~~  
33 ~~Representatives~~, the Finance Committee of the ~~Senate~~ Senate, and the Joint Legislative Oversight  
34 Committee on General Government shall exercise continuing oversight of the Agency in order  
35 to assure that the Agency is effectively fulfilling its statutory purpose; provided, however, that  
36 nothing in this Chapter shall be construed as required by the Agency to receive legislative  
37 approval for the exercise of any of the powers granted by this Chapter. purpose.

38 (b) Comprehensive Report. – The Agency shall, promptly following the close of each  
39 ~~fiscal year, on or before February 15 of each year,~~ submit an annual comprehensive report of its  
40 activities for the preceding year to the Governor, the Office of State Budget and Management,  
41 State Auditor, ~~the aforementioned committees of the General Assembly and the Local~~  
42 Government Commission. Each such Commission, the Joint Legislative Oversight Committee  
43 on General Government, and the Fiscal Research Division. The comprehensive report required  
44 under this subsection shall set forth a complete operating and financial statement of the Agency  
45 during such year include at least all of the following:

46 (1) The goals and objectives of each program administered by the Agency.

47 (2) The number and types of activities funded by the Agency.

1           (3)    The number of individuals or families served for each program administered  
2                    by the Agency.

3           (4)    The information required under G.S. 45-104, 122A-5.15, and Section 20.1 of  
4                    S.L. 2005-276.

5           (c)    Audit. – The Agency shall cause an audit of its books and accounts to be made at least  
6 once in each year by an independent certified public accountant and the cost thereof may be paid  
7 from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each~~  
8 ~~year submit a written report of its activities to the Joint Legislative Commission on Governmental~~  
9 ~~Operations. The Agency shall also at the end of each fiscal year submit a written report of its~~  
10 ~~budget expenditures by line item to the Joint Legislative Commission on Governmental~~  
11 ~~Operations.~~

12           (d)    Construction. – Nothing in this Chapter shall be construed as requiring the Agency to  
13 receive legislative approval for the exercise of any of the powers granted by this Chapter."

14           **SECTION 29.1.(c)** Section 20.1(a) of S.L. 2005-276 reads as rewritten:

15           **"SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the  
16 federal HOME Program shall be used to match federal funds appropriated for the HOME  
17 Program. In allocating State funds appropriated to match federal HOME Program funds, the  
18 Agency shall give priority to HOME Program projects, as follows:

19           (1)    First priority to projects that are located in counties designated as Tier One,  
20                   Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

21           (2)    Second priority to projects that benefit persons and families whose incomes  
22                   are fifty percent (50%) or less of the median family income for the local area,  
23                   with adjustments for family size, according to the latest figures available from  
24                   the United States Department of Housing and Urban Development.

25           ~~The As part of the report required under G.S. 122A-16, the Housing Finance Agency shall~~  
26 ~~report to the Joint Legislative Commission on Governmental Operations by April 1 of each year~~  
27 ~~concerning on the status of the HOME Program and shall include in the report information on~~  
28 ~~priorities met, types of activities funded, and types of activities not funded."~~

29           **SECTION 29.1.(d)** G.S. 45-104(f) reads as rewritten:

30           "(f)    The As part of the report required under G.S. 122A-16, the Housing Finance Agency  
31 shall report to the General Assembly describing on the operation of the program established by  
32 this act not later than May 1 of each year until the funds are completely disbursed from the State  
33 Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in  
34 aggregate form and may include the number of clients helped, the effectiveness of the funds in  
35 preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures,  
36 and provide any other aggregated information the Housing Finance Agency determines is  
37 pertinent or that the General Assembly requests."

38           **SECTION 29.1.(e)** G.S. 122A-5.14(d) is repealed.

39           **SECTION 29.1.(f)** G.S. 122A-5.15(d) reads as rewritten:

40           "(d)    ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16,  
41 the Agency shall report to the Joint Legislative Commission on Governmental Operations and  
42 the Fiscal Research Division on the number of loans made under this section, the amount of each  
43 loan, and whether the low-income housing development is located in a low-, moderate-, or  
44 high-income county, as designated by the Agency."

45           **SECTION 29.1.(g)** Subsections (b) and (c) of G.S. 122A-16, as amended by  
46 subsection (b) of this section, and subsections (c), (d), and (f) of this section become effective  
47 July 1, 2023, and apply to reports due on or after that date. The remainder of this section becomes  
48 effective July 1, 2023.

49  
50 **HFA/INCREASE PROJECT CAPS FOR WORKFORCE HOUSING LOAN PROGRAM**

51           **SECTION 29.2.** G.S. 122A-5.15(c) reads as rewritten:

"(c) A taxpayer allocated a federal low-income housing tax credit under section 42 of the Code to construct or substantially rehabilitate a qualified North Carolina low-income housing development is eligible for a loan under the Workforce Housing Loan Program if the taxpayer satisfies the loan criteria established by the Agency. The loan criteria shall support the financing of similar types of developments as provided in G.S. 105-129.42 and shall be developed in partnership with developers of low-income housing in the State who receive a federal low-income housing tax credit under section 42 of the Code. The Agency shall take into consideration all eligible sources of funding for each development project, including whether there are other eligible sources of funding available for the development project. No loan made to a taxpayer under this section shall exceed ~~two three million dollars (\$2,000,000)~~ (\$3,000,000) if the low-income housing development is located in a low-income county, as designated by the Agency; ~~one million five hundred two million dollars (\$1,500,000)~~ (\$2,000,000) in a moderate-income county, as designated by the Agency; and ~~two hundred fifty five hundred thousand dollars (\$250,000)~~ (\$500,000) in a high-income county, as designated by the Agency."

## **HFA/WORKFORCE HOUSING LOAN PROGRAM**

**SECTION 29.3.** Notwithstanding any other provision of law, for the 2023-2024 fiscal year, a taxpayer who was allocated a federal low-income housing tax credit as provided in G.S. 122A-5.15 for a low-income housing development located in a low-income county, as designated by the Housing Finance Agency, before the date this act becomes law is eligible for a loan under the Workforce Housing Loan Program if the taxpayer provides evidence that the loan funds are necessary to address inflationary costs associated with the low-income housing development, including the costs to finance the development. The loan funds authorized under this section shall not supplant but shall be in addition to any other sources of funding for the development project included in the taxpayer's initial application for a loan under the Workforce Housing Loan Program.

## **PART XXIX-A. OFFICE OF STATE HUMAN RESOURCES**

### **OSHR/HUMAN CAPITAL RESOURCE MANAGEMENT**

**SECTION 29A.1A.(a)** Of the funds appropriated in this act to the Office of State Human Resources (OSHR), the sum of five million six hundred thousand dollars (\$5,600,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to plan and design a system to replace the currently used human capital resources management (HCM) components, such as recruitment/applicant tracking, organizational management, and personnel management, under the purview of OSHR. The replacement system shall not include the existing enterprise payroll, accounting, and finance system operations and functions under the purview of the Office of State Controller (Controller). OSHR shall consult with the State Chief Information Officer (State CIO) and Controller in planning and designing the replacement system and shall obtain the prior approval of the State CIO and Controller on the selection of final system functions and information technology vendors.

**SECTION 29A.1A.(b)** Beginning January 1, 2024, OSHR shall provide quarterly reports to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on its progress in implementing the provisions of this section and, upon the completion of the implementation, shall provide a final report to the Committee.

### **USE OF TEMPORARY SOLUTIONS PROGRAM BY CABINET AND COUNCIL OF STATE AGENCIES FOR HIRING TEMPORARY EMPLOYEES**

**SECTION 29A.2.(a)** G.S. 126-6.3 reads as rewritten:

**"§ 126-6.3. Temporary employment needs of Cabinet and Council of State agencies; use of the Temporary Solutions Program.**

1 (a) Use of Temporary Solutions Required for Cabinet Agencies. – Notwithstanding  
2 G.S. 126-5 or any other provision of law, all Cabinet agencies that utilize temporary employees  
3 to perform work that is not information technology-related shall employ them through the  
4 Temporary Solutions Program administered by the Office of State Human Resources. ~~The~~  
5 ~~Director of the Office of State Human Resources may create exceptions to this requirement when~~  
6 ~~doing so would be in the best interests of the State in the sole discretion of the Director. An~~  
7 ~~exception shall be invalid unless it is in writing.~~ Resources (OSHR). Council of State agencies  
8 may use the Temporary Solutions Program in the discretion of the agency.

9 (a1) Temporary Employment Restrictions. – No temporary employee shall be employed  
10 more than 11 consecutive months. A temporary employee shall only be eligible for reinstatement  
11 on the job assignment after working 11 consecutive months if the temporary employee is  
12 separated for at least 31 consecutive calendar days. Temporary employees shall not be used to  
13 permanently expand the workforce beyond authorized levels.

14 (a2) The OSHR shall prohibit from acquiring new temporary employees any agency or  
15 division, based on individual budget code, having an invoice owed to the OSHR that is over 90  
16 days overdue and a total overdue invoice amount exceeding two hundred thousand dollars  
17 (\$200,000) for any number of days. When an agency is restricted from acquiring a new temporary  
18 employee under this subsection, the agency shall not be allowed to acquire new temporary  
19 employees through the Temporary Solutions Program until the agency has paid all overdue  
20 invoices. The provisions of this subsection do not apply to the North Carolina National Guard.

21 (a3) Exceptions. – The following exceptions apply:

22 (1) The Director of the OSHR may create exceptions to the requirements of  
23 subsection (a) of this section only when the following conditions are met:

24 a. The Temporary Solutions Program cannot meet the agency's  
25 employment needs for a class of temporary job assignments.

26 b. Failure to recruit for the class of temporary job assignments will cause  
27 severe harm to the agency's ability to provide services to the public.

28 (2) A temporary employee who is a full-time student, a retired employee, an  
29 inmate on a work-release program, an intern, or an extern is exempt from the  
30 requirements of subsection (a1) of this section.

31 (3) The Director of the OSHR may create exceptions to the requirements of  
32 subsection (a1) of this section only when all of the following conditions are  
33 met:

34 a. The exception is in the best interests of the State because removing the  
35 employee from the job assignment will cause severe harm to the  
36 agency's ability to provide vital services to the public.

37 b. The exception will not result in extending the 11-month maximum  
38 length of temporary employment beyond 22 months from the  
39 employee's initial hire date.

40 All exceptions shall be in the sole discretion of the Director of the OSHR except that the North  
41 Carolina National Guard is hereby granted preferred status for exceptions which shall not be  
42 denied by the Director. All exceptions shall include a justification of why the exception is  
43 necessary. An exception is invalid unless it is submitted in writing and on file in the Temporary  
44 Solutions Program Office. To the extent possible, the Director of the OSHR or the Director's  
45 designee shall advise agencies of alternative job classification options prior to approval of  
46 exceptions to subsection (a1) of this section.

47 (a4) Cabinet and Council of State Agency Responsibilities. – Cabinet and Council of State  
48 agencies are responsible for sending a separation request or notification of the 31-day separation  
49 to the OSHR before a temporary employee exceeds 11 consecutive months unless an exception  
50 from subsection (a1) of this section applies. Failure to provide timely separation requests may  
51 limit an agency from future access to temporary employees.

1        (a5) OSHR Responsibilities. – The OSHR shall monitor the employment of all temporary  
2 employees by Cabinet and Council of State agencies. Temporary employees still employed  
3 beyond 11 consecutive months shall be separated from BEACON, or the system which  
4 supersedes BEACON, by the OSHR no more than two weeks past the 11-month limit unless an  
5 exception from this section applies. The OSHR shall provide written notice to the agency at  
6 intervals of 90, 60, and 30 days prior to the temporary employee reaching 11 consecutive months  
7 of service.

8        (a6) Reporting. – Beginning January 1, 2024, and then quarterly thereafter, the OSHR  
9 shall report to the Joint Legislative Oversight Committee on General Government and to the  
10 Fiscal Research Division on agency compliance with this section and policies and rules adopted  
11 pursuant to it, including:

- 12            (1) The number and type of all exceptions made by the Director of the OSHR.
- 13            (2) Any agency invoices with due dates greater than 60 days.
- 14            (3) Compliance with G.S. 147-86.11(e)(3) through (e)(4).
- 15            (4) The number of temporary employees who exceeded 11 months of consecutive  
16 employment, and the number of days each employee exceeded 11 months of  
17 employment, separated by State agency.

18        For any temporary employee that is not entered and monitored through the BEACON system,  
19 the agency shall record the time worked by each temporary employee in the agency, including  
20 the number of hours worked per week, number of months worked, and the amount of time the  
21 employee was not employed after 11 consecutive months of service with the agency and report  
22 the information monthly to the OSHR. To the extent possible for temporary employees, agencies  
23 shall use BEACON, or the State payroll system that supersedes BEACON, for payroll purposes.  
24 If it is not feasible for an agency to use BEACON, or the superseding system for payroll purposes,  
25 the agency shall report monthly the information required by this section to the OSHR in  
26 accordance with guidelines and requirements established by the Director of Temporary  
27 Solutions.

28        ~~(b) Compliance Monitoring. — The Office of State Human Resources shall monitor the~~  
29 ~~employment of temporary employees by Cabinet and Council of State agencies and shall report~~  
30 ~~biannually to the Joint Legislative Oversight Committee on General Government and to the~~  
31 ~~Fiscal Research Division on agency compliance with this section and policies and rules adopted~~  
32 ~~pursuant to it. Each State agency granted an exception under this section from using the~~  
33 ~~Temporary Solutions Program and any Council of State agency that elected to not use the~~  
34 ~~Temporary Solutions Program shall record the time worked by each temporary employee in the~~  
35 ~~agency, including the number of hours worked per week, number of months worked, and the~~  
36 ~~amount of time the employee was not employed after 11 consecutive months of service with the~~  
37 ~~agency. To the extent possible for temporary employees, agencies shall use BEACON, or the~~  
38 ~~State payroll system that supersedes BEACON, for payroll purposes. If it is not feasible for an~~  
39 ~~agency to use BEACON, or the superseding system for payroll purposes, the agency shall report~~  
40 ~~the information required by this section to the Office of State Human Resources in accordance~~  
41 ~~with guidelines and requirements established by the Director of Temporary Solutions.~~

42        (c) Definitions. – For purposes of this section, the following definitions shall apply:

- 43            (1) Cabinet agency. – A unit of the executive branch of State government, such  
44            as a department, an institution, a division, a commission, a board, or a council  
45            that is under the control of the Governor. The term does not include an agency  
46            that is under the control of an official who is a member of the Council of State.
- 47            (2) Council of State agency. – An agency that is under the control of an official  
48            who is a member of the Council of State.
- 49            (3) Extern. – A student who, regardless of the number of credit hours enrolled, is  
50 employed as part of a written agreement between the State and an academic  
51 institution through which the student is paid and earns course credit.



- 1           (4)    Full-time student. – An undergraduate student taking at least 12 credit hours  
 2           or a graduate student taking at least nine credit hours.
- 3           (5)    Intern. – A student who, regardless of the number of credit hours enrolled,  
 4           works to gain occupational experience for a period of at least one academic  
 5           semester.
- 6           (6)    Retired employee. – An individual drawing a retirement income or Social  
 7           Security benefits and who has signed a statement that the individual is not  
 8           available for, nor seeking, permanent employment.
- 9           (7)    Temporary employee. – A State employee who is employed in a temporary  
 10          appointment for a limited term, including a State employee hired from the  
 11          OSHR Temporary Solutions Program, directly hired by an agency, hired by  
 12          an agency from a private staffing firm, or hired by any other method used to  
 13          fill a workforce need for a limited period of time. The term does not include a  
 14          career State employee as defined by G.S. 126-1.1."

15           **SECTION 29A.2.(b)** This section is effective when it becomes law and applies to  
 16 temporary employees hired on or after that date.

## 18 **PART XXX. INSURANCE**

### 20 **REGULATORY FEE & INSURANCE REGULATORY FUND**

21           **SECTION 30.1.(a)** Notwithstanding the provisions of G.S. 58-6-25(b), the  
 22 percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b)  
 23 is two percent (2%) for the 2024 calendar year and the 2025 calendar year.

24           **SECTION 30.1.(b)** G.S. 58-6-25 reads as rewritten:

25           "**§ 58-6-25. Insurance regulatory charge.**

26           ...

27           (b)    Rates. – The rate of the charge for each taxable year shall be six and one-half percent  
 28 (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the  
 29 Department shall propose a percentage rate of the charge levied in this section. The Governor  
 30 shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the  
 31 General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds  
 32 sufficient to defray the estimated cost of the operations of the Department for each upcoming  
 33 fiscal year, including a reasonable margin for a reserve fund, ~~and (ii) that the amount of the~~  
 34 ~~reserve not exceed one-third of the estimated cost of operating the Department for each upcoming~~  
 35 ~~fiscal year. that shall be used to provide for unanticipated expenditures requiring a budget~~  
 36 ~~adjustment as authorized by G.S. 143C-6-4.~~ In calculating the amount of the reserve, the General  
 37 Assembly shall consider all relevant factors that may affect the cost of operating the Department  
 38 or a possible unanticipated increase or decrease in North Carolina premiums or other charge  
 39 revenue.

40           ...

41           (d)    Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury,~~  
 42 ~~under the control of the Office of State Budget and Management. The~~ as an interest-bearing  
 43 special fund to which the proceeds of the charge levied in this section and all fees collected under  
 44 Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General  
 45 Statutes shall be ~~credited to the Fund. The Fund shall be placed in an interest-bearing account~~  
 46 ~~and any interest or other income derived from the Fund shall be credited to the Fund. credited.~~  
 47 Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly  
 48 Assembly, and in accordance with the line item budget enacted by the General Assembly. The  
 49 the Fund is subject to the provisions of the State Budget Act, ~~except that no unexpended surplus~~  
 50 ~~of the Fund shall revert to the General Fund. Act.~~ All money credited to the Fund shall be used  
 51 to reimburse the General Fund for the following:

1           ...."

2  
3     **DOI/VOLUNTEER FIRE DEPARTMENT FUND**

4           **SECTION 30.2.(a)** G.S. 58-87-1 reads as rewritten:

5     **"§ 58-87-1. Volunteer Fire Department Fund.**

6           ...

7           (a1) Grant Program. – An eligible fire department may apply to the Commissioner for a  
8 grant under this section. In awarding grants under this section, the Commissioner must, to the  
9 extent possible, select applicants from all parts of the State based upon need. The Commissioner  
10 must award the grants on May 15, or on the first business day after May 15 if May 15 falls on a  
11 weekend or a holiday, of each year subject to the following limitations:

- 12           (1) The size of a grant may not exceed ~~thirty~~forty thousand dollars  
13           (~~\$30,000~~)-(\$40,000).

14           ...

15           (b) Eligible Fire Department. – A fire department is eligible for a grant under this section  
16 if it meets all of the conditions of this subsection. No fire department may be declared ineligible  
17 for a grant solely because it is classified as a municipal fire department. The required conditions  
18 are:

- 19           (1) Repealed by Session Laws 2016-78, s. 2.1(a), effective June 30, 2016.  
20           (2) It consists entirely of volunteer members, with the exception that the unit may  
21 have paid members to fill the equivalent of ~~six-eight~~ full-time paid positions.  
22           For purposes of this subdivision, a "full-time paid position" is equivalent to  
23           2,080 hours in a fiscal year.  
24           (3) It has been certified by the Department of Insurance.

25           ...."

26           **SECTION 30.2.(b)** G.S. 58-87-1(a1), as amended by subsection (a) of this section,  
27 expires June 30, 2025.

28           **SECTION 30.2.(c)** For the 2023-2024 fiscal year only, the Commissioner of  
29 Insurance shall reserve one million dollars (\$1,000,000) of the funds in the Volunteer Fire  
30 Department Fund to provide grants to eligible fire departments in the event of an emergency. For  
31 purposes of this subsection, the term "emergency" has the same meaning as in  
32 G.S. 166A-19.3(6). Emergency reserve grants shall not exceed fifty thousand dollars (\$50,000)  
33 and shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining  
34 in the emergency reserve on June 30 of each fiscal year of the 2023-2025 fiscal biennium shall  
35 revert to the Volunteer Fire Department Fund. If an eligible fire department is awarded an  
36 emergency reserve grant and thereafter receives a monetary settlement from its insurance carrier  
37 for the same loss or damages for which the grant was awarded, the fire department shall  
38 reimburse the State for the amount of the grant.

39           **SECTION 30.2.(d)** Within 60 days after all grants have been awarded under this  
40 section, the Commissioner shall submit a written report to the Senate Appropriations Committee  
41 on General Government and Information Technology, the House of Representatives  
42 Appropriations Committee on General Government, the Joint Legislative Oversight Committee  
43 on General Government, and the Fiscal Research Division which shall be posted on the  
44 Department of Insurance's website and shall contain all of the following:

- 45           (1) For grants under subsection (a) of this section:  
46           a. The total number of grants awarded.  
47           b. A list of the eligible fire departments that were awarded grants and the  
48           county in which each eligible fire department is located.  
49           c. The amount of the grant award to each eligible fire department.  
50           d. Whether the eligible fire department is a volunteer unit, municipal  
51           unit, or other.

- 1 e. The total number of full-time employees as of January 31 of each fiscal
- 2 year.
- 3 f. The total number of full-time volunteer employees as of January 31 of
- 4 each fiscal year.
- 5 g. The specific purpose for which the grant was awarded. If to purchase
- 6 equipment, the type of equipment purchased. If to make capital
- 7 improvements, the type of capital improvements made.
- 8 h. Whether the grant funds awarded were used for highway use taxes or
- 9 putting property acquired from the Department of Defense through the
- 10 Firefighter Property (FFP) and Federal Excess Property (FEPP)
- 11 Programs in service.
- 12 i. Whether the eligible fire department was required to match the grant
- 13 as required by G.S. 58-87-1(2a).
- 14 (2) For emergency reserve grants under subsection (c) of this section:
- 15 a. The total number of grants awarded.
- 16 b. A list of the eligible fire departments that were awarded grants and the
- 17 county in which each eligible fire department is located.
- 18 c. The amount of the grant award to each eligible fire department.
- 19 d. A description of the emergency for which grant funds were awarded.
- 20

**DOI/ADMINISTRATION OF WORKERS' COMPENSATION FUND FOR CERTAIN SAFETY WORKERS**

**SECTION 30.3.(a)** G.S. 58-87-10 reads as rewritten:

**"§ 58-87-10. Workers' Compensation Fund for the benefit of certain safety workers.**

...

(d) Administration. – ~~The State Fire and Rescue Commission, established under G.S. 58-78-1, Department of Insurance shall administer the Workers' Compensation Fund and shall perform this duty by contracting with a third-party administrator. The contracting procedure is not subject to Article 3C of Chapter 143 of the General Statutes. The reasonable and necessary expenses incurred by the Commission Department in administering the Fund shall be paid out of the Fund by the State Treasurer. The Commission Department may adopt rules to implement this section. The State Fire and Rescue Commission Department shall include both of the following in its contracts with the third-party administrator:~~

(1) All provisions of Section 2(d) of S.L. 2014-64 in all future contracts with its workers' compensation third party administrators.S.L. 2014-64.

(2) A clause explicitly stating that no commissions of any kind may be paid to any agent, broker, or other person from the Fund.

(e) Revenue Source. – Revenue is credited to the Workers' Compensation Fund from a portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3). In addition, every eligible unit and eligible entity that elects to participate shall pay into the Fund an amount set annually by the ~~State Fire and Rescue Commission~~ Commissioner of Insurance, in consultation with the State Fire and Rescue Commission, to ensure that the Fund will be able to meet its payment obligations under this section. The amount shall be set as an amount for each member of the roster of the eligible unit or for each employee or volunteer of an eligible entity, and the amount may vary based on whether an individual is a volunteer, a part-time employee, or a full-time employee. The payment shall be made to the ~~State Fire and Rescue Commission Department~~ on or before July 1 of each year. The ~~Commission Department~~ shall remit the payments it receives to the State Treasurer, who shall credit the payments to the Fund.

...

(g) Allocation of Taxes. – ~~The study conducted under subsection (f) of this section shall be reviewed by the Office of State Budget and Management. On or before March 1 of each year,~~

1 ~~the Office of State Budget and Management, in consultation with the Department of Insurance,~~  
 2 Insurance must notify the Secretary of Revenue of the amount required to meet the needs of the  
 3 Fund, as determined by the ~~study,~~ study conducted under subsection (f) of this section, for the  
 4 upcoming fiscal year. The Secretary of Revenue shall remit that amount, subject to the twenty  
 5 percent (20%) limitation in G.S. 105-228.5(d)(3), to the Fund.

6 (h) Reports. – The Department of Insurance shall, on a quarterly basis, report to the State  
 7 Fire and Rescue Commission on its activities conducted pursuant to this section."

8 **SECTION 30.3.(b)** G.S. 58-87-10(d)(2), as enacted by subsection (a) of this section,  
 9 applies to contracts with workers' compensation third-party administrators executed or renewed  
 10 on or after the date this section becomes law.

11 **SECTION 30.3.(c)** G.S. 58-78-5 reads as rewritten:

12 **"§ 58-78-5. State Fire and Rescue Commission – Powers and duties.**

13 (a) The Commission shall have the following powers and duties:

14 ...

15 (16) To provide oversight for the workers' compensation benefits administered by  
 16 the Department of Insurance under G.S. 58-87-10, to create a Volunteer  
 17 Safety Workers' Compensation Board to assist it in performing this duty, and  
 18 to reimburse the members of the Commission's Volunteer Safety Workers'  
 19 Compensation Board in accordance with G.S. 138-5 for travel and subsistence  
 20 expenses incurred by them.

21 ...."

## 22 **DOI/CONTINUE FIREFIGHTERS' HEALTH BENEFITS PILOT PROGRAM**

23 **SECTION 30.4.(a)** Notwithstanding the provisions of G.S. 58-87-10(e), for the  
 24 2023-2025 fiscal biennium only, revenue from a portion of the proceeds of the tax levied under  
 25 G.S. 105-228.5(d)(3) shall not be credited to the Workers' Compensation Fund administered by  
 26 the Department of Insurance as provided in G.S. 58-87-10 but shall instead be credited to the  
 27 Firefighters' Health Benefits Pilot Program established in Section 30.4A of S.L. 2021-180.

28 **SECTION 30.4.(b)** Section 30.4A of S.L. 2021-180 reads as rewritten:

29 **"SECTION 30.4A.(a)** Firefighters' Health Benefits Pilot Program. – Of the funds  
 30 appropriated in this act to the Department of Insurance, the sum of ~~seven million five hundred~~  
 31 ~~thousand dollars (\$7,500,000)~~ five million dollars (\$5,000,000) in nonrecurring funds for each  
 32 fiscal year of the ~~2021-2023~~ 2023-2025 fiscal biennium shall be used to ~~establish~~ continue and  
 33 administer a pilot program to provide health benefits as authorized by this section to eligible  
 34 firefighters with a new diagnosis of cancer on or after January 1, 2022. The health benefits  
 35 provided under the pilot program shall be supplemental to any other health benefits authorized  
 36 by law for firefighters. The pilot program shall end on ~~June 30, 2023,~~ June 30, 2025, but claims  
 37 for health benefits filed by that date shall be paid as long as funds appropriated for the pilot  
 38 program are available. Effective January 1, 2024, the Department shall begin administering the  
 39 pilot program instead of purchasing private insurance for that purpose. The Department may use  
 40 up to five percent (5%) of the funds appropriated for the pilot program in this act for the purpose  
 41 of hiring additional staff to aid in administering the pilot program in-house and conducting an  
 42 independent audit of the pilot program. The results of the independent audit shall be submitted  
 43 to the General Assembly, the Fiscal Research Division, and the Governor no later than July 1,  
 44 2025, along with the report required by subsection (f) of this section.

45 ...

46 **"SECTION 30.4A.(c)** Eligibility. – To be eligible to receive benefits under the pilot  
 47 program, a firefighter:

48 (1) Must have served in a North Carolina fire department for a minimum of five  
 49 continuous ~~years~~ years; provided, however, if a firefighter, during those five  
 50

years, experiences a lapse in service of no more than six months, the firefighter shall not be ineligible to receive benefits under the pilot program.

- (2) Must have received a new diagnosis of cancer on or after January 1, 2022. A firefighter with a diagnosis of cancer prior to January 1, 2022, is not eligible for benefits in the pilot program for that previously diagnosed cancer type but remains eligible for benefits in the pilot program upon diagnosis of any other cancer type. A firefighter is not eligible to receive benefits under the pilot program if the firefighter is receiving benefits related to cancer under Article 1 of Chapter 97 of the General Statutes, the North Carolina Workers' Compensation Act.
- (3) Must have filed a claim with the Department seeking benefits under this section no later than ~~June 30, 2023~~June 30, 2025.

...  
"SECTION 30.4A.(f) Reporting Requirements. – On ~~January 1, 2023, and~~ July 1, 2023, July 1, 2024, and July 1, 2025, the Department shall submit a report to the General ~~Assembly~~ Assembly, the Fiscal Research Division, and ~~to~~ the Governor that includes the following information:

- (1) The number, type, and primary work location of all firefighters participating in the pilot program. For purposes of this subsection, the term "type" means a volunteer, employee, contractor, or member of a rated and certified fire department, or employee of a county fire marshal's office whose sole duty is to act as fire marshal, deputy fire marshal, assistant fire marshal, or firefighter of the county.
- (2) The number of benefit claims ~~filed~~filed, by type.
- (3) The types of cancer for which benefit claims were ~~filed~~filed, by type.
- (4) All benefits paid out under this ~~section~~section, by type.

...."

**DOI/WORKERS' COMPENSATION FUND FOR FIREFIGHTERS AND EMS/RESCUE WORKERS**

**SECTION 30.5.** Notwithstanding the provisions of G.S. 58-87-10, for the 2023-2024 fiscal year and the 2024-2025 fiscal year, the Commissioner of Insurance shall not set an amount to be paid by every eligible unit and eligible entity, as those terms are defined in G.S. 58-87-10(a), that elects to participate in the Workers' Compensation Fund created pursuant to G.S. 58-87-10(b). For the 2023-2024 fiscal year and the 2024-2025 fiscal year, no eligible unit or eligible entity shall be required to submit to the Commissioner of Insurance any payment to participate in the Fund.

**VOLUNTEER RESCUE UNITS/EQUIPMENT & CAPITAL IMPROVEMENTS**

**SECTION 30.6.(a)** Grants Authorized. – Of the funds appropriated in this act to the Department of Insurance, the sum of one million dollars (\$1,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used by the Department to establish and administer a grant program to provide grants to eligible standalone volunteer rescue units (hereinafter "unit") for the purpose of purchasing equipment and making capital improvements. Grants for equipment shall not be more than twenty-five thousand dollars (\$25,000) to each unit in each fiscal year and not more than two hundred thousand dollars (\$200,000) for capital improvements in each fiscal year. Each grant applicant shall match an equipment grant with ten percent (10%) of the grant amount in non-State funds and a capital improvement grant with five percent (5%) of the grant amount in non-State funds. An applicant may apply for a grant under this section in each fiscal year of the 2023-2025 fiscal biennium. Each applicant may be awarded only one grant in each fiscal year of the 2023-2025 fiscal biennium. For purposes of this section,

1 the term "eligible standalone volunteer rescue unit" means a volunteer rescue unit under  
2 G.S. 58-87-5(b) that is not combined with a rescue/EMS, EMS units that are volunteer fire  
3 departments that are a part of a county's EMS system plan, EMS units providing rescue or rescue  
4 and emergency medical services, or any other unit of any type providing rescue and/or emergency  
5 services.

6 **SECTION 30.6.(b)** In awarding grants under this section, the Department shall, to  
7 the extent possible, select applicants from all parts of the State. Grants shall be made as soon as  
8 practicable. If, in any fiscal year, the Department has not disbursed all of the grant funds  
9 appropriated for the grant program as provided in subsection (a) of this section, the Department  
10 shall allow applicants who have not received grant funds in that fiscal year to apply for a grant,  
11 and the applicant shall match the grant funds as provided in subsection (a) of this section. Grants  
12 authorized by this section shall be awarded in addition to and shall not supplant any amount of  
13 the grant awarded to an eligible standalone volunteer rescue unit under G.S. 58-87-5. Any funds  
14 appropriated for the grant program authorized by subsection (a) of this section that are  
15 unencumbered at the end of each fiscal year of the 2023-2025 fiscal biennium shall not revert to  
16 the Volunteer Rescue/EMS Fund but shall remain available for providing grants as authorized  
17 by this section.

18 **SECTION 30.6.(c)** Report. – Within 60 days after all grants have been awarded  
19 under subsection (a) of this section, the Department shall submit a written report to the Senate  
20 Appropriations Committee on General Government and Information Technology, the House of  
21 Representatives Appropriations Committee on General Government, the Joint Legislative  
22 Oversight Committee on General Government, and the Fiscal Research Division which shall  
23 include all of the following:

- 24 (1) The total number of grants awarded, by county.
- 25 (2) The name of each eligible standalone volunteer rescue unit to which a grant  
26 was awarded, by county and by city, if applicable.
- 27 (3) The amount of the grant awarded to each eligible standalone volunteer rescue  
28 unit.

## 30 VOLUNTEER FIRE DEPARTMENTS/APPARATUS TIRE REPLACEMENT

31 **SECTION 30.7.(a)** Grants Authorized. – Of the funds appropriated in this act to the  
32 Department of Insurance, the sum of one million dollars (\$1,000,000) in nonrecurring funds for  
33 each fiscal year of the 2023-2025 fiscal biennium shall be used by the Department to establish  
34 and administer a grant program to provide grants in an amount of not more than ten thousand  
35 dollars (\$10,000) to eligible fire departments under G.S. 58-87-1(b) for the purpose of replacing  
36 fire apparatus tires. Grants shall be awarded only to applicants who certify in writing the need to  
37 remove fire apparatus tires from service because of any of the following reasons: (i) tread wear  
38 beyond the minimum tread depth, (ii) fire conditions that caused damage to the tires, such as  
39 coming into contact with fire retardant and/or running over glass, debris, oil, or chemicals, (iii)  
40 tire damage, such as cuts, bulges, and cracks, and (iv) evidence of dry rot or sidewall cracking.  
41 Applicants shall use the grant funds only for the purpose of replacing fire apparatus tires and  
42 shall not use the funds for any other purpose. Applicants are not required to provide a match for  
43 grant funds. An applicant may apply for a grant under this section in each fiscal year of the  
44 2023-2025 fiscal biennium. Each applicant may be awarded only one grant in each fiscal year of  
45 the 2023-2025 fiscal biennium.

46 **SECTION 30.7.(b)** In awarding grants under this section, the Department shall, to  
47 the extent possible, select applicants from all parts of the State. Grants shall be made as soon as  
48 practicable. If, in any fiscal year, the Department has not disbursed all the grant funds  
49 appropriated for the grant program authorized by subsection (a) of this section, the Department  
50 shall allow applicants who have not received grant funds in that fiscal year to apply for a grant.  
51 Grants authorized by this section shall be awarded in addition to and shall not supplant any

1 amount of the grant awarded to an eligible fire department under G.S. 58-87-1. Any funds  
2 appropriated for the grant program authorized by subsection (a) of this section that are  
3 unencumbered at the end of each fiscal year of the 2023-2025 fiscal biennium shall not revert to  
4 the Volunteer Fire Department Fund but shall remain available for providing grants as authorized  
5 by this section.

6 **SECTION 30.7.(c)** Report. – Within 60 days after all grants have been awarded  
7 under subsection (a) of this section, the Department shall submit a written report to the Senate  
8 Appropriations Committee on General Government and Information Technology, the House of  
9 Representatives Appropriations Committee on General Government, the Joint Legislative  
10 Oversight Committee on General Government, and the Fiscal Research Division which shall  
11 include all of the following:

- 12 (1) The total number of grants awarded, by county.
- 13 (2) The name of each eligible fire department to which a grant was awarded, by  
14 county and by city, if applicable.
- 15 (3) The amount of the grant awarded to each eligible fire department.

## 16 **OFFICE OF STATE FIRE MARSHAL ESTABLISHED**

17 **SECTION 30.8.(a)** Chapter 58 of the General Statutes is amended by adding a new  
18 Article to read:

19 "Article 78A.

20 "Office of the State Fire Marshal.

### 21 **"§ 58-78A-1. Office of the State Fire Marshal.**

22 (a) The Office of the State Fire Marshal is created within the Department of Insurance  
23 and that office may exercise its prescribed duties independently of the Department. The  
24 Commissioner shall provide general administrative support to the Office of the State Fire  
25 Marshal.

26 (b) The "State Fire Marshal," as used in this Article and elsewhere in the General Statutes,  
27 shall be the head of the Office of the State Fire Marshal and shall be a person appointed by the  
28 Commissioner subject to confirmation by the General Assembly by joint resolution. The State  
29 Fire Marshal shall be a person other than the Commissioner and shall serve a three-year term. If  
30 a vacancy arises or exists pursuant to this subsection when the General Assembly is not in  
31 session, the Commissioner may appoint a State Fire Marshal to serve on an interim basis pending  
32 confirmation by the General Assembly. For the purposes of this subsection, the General  
33 Assembly is not in session only (i) prior to convening of the Regular Session, (ii) during any  
34 adjournment of the Regular Session for more than 10 days, and (iii) after sine die adjournment  
35 of the Regular Session.

36 (c) The salary of the State Fire Marshal shall be set by the General Assembly in the  
37 Current Operations Appropriations Act. In addition to the salary set by the General Assembly in  
38 the Current Operations Appropriations Act, the State Fire Marshal shall receive as longevity pay  
39 in an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the  
40 Current Operations Appropriations Act payable monthly after five years of service, and nine and  
41 six-tenths percent (9.6%) after 10 years of service. For purposes of this subsection, the term  
42 "service" means service as the State Fire Marshal."

43 **SECTION 30.8.(b)** G.S. 58-80-1 reads as rewritten:

### 44 **"§ 58-80-1. Purpose of Article; meaning of "State Fire Marshal".**

45 The purpose of this Article shall be the creation of a State Volunteer Fire Department to  
46 provide protection for property lying outside the boundaries of municipalities, and to render  
47 assistance anywhere within the State of North Carolina, in municipalities or counties, in  
48 emergencies caused by fire, floods, tornadoes, or otherwise, in the manner and subject to the  
49 conditions provided in this Article. ~~As used in this Article and elsewhere in the General Statutes,~~  
50 ~~"State Fire Marshal" means the Commissioner of Insurance of the State of North Carolina."~~  
51

1           **SECTION 30.8.(c)** G.S. 14-410(c)(3) reads as rewritten:

2           "(3) State Fire Marshal. – Defined in ~~G.S. 58-80-1~~.G.S. 58-78A-1."

3           **SECTION 30.8.(d)** The Department of Insurance shall eliminate one or more vacant  
4 positions and shall use the funds made available as a result of the elimination of the vacant  
5 positions to fund the new position of State Fire Marshal, as created by G.S. 58-78A-1, as enacted  
6 by subsection (a) of this section.

7           **SECTION 30.8.(e)** Notwithstanding G.S. 58-78A-1, as enacted by subsection (a) of  
8 this section, the Commissioner of the Department of Insurance shall serve as the State Fire  
9 Marshal until the General Assembly confirms an independent State Fire Marshal, as authorized  
10 by G.S. 58-78A-1, as enacted by subsection (a) of this section.

11           **SECTION 30.8.(f)** This section becomes effective January 1, 2024.

## 12 13 **PROPOSAL FOR STATE-BASED HEALTH BENEFITS EXCHANGE**

14           **SECTION 30.9.(a)** Notwithstanding G.S. 143B-24(b), the Commissioner of the  
15 Department of Insurance (Commissioner) shall, in consultation with the Secretary of the  
16 Department of Health and Human Services, develop a detailed plan for the development of a  
17 State-based health benefits exchange that meets the requirements of the federal Patient Protection  
18 and Affordable Care Act, P.L. 111-148, as amended (ACA). As part of the development of this  
19 plan for a State-based exchange, the Commissioner shall develop a draft State Innovation Waiver  
20 under section 1332 of the ACA. The plan and the draft waiver developed in accordance with this  
21 section shall include, at a minimum, the consideration of the following:

- 22           (1) Stabilization strategies aimed at addressing risk associated with individuals  
23           with high healthcare costs.
- 24           (2) Individual coverage Health Reimbursement Arrangements (HRAs) for  
25           employees of large and small businesses within the State.
- 26           (3) Financial assistance for various types of health insurance plans, including  
27           nonqualified health plans, for individuals purchasing coverage on the  
28           State-based exchange.
- 29           (4) A new, State-administered subsidy program for (i) individuals and families  
30           and (ii) small businesses purchasing coverage for employees through the  
31           State-based exchange.
- 32           (5) The establishment of account-based premium credits for individuals and  
33           families enrolled in healthcare coverage through the State-based exchange.
- 34           (6) The use of any available federal funding or grants for the creation of the  
35           State-based exchange, or necessary information technology to support the  
36           exchange, or both.
- 37           (7) The establishment of a reinsurance program that seeks to maximize federal  
38           funding for the program and stabilize the rates and premiums for health  
39           insurance policies offered in this State.

40           **SECTION 30.9.(b)** No later than May 15, 2024, the Commissioner shall submit to  
41 the Joint Legislative Oversight Committee on General Government and the Joint Legislative  
42 Oversight Committee on Health and Human Services a copy of the proposed Section 1332 State  
43 Innovation Waiver and a report on the detailed plan for the development of a State-based health  
44 benefits exchange, as required by subsection (a) of this section. The report shall include, at a  
45 minimum, the following details:

- 46           (1) Specific details for the structure and oversight of the proposed State-based  
47           exchange, including the makeup of any proposed board of directors or other  
48           governing body.
- 49           (2) A detailed time line for the implementation of the State-based exchange,  
50           including identification of major milestones and a realistic "go-live" date.



- 1 (3) The anticipated costs to the State for start-up and ongoing operations of the
- 2 State-based exchange, including labor costs, information technology costs,
- 3 and any foreseeable costs to any State agency outside of the Department of
- 4 Insurance.
- 5 (4) Identification of sources of funding for the start-up and ongoing operations of
- 6 the State-based exchange, including federal funding and assessments on
- 7 commercial insurance products.
- 8 (5) Identification of any estimated savings to the State or the citizens of the State
- 9 as a result of the proposed plan and waiver.
- 10 (6) Methods by which the Department of Health and Human Services or county
- 11 departments of social services will educate and refer individuals receiving
- 12 public assistance to products and financial assistance offered through the
- 13 State-based exchange.
- 14 (7) Any legislative changes necessary to effectuate the proposed plan and waiver.

15 **SECTION 30.9.(c)** The Commissioner shall not submit the draft Section 1332 State  
 16 Innovation Waiver developed under this section nor take steps beyond those required by this  
 17 section to implement a State-based exchange without further authorization by the General  
 18 Assembly, including the repeal of G.S. 143B-24(b).

19  
 20 **PHARMACY INSURANCE BENEFITS/COUPON ACCUMULATOR**

21 **SECTION 30.10.** G.S. 58-56A-3 reads as rewritten:

22 **"§ 58-56A-3. Consumer protections.**

23 ...

24 (c1) When calculating an insured's contribution to any out-of-pocket maximum,  
 25 deductible, copayment, coinsurance, or other applicable cost-sharing requirement, the insurer or  
 26 pharmacy benefits manager shall include any amounts paid by the insured, or on the insured's  
 27 behalf, for a prescription that is either:

- 28 (1) Without an AB-rated generic equivalent.
- 29 (2) With an AB-rated generic equivalent if the insured has obtained authorization
- 30 for the drug through any of the following:
- 31 a. Prior authorization from the insurer or pharmacy benefits manager.
- 32 b. A step therapy protocol.
- 33 c. The exception or appeal process of the insurer or pharmacy benefits
- 34 manager.

35 This subsection shall not apply to an insured covered by a high deductible health plan, as that  
 36 term is defined in section 223 of the Internal Revenue Code, if its application would render the  
 37 insured ineligible for a health savings account under section 223 unless (i) the insured has  
 38 satisfied the minimum deductible under section 223 or (ii) the prescription qualifies as preventive  
 39 care under section 223.

40 ...."

41  
 42 **PART XXXI. INSURANCE – INDUSTRIAL COMMISSION**

43  
 44 **LIMIT TORT LIABILITY FOR STATE EMPLOYEES**

45 **SECTION 31.1.(a)** G.S. 143-291 is amended by adding a new subsection to read:

46 "(e) This Article provides the sole and exclusive remedy for any claim that arises as a  
 47 result of the negligence of any officer, employee, involuntary servant, or agent of the State while  
 48 acting within the scope of his office, employment, service, agency, or authority, and the North  
 49 Carolina Industrial Commission is the sole and exclusive forum for hearing any such claims. Any  
 50 such claims filed in any other forum arising out of or relating to the same subject matter against  
 51 the officer, employee, involuntary servant, or agent of the State is precluded."

1           **SECTION 31.1.(b)** This section is effective when it becomes law and applies to all  
2 claims filed on or after that date.

3  
4 **INDUSTRIAL COMMISSION/BASE BUDGET ADJUSTMENT**

5           **SECTION 31.2.** The Office of State Budget and Management shall, in conjunction  
6 with the North Carolina Industrial Commission, adjust the Commission's base budget for each  
7 fiscal year of the 2025-2027 fiscal biennium to use proceeds from the insurance regulatory charge  
8 established under G.S. 58-6-25 to reimburse the General Fund for operations of the Commission  
9 as authorized by G.S. 58-6-25(d)(11).

10  
11 **INDUSTRIAL COMMISSION/EXTENDED COMPENSATION/CLARIFY MEANING**  
12 **OF "TOTAL LOSS OF WAGE-EARNING CAPACITY"**

13           **SECTION 31.3.(a)** G.S. 97-29(c) reads as rewritten:

14           "(c) An employee may qualify for extended compensation in excess of the 500-week  
15 limitation on temporary total disability as described in subsection (b) of this section only if (i)  
16 at the time the employee makes application to the Commission to exceed the 500-week limitation  
17 on temporary total disability as described in subsection (b) of this section, 425 weeks have passed  
18 since the date of first disability and (ii) pursuant to the provisions of G.S. 97-84, unless agreed  
19 to by the parties, the employee shall prove by a preponderance of the evidence that the employee  
20 has sustained a total loss of wage-earning capacity.

21           For the purposes of this subsection only, the term "total loss of wage-earning capacity" shall  
22 mean the complete elimination of the capacity to earn any wages. "Disability" as defined by  
23 G.S. 97-2(9) and "suitable employment" as defined by G.S. 97-2(22) shall not apply to this  
24 provision. The Commission may consider preexisting and injury-related physical and mental  
25 limitations, vocational skills, education, and experience in determining whether the employee  
26 has sustained a total loss of wage-earning capacity.

27           If an employee makes application for extended compensation pursuant to this subsection and  
28 is awarded extended compensation by the Commission, the award shall not be stayed pursuant  
29 to G.S. 97-85 or G.S. 97-86 until the full Commission or an appellate court determines otherwise.  
30 Upon its own motion or upon the application of any party in interest, the Industrial Commission  
31 may review an award for extended compensation in excess of the 500-week limitation on  
32 temporary total disability described in subsection (b) of this section, and, on such review, may  
33 make an award ending or continuing extended compensation. When reviewing a prior award to  
34 determine if the employee remains entitled to extended compensation, the Commission shall  
35 determine if the employer has proven by a preponderance of the evidence that the employee no  
36 longer has a total loss of wage-earning capacity. When an employee is receiving full retirement  
37 benefits under section 202(a) of the Social Security Act, after attainment of retirement age, as  
38 defined in section 216(l) of the Social Security Act, the employer may reduce the extended  
39 compensation by one hundred percent (100%) of the employee's retirement benefit. The  
40 reduction shall consist of the employee's primary benefit paid pursuant to section 202(a) of the  
41 Social Security Act but shall not include any dependent or auxiliary benefits paid pursuant to any  
42 other section of the Social Security Act, if any, or any cost-of-living increases in benefits made  
43 pursuant to section 215(i) of the Social Security Act."

44           **SECTION 31.3.(b)** In enacting subsection (a) of this section, it is the intent of the  
45 General Assembly to clarify, in response to *Sturdivant v. N. Carolina Dep't of Pub. Safety*, 887  
46 S.E.2d 85 (N.C. Ct. App. 2023), that an employee has a different standard for establishing the  
47 burden of proof for extended compensation pursuant to G.S. 97-29(c) to reflect the intent of the  
48 General Assembly when it enacted S.L. 2011-287.

49           **SECTION 31.3.(c)** This section is effective when it becomes law and applies to  
50 claims accrued or pending prior to, on, or after that date.

**PART XXXII. LIEUTENANT GOVERNOR [RESERVED]****PART XXXIII. MILITARY AND VETERANS AFFAIRS****VETERANS HOME TRUST FUND/TRANSFER TO VETERANS CEMETERY TRUST FUND**

**SECTION 33.1.** G.S. 143B-1293 reads as rewritten:

**"§ 143B-1293. North Carolina Veterans Home Trust Fund.**

...

(d) Miscellaneous. – The following provisions apply to the trust fund created in subsection (a) of this section:

...

(1a) ~~The~~ Of the funds deposited in the trust fund each fiscal year, the Department of Military and Veterans Affairs shall transfer ten percent (10%) of the ~~unspent~~ receipts collected in each fiscal year from the trust fund to the North Carolina Veterans Cemeteries Trust Fund on ~~or before~~ June 30 of each fiscal year.

...."

**VETERANS HOME TRUST FUND/ROUTINE REPAIRS TO STATE VETERANS HOMES**

**SECTION 33.2.** Of the funds appropriated in this act to the Department of Military and Veterans Affairs for the 2023-2024 fiscal year, the Department shall reserve the sum of one million five hundred thousand dollars (\$1,500,000) to be used to make routine repairs and renovations to buildings and facilities at State veteran homes. Funds held in reserve as required by this section shall not be used for "unforeseen circumstances," as that term is defined in G.S. 143C-6-4(b)(3). Funds for unforeseen circumstances shall be spent only as authorized by G.S. 143C-6-4.

**VETERANS LIFE CENTER CHALLENGE GRANT**

**SECTION 33.3.(a)** Part 1 of Article 14 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-1218. Veterans Life Center; challenge grant to provide rehabilitation and reintegration services to veterans.**

(a) There is hereby established in the Department of Military and Veterans Affairs a challenge grant program for the Veterans Life Center (hereinafter "Center"), a nonprofit corporation, which shall be administered by the Department as provided in this section. Funds appropriated by the General Assembly for the challenge grant program shall be used to allocate funds to the Center for the purpose of providing rehabilitation and reintegration services and support to veterans across the State, and those funds shall not be used for any other purpose without the express authorization of the General Assembly.

(b) The maximum amount of State funds that may be disbursed to the Center under this section is seven hundred fifty thousand dollars (\$750,000) in each fiscal year. The Department shall disburse State funds on a dollar-for-dollar basis each quarter so that the Center will receive a State dollar for each non-State dollar raised by the Center each quarter, but in no case shall the Department disburse State funds to the Center if the Center has not raised non-State funds in that quarter of the fiscal year. The Center shall demonstrate, to the satisfaction of the Department, that it has raised the non-State funds required by this subsection prior to the disbursement of State funds. The Center shall not supplant, shift, or reallocate Center funds for the purpose of achieving the non-State dollars required by this subsection.

1       (c) Not later than July 1 of each year, the Department shall submit a written report to the  
 2 Joint Legislative Oversight Committee on General Government and the Fiscal Research Division  
 3 on all of the following information, and the Center shall provide the information to the  
 4 Department in the manner and time period requested by the Department for purposes of preparing  
 5 the report:

- 6           (1) The total number of veterans served.  
 7           (2) The types of services provided to veterans, and the number of veterans who  
 8 received each type of service.  
 9           (3) Demographics of the veterans served, including each veteran's county of  
 10 residence.  
 11           (4) Average length of stay for veterans, and the average number of veterans in the  
 12 Center facility on a daily basis.  
 13           (5) The total number of veterans who completed the care program, and the  
 14 number who received postgraduate mentoring from the Center."

15       **SECTION 33.3.(b)** Notwithstanding any provision of G.S. 143B-1218, as enacted  
 16 in subsection (a) of this section, if the Department of Military and Veterans Affairs does not  
 17 disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not satisfy  
 18 the requirements of the grant contract between the Department and the Center on or before June  
 19 30 of that fiscal year, the grant funds shall not revert on June 30, but shall remain available to the  
 20 Department to disburse to the Center in the following fiscal year as long as the Center satisfies  
 21 the grant contract requirements. In such a case, the Department is authorized to disburse grant  
 22 funds to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars  
 23 (\$750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the  
 24 current fiscal year.

## 25 **DMVA/CHILDREN OF VETERANS' SCHOLARSHIPS**

26       **SECTION 33.4.(a)** G.S. 143B-1225 reads as rewritten:

### 27 **"§ 143B-1225. Scholarship.**

28       (a) A scholarship granted pursuant to this Part shall consist of the following benefits in  
 29 either a State or private educational institution:  
 30

- 31       ...
- 32       (6) A student who has been awarded a scholarship under this section shall  
 33 maintain a cumulative grade point average of 2.0 throughout the four  
 34 academic years for which the student is eligible for a scholarship under this  
 35 section.

36       ...."

37       **SECTION 33.4.(b)** G.S. 143B-1227 reads as rewritten:

### 38 **"§ 143B-1227. Administration and funding.**

39       (a) The administration of the scholarship program shall be vested in the Department of  
 40 Military and Veterans Affairs, and the disbursing and accounting activities required shall be a  
 41 responsibility of the Department of Military and Veterans Affairs. The Veterans' Affairs  
 42 Commission shall determine the eligibility of applicants, select the scholarship recipients,  
 43 establish the effective date of scholarships, and may suspend or revoke scholarships if the  
 44 Veterans' Affairs Commission finds that the recipient does not comply with the registration  
 45 requirements of the Selective Service System or does not maintain an adequate academic status,  
 46 or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings,  
 47 or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The  
 48 Department of Military and Veterans Affairs shall maintain the primary and necessary records,  
 49 and the Veterans' Affairs Commission shall promulgate such rules and regulations not  
 50 inconsistent with the other provisions of this Part as it deems necessary for the orderly  
 51 administration of the program. It may require of State or private educational institutions, as

1 defined in this Part, such reports and other information as it may need to carry out the provisions  
2 of this ~~Part~~ Part; provided, however, the Veterans' Affairs Commission shall require State and  
3 private educational institutions to report no later than December 15 of each year the number of  
4 scholarship recipients who maintained a cumulative grade point average of 2.0 and the number  
5 of scholarship recipients who completed the degree requirements for graduation. The Department  
6 of Military and Veterans Affairs shall disburse scholarship payments for recipients certified  
7 eligible by the Department of Military and Veterans Affairs upon certification of enrollment by  
8 the enrolling institution.

9 ...."

10 **SECTION 33.4.(c)** G.S. 143B-1228 reads as rewritten:

11 "**§ 143B-1228. Report on scholarships.**

12 By January 1 of each year, the Department of Military and Veterans Affairs shall report to  
13 the Joint Legislative Oversight Committee on General Government, the Senate Appropriations  
14 Committee on General Government and Information Technology, the House of Representatives  
15 Appropriations Committee on General Government, and the Fiscal Research Division the  
16 following data on the Scholarships for Children of Wartime Veterans program:

17 ...

18 (2) Number of scholarships awarded in each of the past five fiscal years and sorted  
19 by:

20 ...

21 j. Number of scholarship recipients who maintained a cumulative grade  
22 point average of 2.0."

## 23 SANDHILLS STATE VETERANS CEMETERY

24 **SECTION 33.6.(a)** Of the funds appropriated in this act to the Department of  
25 Military and Veterans Affairs for the 2023-2024 fiscal year, the sum of three hundred thousand  
26 dollars (\$300,000) in nonrecurring funds shall be used as follows:

27 (1) Two hundred thousand dollars (\$200,000) to contract with one or more  
28 persons or businesses to improve the appearance of Sandhills State Veterans  
29 Cemetery and to perform all of the services and activities, including, but not  
30 limited to, grounds maintenance, equipment maintenance, and headstone  
31 marker operations, required to bring Sandhills State Veterans Cemetery into  
32 compliance with the operational standards promulgated by the National  
33 Cemetery Administration in the U.S. Department of Veterans Affairs.

34 (2) One hundred thousand dollars (\$100,000) to improve and maintain the roads  
35 to the newest section of Sandhills State Veterans Cemetery.

36 **SECTION 33.6.(b)** Not later than November 30, 2023, the Department shall report  
37 to the Joint Legislative Oversight Committee on General Government, the House of  
38 Representatives Appropriations Committee on General Government, the Senate Appropriations  
39 Committee on General Government and Information Technology, and the Fiscal Research  
40 Division on the following:

41 (1) The names of the persons or businesses with whom the Department contracted  
42 to provide the services and activities required by this section.

43 (2) The services and activities performed by each person or business and the  
44 amount paid to each person or business pursuant to the contract.

## 45 DMVA UPDATE AND PUBLISH RESOURCE GUIDE

46 **SECTION 33.7.** Notwithstanding any provision of S.L. 2021-180 or the Committee  
47 Report described in Section 43.2 of that act to the contrary, the sum of fifty thousand dollars  
48 (\$50,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated to  
49 the Department of Military and Veterans Affairs shall be used to publish a new Department of  
50  
51

1 Military and Veterans Affairs Resource Guide (for veterans, active military, and their families)  
2 no later than December 1, 2023.  
3

#### 4 **DMVA FILL VETERAN SERVICES OFFICER POSITIONS**

5 **SECTION 33.8.** The Department of Military and Veterans Affairs shall fill all  
6 Veteran Services Officer (VSO) positions that are vacant on the date this act becomes law. The  
7 Department shall not, in the 2023-2024 fiscal year or the 2024-2025 fiscal year, use lapsed  
8 salaries resulting from vacant VSO positions to hire temporary employees. If the Department  
9 does not fill the vacant VSO positions in the 2023-2025 fiscal biennium, the funds appropriated  
10 for the position or positions shall revert to the General Fund on June 30 of each fiscal year.  
11

#### 12 **DMVA FILL INTERNAL AUDITOR AND PROGRAM ANALYST POSITIONS**

13 **SECTION 33.9.** In collaboration with the Office of State Budget and Management,  
14 the Department of Military and Veterans Affairs shall make every effort to fill the Program  
15 Analyst and Internal Auditor positions authorized by Section 23.5 and Section 23.6 of S.L.  
16 2021-180. If the Department does not fill either or both positions in the 2023-2025 fiscal  
17 biennium, the Department shall not use the lapsed salaries resulting from the vacant position or  
18 positions to hire temporary employees and the funds appropriated for the position or positions  
19 shall revert to the General Fund on June 30 of each fiscal year.  
20

#### 21 **HOUSING SOLUTIONS FOR SERVICE-CONNECTED DISABLED AND AGING** 22 **VETERANS**

23 **SECTION 33.11.** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
24 appropriated in this act to the Department of Military and Veterans Affairs, the sum of three  
25 million dollars (\$3,000,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal  
26 biennium shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit  
27 corporation, to provide personalized housing solutions for service-connected disabled and aging  
28 veterans and their families across the State. Purple Heart Homes, Inc., may use not more than  
29 two percent (2%) of the grant funds for administrative costs. By September 1, 2024, Purple Heart  
30 Homes, Inc., shall provide a report to the Senate Appropriations Committee on General  
31 Government and Information Technology, the House of Representatives Appropriations  
32 Committee on General Government, the Joint Legislative Oversight Committee on General  
33 Government, and the Fiscal Research Division on the use of these funds, including the number  
34 of individuals or families served, the types of services provided to those individuals or families,  
35 and the outcomes.  
36

#### 37 **MILITARY MISSIONS IN ACTION/ASSISTANCE FOR VETERANS**

38 **SECTION 33.12.** Notwithstanding the provisions of G.S. 143B-1293, of the funds  
39 appropriated in this act to the Department of Military and Veterans Affairs, the sum of seven  
40 hundred fifty thousand dollars (\$750,000) in nonrecurring funds for the 2023-2024 fiscal year  
41 shall be provided as a directed grant to Military Missions In Action (hereinafter "MMIA"), a  
42 nonprofit corporation, to assist veterans in need, members of all Armed Forces, and their families.  
43 MMIA shall not use more than two percent (2%) of the grant funds for administrative costs. By  
44 September 1, 2024, MMIA shall provide a report to the Senate Appropriations Committee on  
45 General Government and Information Technology, the House of Representatives Appropriations  
46 Committee on General Government, the Joint Legislative Oversight Committee on General  
47 Government, and the Fiscal Research Division on the use of these funds, including the number  
48 of individuals or families served and the types of services provided to those individuals or  
49 families.  
50

#### 51 **DMVA/GRANT PROGRAM FOR COUNTY VETERANS OFFICES**

1           **SECTION 33.13.(a)** Of the funds appropriated in this act to the Department of  
2 Military and Veterans Affairs (DMVA), the sum of one million five hundred thousand dollars  
3 (\$1,500,000) in nonrecurring funds in each fiscal year of the 2023-2025 fiscal biennium shall be  
4 used to establish a grant program for existing county veterans offices (hereinafter "CVOs") to  
5 provide services to veterans. The following shall apply to the grant program:

- 6           (1) The CVO must be located in a county in which there are eight or less certified  
7 veteran service officers (VSOs). The VSO may be an employee of or volunteer  
8 with the federal government, State of North Carolina, county, or an entity in  
9 the county, including a nonprofit organization. DMVA shall verify the  
10 presence of eight or less certified VSOs in the county through the United  
11 States Department of Veterans Affairs prior to awarding a grant.
- 12           (2) A grant may be up to twenty thousand dollars (\$20,000).
- 13           (3) Only one grant may be awarded to a CVO in each fiscal year of the 2023-2025  
14 fiscal biennium.

15           **SECTION 33.13.(b)** Not later than September 1, 2024, the Department of Military  
16 and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General  
17 Government, the House Appropriations Committee on General Government, the Senate  
18 Appropriations Committee on General Government and Information Technology, and the Fiscal  
19 Research Division on all of the following:

- 20           (1) The unduplicated number of veterans served by CVOs, by county.
- 21           (2) The number of times each individual veteran was served by a CVO, by county.
- 22           (3) The services that were provided to veterans using the grant funds awarded to  
23 CVOs as authorized in subsection (a) of this section, by county.

## 24 25 **THE INDEPENDENCE FUND**

26           **SECTION 33.15.(a)** Notwithstanding the provisions of G.S. 143B-1293, of the  
27 funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of  
28 seven hundred fifty thousand dollars (\$750,000) in nonrecurring funds for each fiscal year of the  
29 2023-2025 fiscal biennium shall be used to provide a directed grant to The Independence Fund,  
30 Inc., a nonprofit corporation, to continue to expand the Veterans Justice Intervention (VJI)  
31 program by working with law enforcement agencies all across the State. These funds may be  
32 used to contract with a subject matter expert for the assessment, coordination, and  
33 implementation of the VJI in each of the law enforcement departments.

34           **SECTION 33.15.(b)** As a condition of receiving the funds authorized in subsection  
35 (a) of this section, The Independence Fund, Inc., shall do all of the following:

- 36           (1) Partner with other nonprofits, State and local governments, and federal  
37 agencies to develop and assess each county's initial response to veterans in  
38 crises and develop an updated data collection process map for each county.
- 39           (2) Educate first responders, local community support employees, and others on  
40 veteran-specific crisis intervention, suicide prevention, and VA resources  
41 available through the Veterans Affairs Administration.
- 42           (3) Execute new training plans based on the data collection process maps  
43 developed pursuant to subdivision (1) of this subsection.
- 44           (4) Monitor the program and maintain regular contact with each county to ensure  
45 up-to-date training and availability and allocation of resources.
- 46           (5) By June 30, 2025, report to the Joint Legislative Committee on General  
47 Government, the Joint Legislative Committee on Justice and Public Safety,  
48 and the Fiscal Research Division on the effectiveness of the program.

## 49 50 **PART XXXIV. REVENUE**

1 **DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT**  
2 **CLARIFICATION**

3 **SECTION 34.1.(a)** Section 8.1(b) of S.L. 2019-246, as enacted by Section 34.4 of  
4 S.L. 2021-180 and amended by Section 5.6(d) of S.L. 2022-13, reads as rewritten:

5 "**SECTION 8.1.(b)** By January 1, 2022, and ~~monthly~~quarterly thereafter, the Department  
6 of Revenue shall submit a written report to the chairs of the House Appropriations Committee  
7 on General Government and the Senate Appropriations Committee on General Government and  
8 Information Technology and the Fiscal Research Division. The ~~monthly~~quarterly report shall  
9 include an update on the following:

- 10 (1) The status of the power of attorney registration project required by subsection  
11 (a) of this section.
- 12 (2) The status of the ~~Collections Case Management system implementation and~~  
13 ~~the~~ IBM 4100 replacement project currently underway in the Department.
- 14 (3) The status of the Department's ability to make the programmatic changes  
15 necessary to implement the graduated penalty for failure to pay tax when due  
16 that will apply to tax assessed on or after July 1, 2024."

17 **SECTION 34.1.(b)** Section 34.1 of S.L. 2022-74 is repealed.

18  
19 **ASSIGNMENT OF DEPARTMENT OF REVENUE LAW ENFORCEMENT AGENTS**

20 **SECTION 34.2.** G.S. 105-236.1 reads as rewritten:

21 "**§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.**

22 (a) General. – The Secretary may appoint employees of the ~~Unauthorized Substances Tax~~  
23 ~~Section of the Tax Enforcement Division Department~~ to serve as revenue law enforcement  
24 officers having the responsibility and subject-matter jurisdiction to enforce the excise tax on  
25 unauthorized substances imposed by Article 2D of this Chapter.

26 (a1) The Secretary may appoint up to 11 employees of the ~~Motor Fuels Investigations~~  
27 ~~Section of the Tax Enforcement Division Department~~ to serve as revenue law enforcement  
28 officers having the responsibility and subject-matter jurisdiction to enforce the taxes on motor  
29 fuels imposed by Articles 36B, 36C, and 36D of this Chapter and by Chapter 119 of the General  
30 Statutes.

31 (a2) The Secretary may appoint employees of the ~~Criminal Investigations Section of the~~  
32 ~~Tax Enforcement Division Department~~ to serve as revenue law enforcement officers having the  
33 responsibility and subject-matter jurisdiction to enforce the following tax violations and criminal  
34 offenses:

35 "...."

36  
37 **DOR ADMINISTRATIVE COSTS FOR COLLECTING PREPAID WIRELESS**  
38 **TELECOMMUNICATIONS SERVICE CHARGES**

39 **SECTION 34.3.** G.S. 143B-1414 reads as rewritten:

40 "**§ 143B-1414. Service charge for prepaid wireless telecommunications service; seller**  
41 **collects 911 service charge on each retail transaction occurring in this State;**  
42 **remittances to Department of Revenue and transfer to 911 Fund.**

43 ...

44 (c) Administration. – Administration, auditing, requests for review, making returns,  
45 collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue,  
46 additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter  
47 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless  
48 telecommunications service. An audit of the collection of the 911 service charge for prepaid  
49 wireless telecommunications service shall only be conducted in connection with an audit of the  
50 taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be  
51 subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall



1 be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive  
2 and erroneous collections of the service charge will be subject to G.S. 105-164.11. The  
3 Department of Revenue shall establish procedures for a seller of prepaid wireless  
4 telecommunications service to document that a sale is not a retail transaction, and the procedures  
5 established shall substantially coincide with the procedures for documenting a sale for resale  
6 transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection  
7 from the remittances received under subsection (b) of this section, ~~not to exceed five hundred~~  
8 ~~thousand dollars (\$500,000) in the amount of seven hundred fifty thousand dollars (\$750,000)~~ a  
9 year of the total 911 service charges for prepaid wireless telecommunications service remitted to  
10 the Department. Within 45 days of the end of each month in which 911 service charges for  
11 prepaid wireless telecommunications service are remitted to the Department, the Secretary of  
12 Revenue shall transfer the total 911 service charges remitted to the Department less the costs of  
13 collection to the 911 Fund established under G.S. 143B-1404.

14 ...."

## 15

### 16 TAX FRAUD ANALYTICS

17 **SECTION 34.4.** Of the funds appropriated in this act to the Department of Revenue,  
18 the sum of four million four hundred thousand dollars (\$4,400,000) in recurring funds for each  
19 fiscal year of the 2023-2025 fiscal biennium shall be used to continue and expand the  
20 Department's tax fraud analysis contract through the Government Data Analytics Center  
21 (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information  
22 reporting, collections case management, collections optimization, managed services, and  
23 technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC  
24 and utilize the subject matter expertise and technical infrastructure available through existing  
25 GDAC public-private partnerships for fraud detection and analytics infrastructure.

### 26

### 27 DOR ESTABLISH NEW POSITIONS AND ELIMINATE VACANT POSITIONS

28 **SECTION 34.8.** Notwithstanding any other provision of law to the contrary, in each  
29 fiscal year of the 2023-2025 fiscal biennium, the Department of Revenue is authorized to  
30 establish two new User Support Technician II positions and one new Administrative Specialist  
31 II position and to eliminate vacant positions, without regard to fund code, totaling an equal  
32 amount to fund the new positions. Adjustments made pursuant to this section shall not increase  
33 the Department's total net General Fund appropriation for the 2023-2025 fiscal biennium and  
34 shall not increase the total net General Fund appropriation for future fiscal years.

### 35

### 36 DOR/MODERNIZED INTEGRATED TAX SYSTEM

37 **SECTION 34.9.(a)** Of the funds appropriated in this act to the Department of  
38 Revenue, the Department shall use the sum of twenty-five million dollars (\$25,000,000) in  
39 nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium to develop and  
40 implement a modernized integrated tax system. The provisions of Part 4 of Article 15 of Chapter  
41 143B of the General Statutes shall apply to the Department's procurement of information  
42 technology under this section, including the provisions related to the issuance of requests for  
43 proposals; provided, however, in its solicitation for requests for proposals for the modernized  
44 integrated tax system, the Department shall accept for evaluation proposals from vendors who  
45 have developed, marketed, or deployed an integrated tax system solution, in whole or in part,  
46 that is of a similar size and complexity as the tax system administered by the Department. To  
47 encourage innovative and new solutions, the Department shall also accept proposals from  
48 vendors who have experience in deploying enterprise systems of a similar size and complexity  
49 as the tax system administered by the Department even if the system is not an integrated tax  
50 system. The Department shall not require bidders to have existing integrated tax systems in  
51 production environments.

1           **SECTION 34.9.(b)** The funds appropriated in this act to the Department of Revenue  
2 for each fiscal year of the 2023-2025 fiscal biennium for the modernized integrated tax system  
3 shall be certified in a new fund code in Budget Code 24708. The new fund code shall be used  
4 only for the receipts and expenditures for the modernized integrated tax system authorized in this  
5 section until the system is fully implemented.

6           **SECTION 34.9.(c)** Notwithstanding the provisions of G.S. 143C-1-2(b), the funds  
7 appropriated to the Department of Revenue for the collections case management system in S.L.  
8 2017-57 or the Committee Report in Section 39.2 of that act shall revert on June 30, 2023, and  
9 shall not be used for continued efforts on the collections case management system authorized in  
10 S.L. 2017-57 or the Committee Report in Section 39.2 of that act after that date.

11           **SECTION 34.9.(d)** Not later than February 1 and August 1 of each year until the  
12 completion of the implementation of the modernized integrated tax system authorized in this  
13 section, the Department of Revenue shall report to the Joint Legislative Oversight Committee on  
14 General Government, the Senate Appropriations Committee on General Government and  
15 Information Technology, the House of Representatives Appropriations Committee on General  
16 Government, and the Fiscal Research Division on all of the following:

- 17           (1) A detailed project description.
- 18           (2) A detailed project time line, including milestones and deliverables and  
19 progress in achieving them.
- 20           (3) The project management plan.
- 21           (4) The process used for issuing requests for proposals.
- 22           (5) A detailed budget and year-to-date expenditures.
- 23           (6) The anticipated completion date for full implementation of the modernized  
24 integrated tax system.

## 25 26 **DOR/FLEXIBILITY IN ELIMINATING VACANT POSITIONS**

27           **SECTION 34.10.** Notwithstanding any provision of this act or the Committee Report  
28 described in Section 43.2 of this act to the contrary, if positions in the Department of Revenue  
29 identified for elimination in this act or in the Committee Report to this act were filled on or before  
30 the date this act becomes law, the Department may substitute other vacant positions to be  
31 eliminated. The substitute positions shall equal the total dollar amount of those positions  
32 identified for elimination in this act or in the Committee Report to this act.

## 33 34 **PART XXXV. SECRETARY OF STATE**

### 35 36 **INCREASE FEES FOR LOBBYISTS AND LOBBYIST PRINCIPALS**

37           **SECTION 35.1.(a)** G.S. 120C-201 reads as rewritten:

#### 38 **"§ 120C-201. Lobbyist's registration fee.**

39           A fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00) is due and payable  
40 to the Secretary of State at the time of each lobbyist registration. Fees so collected shall be  
41 deposited in the General Fund of the State. The fees required under this section shall be paid  
42 electronically."

43           **SECTION 35.1.(b)** G.S. 120C-207 reads as rewritten:

#### 44 **"§ 120C-207. Lobbyist principal's fees.**

45           A fee of ~~two hundred fifty dollars (\$250.00)~~ five hundred dollars (\$500.00) is due and payable  
46 to the Secretary of State at the time the principal's first authorization statement is filed each  
47 calendar year for a lobbyist. Fees so collected shall be deposited in the General Fund of the State.  
48 The fees required under this section shall be paid electronically."

## 49 50 **PART XXXVI. TREASURER**

51

**PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS**

**SECTION 36.1.(a)** Notwithstanding any other provision of Article 12A of Chapter 143 of the General Statutes, when any law enforcement officer is murdered by use of a firearm while off duty but en route to perform his or her official duties, the surviving spouse of the law enforcement officer or, if there is no surviving spouse, the surviving dependent children of the law enforcement officer shall be awarded the death benefits authorized by G.S. 143-166.3(a) and G.S. 143-166.3(e).

**SECTION 36.1.(b)** This section is effective retroactive to October 12, 2022, and applies only to incidents described in subsection (a) of this section that occurred on or after October 12, 2022, and before October 31, 2022.

**BOND REFERENDUM TRANSPARENCY**

**SECTION 36.3.(a)** G.S. 159-61(d) reads as rewritten:

"(d) The form of the question as stated on the ballot shall be in substantially the following words:

"~~Shall~~ Additional property taxes may be levied on property located in (name of unit of local government) in an amount sufficient to pay the principal of and interest on bonds if approved by the following ballot question. Shall the order authorizing \$ \_\_\_\_\_ bonds plus interest for (briefly stating the purpose) and providing that additional taxes may be levied in an amount sufficient to pay the principal of and interest on the bonds be ~~approved~~?approved, in light of the following:

(1) The estimated cumulative cost over the life of the bond, using the highest interest rate charged for similar debt over the last (maximum bond issuance term), would be (\$ \_\_\_\_\_).

(2) The amount of property tax liability increase for each one hundred thousand dollars (\$100,000) of property tax value to service the cumulative cost over the life of the bond provided above would be (\$ \_\_\_\_\_) per year.

[ ] YES

[ ] NO""

**SECTION 36.3.(b)** This section becomes effective December 31, 2023, and applies to bond referendums conducted on or after that date.

**PART XXXVII. GENERAL GOVERNMENT – MISCELLANEOUS****LANDSCAPE CONTRACTOR LICENSING MODIFICATION**

**SECTION 37.1.(a)** G.S. 89D-11 reads as rewritten:

**"§ 89D-11. Definitions.**

The following definitions apply in this Chapter:

...

(3) Landscape contractor. – Any person who, for compensation or other consideration, does any of the following:

...

e. Engages in the construction of garden pools, retaining walls, walks, patios, ~~or other decorative~~ and landscape features.

(4) Person. – An individual, firm, partnership, association, corporation, or other legal entity."

**SECTION 37.1.(b)** This section becomes effective October 1, 2023.

**PART XXXVIII. INFORMATION TECHNOLOGY****INFORMATION TECHNOLOGY INTERNAL SERVICE FUND**

1           **SECTION 38.1A.** The Department of Information Technology shall include in the  
2 rates submitted pursuant to G.S. 143B-1333 an additional amount not exceeding three million  
3 five hundred fifty thousand dollars (\$3,550,000) for each year of the 2023-2025 fiscal biennium  
4 to be charged to agencies for the Security Operations Center and Privacy Office Support. The  
5 rates shall not include and agencies shall not be charged the one million one hundred twenty-six  
6 thousand dollars (\$1,126,000) requested for other positions within the Department.  
7

#### 8 **DPS/IT PILOT PROJECT**

9           **SECTION 38.4.(a)** In accordance with G.S. 143B-1325(c)(13), and notwithstanding  
10 any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the  
11 State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency  
12 Management within the Department of Public Safety shall continue to be entirely exempt from  
13 any and all information technology oversight by the Department of Public Safety and the  
14 Department of Information Technology. The State Highway Patrol, the State Bureau of  
15 Investigation, and the Division of Emergency Management shall initiate a pilot project where  
16 those divisions shall be deemed as separate, stand-alone entities within the Department of Public  
17 Safety in all matters related to information technology, and each shall autonomously manage  
18 their own respective information technology infrastructure and all associated services without  
19 oversight from the Department of Information Technology or the Department of Public Safety.  
20 Exemption from information technology oversight includes, but is not limited to, the following:

- 21           (1) Information technology architecture and planning.
- 22           (2) Information technology personnel management.
- 23           (3) Information technology project management.
- 24           (4) Information technology purchasing and procurement decisions and  
25 methodologies.
- 26           (5) Hardware acquisition, configuration, implementation, and management.
- 27           (6) Software acquisition, configuration, implementation, and management.
- 28           (7) Data center locations, operations, and management.
- 29           (8) Network topology, operations, and management.
- 30           (9) System and data security, including disaster recovery planning.
- 31           (10) Reporting requirements.
- 32           (11) Any future transfers of information technology personnel, operations,  
33 projects, assets, and information technology budgets to the Department of  
34 Information Technology.

35           **SECTION 38.4.(b)** This section expires on June 30, 2025.  
36

#### 37 **CYBERSECURITY PILOT PROGRAM**

38           **SECTION 38.5.** The Information Technology Innovation Center shall, in connection  
39 with the cybersecurity pilot program authorized in Section 5 of S.L. 2020-81, reopen the proposal  
40 period for the pilot program to allow for additional offerings not awarded in the original pilot  
41 program and shall select additional vendors to enhance the pilot program. The final selection of  
42 additional vendors shall be complete no later than December 31, 2023. On or before January 31,  
43 2024, the Information Technology Innovation Center shall submit a report to the Joint Legislative  
44 Oversight Committee on Information Technology and the Fiscal Research Division on the  
45 proposal process and the selection of participating vendors for the cybersecurity pilot program.  
46 Nothing in this section precludes any current cybersecurity pilot program vendor or awardee  
47 from participating in the enhanced pilot program described in this section, in addition to any new  
48 vendor or awardee.  
49

#### 50 **AUTHORIZED INFORMATION TECHNOLOGY FUND EXPENDITURES**

1           **SECTION 38.6.** Unless a change is approved by the State Chief Information Officer  
2 after consultation with the Office of State Budget and Management, funds appropriated to the  
3 Information Technology Fund shall be spent only as specified in this act. Changes shall not result  
4 in any degradation to the information technology operations or projects listed in this act for which  
5 the funds were originally appropriated. Any changes to the specified uses shall be reported in  
6 writing to the chairs of the Joint Legislative Oversight Committee on Information Technology,  
7 the chair and cochair of the House Appropriations Committee on Information Technology, and  
8 the Fiscal Research Division.

#### 9 10 **CAB ELIGIBILITY EXPANSION**

11           **SECTION 38.7.** G.S. 143B-1373.1(a)(3) reads as rewritten:

12           "(3) Eligible area. – An area that is unserved or underserved in a county. With the  
13 exception of funds expended under this section, or under Section 38.4 or  
14 Section 38.5 of S.L. 2021-180, a county that (i) is a development tier three  
15 area, as provided in the annual ranking performed by the Department of  
16 Commerce pursuant to G.S. 143B-437.08 for the 2023 calendar year and (ii)  
17 has utilized federal funding for broadband infrastructure projects on or after  
18 May 1, 2021, is not eligible."

#### 19 20 **BROADBAND CHANGES**

21           **SECTION 38.8.(a)** Section 38.5 of S.L. 2021-180, as amended by Section 10.1 of  
22 S.L. 2021-189 and Section 16.1(b) of S.L. 2022-6, reads as rewritten:

23           "**SECTION 38.5.** The Department of Information Technology shall use the funds  
24 appropriated in this act for Stopgap Solutions–Federal Broadband Funds to provide grants to  
25 internet service providers, local government entities, and nonprofits for the provision and  
26 installation of infrastructure, as that term is defined in G.S. 143B-1373(a), that will expand the  
27 provision of broadband service to unserved and underserved ~~households~~ households, businesses,  
28 State facilities, and community anchor institutions in this State. The Department shall ensure that  
29 grant funds are awarded and utilized in compliance with applicable federal guidelines. No more  
30 than five percent (5%) of the funds described in this section may be granted for broadband  
31 projects located in any single county."

32           **SECTION 38.8.(b)** Section 38.4(b) of S.L. 2021-180, as amended by Section 6(a)  
33 of S.L. 2022-69, reads as rewritten:

34           "**SECTION 38.4.(b)** The Department of Information Technology shall incorporate the intent  
35 of the General Assembly as described in subsection (a) of this section in any proposal or  
36 application for funding under the federal Infrastructure Investment and Jobs Act (P.L. 117-58)  
37 for grants in the Broadband Equity, Access, and Deployment Program (B.E.A.D.) and the  
38 Enabling Middle Mile Broadband Infrastructure Program. Of the initial federal B.E.A.D. funds  
39 received under the federal Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband  
40 programs, the Department of Information Technology may utilize (i) up to ~~three one percent (3%)~~  
41 (1%) of initial B.E.A.D. grant funds for planning ~~purposes and purposes,~~ (ii) up to ~~two one and~~  
42 one-half percent (2%) ~~(1.5%)~~ of initial B.E.A.D. grant funds for administrative purposes, and  
43 (iii) any Digital Equity planning funds, up to the actual amount of federal funds received, and  
44 these funds are hereby appropriated for those purposes. All other funds received under the federal  
45 Infrastructure Investment and Jobs Act shall remain unexpended until appropriated by an act of  
46 the General Assembly."

47           **SECTION 38.8.(c)** G.S. 143B-1337 reads as rewritten:

48           "**§ 143B-1337. Information Technology Strategy Board.**

49           (a) Creation; Membership. – The Information Technology Strategy Board is created in  
50 the Department of Information Technology. The Board consists of the following members:

51           (1) The State Chief Information Officer.

- 1 (2) The State Budget Officer.
- 2 (3) The President of The University of North Carolina.
- 3 (4) The President of the North Carolina Community College System.
- 4 (5) The Secretary of Administration.
- 5 (6) Two citizens of this State with a background in and familiarity with business
- 6 system technology, information systems, or telecommunications appointed by
- 7 the Governor.
- 8 (7) Two citizens of this State with a background in and familiarity with business
- 9 system technology, information systems, or telecommunications appointed by
- 10 the General Assembly upon the recommendation of the President Pro
- 11 Tempore of the Senate in accordance with G.S. 120-121.
- 12 (8) Two citizens of this State with a background in and familiarity with business
- 13 system technology, information systems, or telecommunications appointed by
- 14 the General Assembly upon the recommendation of the Speaker of the House
- 15 of Representatives in accordance with G.S. 120-121.
- 16 (9) The State Auditor, who shall serve as a nonvoting member.

17 Members of the Board appointed by the Governor shall serve terms of four years with the  
18 initial term expiring January 1, 2021. Members of the Board appointed by the General Assembly  
19 shall serve terms of two years with the initial term expiring January 1, 2021. Members of the  
20 Board shall not be employed by or serve on the board of directors or other corporate governing  
21 body of any vendor providing information systems, computer hardware, computer software, or  
22 telecommunications goods or services to the State. ~~The State CIO shall serve as the chair of the~~  
23 ~~Board. The chair of the Board shall be elected by majority vote of its members to serve a one-year~~  
24 ~~term. Neither the State CIO nor an employee of the Department may be elected to serve as chair.~~  
25 Vacancies in appointments made by the General Assembly shall be filled in accordance with  
26 G.S. 120-122. Members of the Board who are employees of State agencies or institutions shall  
27 receive subsistence and travel allowances authorized by G.S. 138-6. A majority of the Board  
28 constitutes a quorum for the transaction of business. The Department of Information Technology  
29 shall provide all clerical and other services required by the Board.

30 (b) Board Powers and Duties. – The Board shall have the following powers and duties:

- 31 (1) To advise the State CIO on policies and procedures to develop, review, and
- 32 update the State Information Technology Plan.
- 33 (2) To establish necessary committees to identify and share industry best practices
- 34 and new development and to identify existing State information technology
- 35 problems and deficiencies.
- 36 (3) To establish guidelines regarding the review of project planning and
- 37 management, information sharing, and administrative and technical review
- 38 procedures involving State-owned or State-supported technology and
- 39 infrastructure.
- 40 (4) To establish ad hoc technical advisory groups to study and make
- 41 recommendations on specific topics, including work groups to establish,
- 42 coordinate, and prioritize needs.
- 43 (5) To assist the State CIO in recommending to the Governor and the General
- 44 Assembly a prioritized list of enterprise initiatives for which new or additional
- 45 funding is needed.
- 46 (6) To recommend business system technology projects to the Department and
- 47 the General Assembly that meet the following criteria:
  - 48 a. A defined start and end point.
  - 49 b. Specific objectives that signify completion.
  - 50 c. Designed to implement or deliver a unique product, system, or service
  - 51 pertaining to business system technology.

1 (7) To develop and maintain a five-year prioritization plan for future business  
2 system technology projects.

3 (c) Meetings. – The Board shall adopt bylaws containing rules governing its meeting  
4 procedures. The Board shall meet at least quarterly.

5 (d) Reports. – The Board shall submit a report on projects that have been recommended,  
6 the status of those projects, and the most recent version of its five-year prioritization plan to the  
7 Joint Legislative Oversight Committee on Information Technology and the Fiscal Research  
8 Division on or before January 1 of each year.

9 (e) Limitations. – Nothing in this section shall be deemed to extend the powers and duties  
10 of the Board to the areas of broadband mapping, broadband services, or any of the broadband  
11 deployment programs set forth in this Article or otherwise established under State law or  
12 administered by the Department."

13 **SECTION 38.8.(d)** The Department of Information Technology shall develop and  
14 establish a formal challenge process that conforms with published regulations and guidelines  
15 under the federal Broadband Equity, Access, and Deployment Program (B.E.A.D.) under the  
16 Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband programs. In establishing  
17 the challenge process, the Department shall solicit input from stakeholders and shall consider the  
18 adaptability of the challenge process to fit existing State broadband grant programs and  
19 anticipated requirements related to federal programs. The Department shall submit a report  
20 outlining the formal challenge process along with any legislative recommendations to the Joint  
21 Legislative Oversight Committee on Information Technology and the Fiscal Research Division  
22 on or before December 1, 2023.

## 23 **PART XXXIX. SALARIES AND BENEFITS**

### 24 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY** 25 **INCREASES/EFFECTIVE JULY 1, 2023, AND JULY 1, 2024**

26 **SECTION 39.1.(a)** Effective July 1, 2023, except as provided by subsection (b) of  
27 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
28 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
29 position on June 30, 2023, is awarded:

30 (1) A legislative salary increase in the amount of four percent (4%) of annual  
31 salary in the 2023-2024 fiscal year.

32 (2) Any salary adjustment otherwise allowed or provided by law.

33 **SECTION 39.1.(a1)** Effective July 1, 2024, except as provided by subsection (b) of  
34 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
35 Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded  
36 position on June 30, 2024, is awarded:

37 (1) A legislative salary increase in the amount of three percent (3%) of annual  
38 salary in the 2024-2025 fiscal year.

39 (2) Any salary adjustment otherwise allowed or provided by law.

40 **SECTION 39.1.(b)** For the 2023-2025 fiscal biennium, the following persons are  
41 not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this  
42 section:

43 (1) Employees of local boards of education.

44 (2) Local community college employees.

45 (3) Employees of The University of North Carolina.

46 (4) Clerks of superior court compensated under G.S. 7A-101.

47 (5) Officers and employees to which Section 39.15 or Section 39.18 of this Part  
48 apply.  
49  
50

- 1 (6) Employees of the State Bureau of Investigation and Alcohol Law  
2 Enforcement compensated under Section 39.16 of this Part.
- 3 (7) Employees of the State Highway Patrol compensated under Section 39.17 of  
4 this Part.
- 5 (8) Employees of schools operated by the Department of Health and Human  
6 Services, the Department of Public Safety, and the State Board of Education  
7 who are paid based on the Teacher Salary Schedule.

8 **SECTION 39.1.(c)** Part-time employees shall receive the increases authorized by  
9 this section on a prorated and equitable basis.

10 **SECTION 39.1.(d)** No eligible State-funded employee shall be prohibited from  
11 receiving the full salary increases provided in this section solely because the employee's salary  
12 after applying the legislative increase is above the maximum of the salary range prescribed by  
13 the State Human Resources Commission.

#### 14 **LABOR MARKET ADJUSTMENT RESERVE**

15 **SECTION 39.2.(a)** Of the Labor Market Adjustment Salary Reserve funds  
16 appropriated in this act, agencies shall award salary adjustments to identified employees pursuant  
17 to the following requirements:

- 18 (1) Any increase provided to an employee shall not exceed the greater of fifteen  
19 thousand dollars (\$15,000) or fifteen percent (15%) of their current base  
20 salary.  
21
- 22 (2) Any increase provided to an employee may not result in the employee's salary  
23 exceeding the maximum salary of the salary range associated with the  
24 position.
- 25 (3) No more than twenty-five percent (25%) of the agency's permanent employees  
26 may receive a salary increase from the funds appropriated for this purpose.
- 27 (4) Funds may not be awarded to employees in positions with salaries set in law  
28 or paid based on an experience-based salary schedule that is eligible to receive  
29 funding from the Pay Plan Reserve.
- 30 (5) Funds must be used to increase salaries paid to employees and shall not be  
31 used to supplant other funding sources or for any other purpose.

32 **SECTION 39.2.(b)** The provisions of subsection (a) of this section do not apply to  
33 the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made  
34 to those agencies for labor market adjustments.

35 **SECTION 39.2.(c)** The Director of the Budget may adjust a State agency's budgeted  
36 receipts to provide an equivalent one and one-half percent (1.5%) Labor Market Adjustment  
37 Salary Reserve for the 2023-2025 fiscal biennium subject to the requirements in subsection (a)  
38 of this section, provided that sufficient receipts are available. Agency receipts needed to  
39 implement this section are appropriated for the 2023-2024 fiscal year and the 2024-2025 fiscal  
40 year.

41 **SECTION 39.2.(d)** The Office of State Human Resources (OSHR) shall compile a  
42 single report detailing how these funds were distributed by each agency. The OSHR shall develop  
43 a uniform reporting mechanism for agencies that display the salary increases made for each  
44 position classification, the average increase provided to employees in each position classification,  
45 and the market-based justification for the awarded salary increases. Agencies receiving Labor  
46 Market Adjustment Salary Reserve appropriations shall report to the OSHR by December 15,  
47 2023. By January 15, 2024, the OSHR shall submit the report containing the agency responses  
48 to the Fiscal Research Division.

#### 49 **STATE AGENCY HIRING, PAY, AND CLASSIFICATION FLEXIBILITY PILOT** 50 **DURING 2023-2025 BIENNIUM** 51



1           **SECTION 39.3.(a)** Effective for the 2023-2025 fiscal biennium, and  
 2 notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the Council  
 3 of State, the executive branch agencies, the Community College System Office, and The  
 4 University of North Carolina are each authorized to do the following:

- 5           (1) Allow an individual the option of having the individual's application  
 6 considered for future job postings at the same agency and at other agencies if  
 7 the individual has been identified as a qualified applicant within the same or  
 8 comparable classification.
- 9           (2) Classify or reclassify their positions according to the classification system  
 10 established by the State Human Resources Commission (SHRC) as long as  
 11 the employee meets the minimum requirements of the classification.
- 12           (3) Set salaries for their employees within the salary ranges for the respective  
 13 position classification established by the SHRC.

14           **SECTION 39.3.(b)** Effective for the 2023-2025 fiscal biennium, and  
 15 notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the State  
 16 Human Resources Commission shall authorize agencies to make job offers as soon as possible  
 17 after the completion of the interviews for a position. This pilot shall include, without limitation,  
 18 authorizing agencies to make job offers that are contingent upon satisfactory reference checks  
 19 and, if required, satisfactory background checks.

20  
 21 **GOVERNOR AND COUNCIL OF STATE**

22           **SECTION 39.4.(a)** Effective July 1, 2023, G.S. 147-11(a) reads as rewritten:

23           "(a) The salary of the Governor shall be ~~one hundred sixty-five thousand seven hundred~~  
 24 ~~forty dollars (\$165,750)~~ one hundred ninety-eight thousand one hundred twenty dollars  
 25 (\$198,120) annually, payable monthly."

26           **SECTION 39.4.(a1)** Effective July 1, 2024, G.S. 147-11(a), as amended by  
 27 subsection (a) of this section, reads as rewritten:

28           "(a) The salary of the Governor shall be ~~one hundred ninety-eight thousand one hundred~~  
 29 ~~twenty dollars (\$198,120)~~ two hundred three thousand seventy-three dollars (\$203,073) annually,  
 30 payable monthly."

31           **SECTION 39.4.(b)** Effective July 1, 2023, the annual salaries for members of the  
 32 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$157,403
Attorney General	157,403
Secretary of State	157,403
State Treasurer	157,403
State Auditor	157,403
Superintendent of Public Instruction	157,403
Agriculture Commissioner	157,403
Insurance Commissioner	157,403
Labor Commissioner	157,403

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 43           **SECTION 39.4.(b1)** Effective July 1, 2024, the annual salaries for members of the  
 44 Council of State, payable monthly, are set as follows:

<b>Council of State</b>	<b>Annual Salary</b>
Lieutenant Governor	\$168,384
Attorney General	168,384
Secretary of State	168,384
State Treasurer	168,384
State Auditor	168,384
Superintendent of Public Instruction	168,384

1	Agriculture Commissioner	168,384
2	Insurance Commissioner	168,384
3	Labor Commissioner	168,384

4  
5 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

6 **SECTION 39.5.(a)** Effective July 1, 2023, the annual salaries, payable monthly, for  
7 the following executive branch officials for the 2023-2024 fiscal year are as follows:

8	<b>Executive Branch Officials</b>	<b>Annual Salary</b>
9	Chairman, Alcoholic Beverage	
10	Control Commission	\$136,742
11	State Controller	190,407
12	Commissioner of Banks	153,472
13	Chair, Board of Review, Division	
14	of Employment Security	150,539
15	Members, Board of Review, Division	
16	of Employment Security	148,699
17	Chairman, Parole Commission	150,539
18	Full-time Members of the Parole Commission	139,188
19	Chairman, Utilities Commission	170,646
20	Members of the Utilities Commission	153,472
21	Executive Director, North Carolina	
22	Agricultural Finance Authority	133,166
23	State Fire Marshal	135,000

24 **SECTION 39.5.(b)** Effective July 1, 2024, the annual salaries, payable monthly, for  
25 the following executive branch officials for the 2024-2025 fiscal year are as follows:

26	<b>Executive Branch Officials</b>	<b>Annual Salary</b>
27	Chairman, Alcoholic Beverage	
28	Control Commission	\$140,844
29	State Controller	196,119
30	Commissioner of Banks	158,076
31	Chair, Board of Review, Division	
32	of Employment Security	155,055
33	Members, Board of Review, Division	
34	of Employment Security	153,160
35	Chairman, Parole Commission	155,055
36	Full-time Members of the Parole Commission	143,364
37	Chairman, Utilities Commission	175,765
38	Members of the Utilities Commission	158,076
39	Executive Director, North Carolina	
40	Agricultural Finance Authority	137,161
41	State Fire Marshal	139,050

42  
43 **JUDICIAL BRANCH**

44 **SECTION 39.6.(a)** Effective July 1, 2023, the annual salaries, payable monthly, for  
45 the following judicial branch officials for the 2023-2024 fiscal year are as follows:

46	<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
47	Chief Justice, Supreme Court	\$198,120
48	Associate Justice, Supreme Court	192,978
49	Chief Judge, Court of Appeals	189,926
50	Judge, Court of Appeals	184,996
51	Judge, Senior Regular Resident Superior Court	170,000

1	Judge, Superior Court	165,000
2	Chief Judge, District Court	163,462
3	Judge, District Court	158,654
4	Chief Administrative Law Judge	140,520
5	District Attorney	163,231
6	Assistant Administrative Officer of the Courts	147,393
7	Public Defender	163,231
8	Director of Indigent Defense Services	157,751

9           **SECTION 39.6.(a1)** Effective July 1, 2024, the annual salaries, payable monthly,  
 10 for the following judicial branch officials for the 2024-2025 fiscal year are as follows:

11	<b>Judicial Branch Officials</b>	<b>Annual Salary</b>
12	Chief Justice, Supreme Court	\$203,073
13	Associate Justice, Supreme Court	197,802
14	Chief Judge, Court of Appeals	194,674
15	Judge, Court of Appeals	189,621
16	Judge, Senior Regular Resident Superior Court	174,250
17	Judge, Superior Court	169,125
18	Chief Judge, District Court	167,548
19	Judge, District Court	162,620
20	Chief Administrative Law Judge	144,736
21	District Attorney	167,337
22	Assistant Administrative Officer of the Courts	151,815
23	Public Defender	167,337
24	Director of Indigent Defense Services	162,484

25           **SECTION 39.6.(b)** The district attorney of a judicial district, with the approval of  
 26 the Administrative Officer of the Courts, and the public defender of a judicial district, with the  
 27 approval of the Commission on Indigent Defense Services, shall set the salaries of assistant  
 28 district attorneys and assistant public defenders in that district such that the average salary of  
 29 those assistants in that district, for the 2023-2024 fiscal year, does not exceed ninety-seven  
 30 thousand four hundred three dollars (\$97,403) and the minimum salary of any assistant is at least  
 31 fifty-two thousand two hundred seventy-eight dollars (\$52,278), effective July 1, 2023.

32           **SECTION 39.6.(b1)** The district attorney of a judicial district, with the approval of  
 33 the Administrative Officer of the Courts, and the public defender of a judicial district, with the  
 34 approval of the Commission on Indigent Defense Services, shall set the salaries of assistant  
 35 district attorneys and assistant public defenders in that district such that the average salary of  
 36 those assistants in that district, for the 2024-2025 fiscal year, does not exceed one hundred one  
 37 thousand two hundred ninety-nine dollars (\$101,299) and the minimum salary of any assistant is  
 38 at least fifty-four thousand three hundred sixty-nine dollars (\$54,369), effective July 1, 2024.

39  
 40 **CLERKS OF SUPERIOR COURT**

41           **SECTION 39.7.(a)** Effective July 1, 2023, G.S. 7A-101(a) reads as rewritten:

42           "(a) The clerk of superior court is a full-time employee of the State and shall receive an  
 43 annual salary, payable in equal monthly installments, based on the number of State-funded  
 44 assistant and deputy clerks of court as determined by the Administrative Office of Court's  
 45 workload formula, according to the following schedule:

46	Assistants and Deputies	Annual Salary
47	0-19	<del>\$104,300</del> <u>\$108,472</u>
48	20-29	<del>115,280</del> <u>119,891</u>
49	30-49	<del>126,259</del> <u>131,309</u>
50	50-99	<del>137,238</del> <u>142,728</u>
51	100 and above	<del>139,983</del> <u>145,582</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

**SECTION 39.7.(a1)** Effective July 1, 2024, G.S. 7A-101(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula, according to the following schedule:

Assistants and Deputies	Annual Salary
0-19	<del>\$108,472</del> <u>\$111,726</u>
20-29	<del>119,891</del> <u>123,488</u>
30-49	<del>131,309</del> <u>135,248</u>
50-99	<del>142,728</del> <u>147,010</u>
100 and above	<del>145,582</del> <u>149,949</u>

If the number of State-funded assistant and deputy clerks of court as determined by the Administrative Office of Court's workload formula changes, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for that new number, except that the salary of an incumbent clerk shall not be decreased by any change in that number during the clerk's continuance in office."

**ASSISTANT AND DEPUTY CLERKS OF COURT**

**SECTION 39.8.(a)** Effective July 1, 2023, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$37,254</del> <u>\$39,303</u>
Maximum	<del>68,828</del> <u>72,614</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$33,419</del> <u>\$35,257</u>
Maximum	<del>54,056</del> <u>57,029</u> "

**SECTION 39.8.(a1)** Effective July 1, 2024, G.S. 7A-102(c1), as amended by subsection (a) of this section, reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	<del>\$39,303</del> <u>\$40,482</u>
Maximum	<del>72,614</del> <u>74,792</u>
Deputy Clerks	Annual Salary
Minimum	<del>\$35,257</del> <u>\$36,315</u>
Maximum	<del>57,029</del> <u>58,740</u> "

**MAGISTRATES**

**SECTION 39.9.(a)** Effective July 1, 2023, G.S. 7A-171.1(a)(1) reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$43,462</del> <u>\$45,852</u>
Step 1	<del>\$46,670</del> <u>\$49,237</u>
Step 2	<del>\$50,131</del> <u>\$52,888</u>
Step 3	<del>\$53,795</del> <u>\$56,754</u>
Step 4	<del>\$58,186</del> <u>\$61,386</u>
Step 5	<del>\$63,473</del> <u>\$66,964</u>
Step 6	<del>\$69,401</del> <u>\$73,218.</u> "

**SECTION 39.9.(a1)** Effective July 1, 2024, G.S. 7A-171.1(a)(1), as amended by subsection (a) of this section, reads as rewritten:

"(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate:

(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6:

Table of Salaries of Full-Time Magistrates

Step Level	Annual Salary
Entry Rate	<del>\$45,852</del> <u>\$47,228</u>
Step 1	<del>\$49,237</del> <u>\$50,714</u>
Step 2	<del>\$52,888</del> <u>\$54,475</u>
Step 3	<del>\$56,754</del> <u>\$58,457</u>
Step 4	<del>\$61,386</del> <u>\$63,228</u>
Step 5	<del>\$66,964</del> <u>\$68,973</u>
Step 6	<del>\$73,218</del> <u>\$75,415.</u> "

**LEGISLATIVE EMPLOYEES**

**SECTION 39.10.(a)** Effective July 1, 2023, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2023, shall be legislatively increased by four percent (4%).

1           **SECTION 39.10.(a1)** Effective July 1, 2024, the annual salaries of the Legislative  
2 Services Officer and of nonelected employees of the General Assembly in effect on June 30,  
3 2024, shall be legislatively increased by three percent (3%).

4           **SECTION 39.10.(b)** Nothing in this act limits any of the provisions of G.S. 120-32.

#### 6 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

7           **SECTION 39.11.(a)** Effective July 1, 2023, G.S. 120-37(c) reads as rewritten:

8           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
9 to other benefits available to permanent legislative employees and shall be paid an annual salary  
10 of ~~one hundred twenty five thousand thirty four dollars (\$125,034)~~, one hundred thirty thousand  
11 thirty-five dollars (\$130,035), payable monthly. Each principal clerk shall also receive such  
12 additional compensation as approved by the Speaker of the House of Representatives or the  
13 President Pro Tempore of the Senate, respectively, for additional employment duties beyond  
14 those provided by the rules of their House. The Legislative Services Commission shall review  
15 the salary of the principal clerks prior to submission of the proposed operating budget of the  
16 General Assembly to the Governor and shall make appropriate recommendations for changes in  
17 those salaries. Any changes enacted by the General Assembly shall be by amendment to this  
18 paragraph."

19           **SECTION 39.11.(b)** Effective July 1, 2024, G.S. 120-37(c), as amended by  
20 subsection (a) of this section, reads as rewritten:

21           "(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled  
22 to other benefits available to permanent legislative employees and shall be paid an annual salary  
23 of ~~one hundred thirty thousand thirty five dollars (\$130,035)~~, one hundred thirty-three thousand  
24 nine hundred thirty-six dollars (\$133,936), payable monthly. Each principal clerk shall also  
25 receive such additional compensation as approved by the Speaker of the House of  
26 Representatives or the President Pro Tempore of the Senate, respectively, for additional  
27 employment duties beyond those provided by the rules of their House. The Legislative Services  
28 Commission shall review the salary of the principal clerks prior to submission of the proposed  
29 operating budget of the General Assembly to the Governor and shall make appropriate  
30 recommendations for changes in those salaries. Any changes enacted by the General Assembly  
31 shall be by amendment to this paragraph."

#### 33 **SERGEANTS-AT-ARMS/READING CLERKS**

34           **SECTION 39.12.(a)** Effective July 1, 2023, G.S. 120-37(b) reads as rewritten:

35           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four~~  
36 ~~hundred ninety three dollars (\$493.00)~~ five hundred thirteen dollars (\$513.00) per week plus  
37 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
38 at the rate provided for members of the General Assembly for one round trip only from their  
39 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
40 Assembly and at such time prior to the convening of, and subsequent to adjournment or recess  
41 of, sessions as may be authorized by the Legislative Services Commission. The reading clerks  
42 shall serve during sessions only."

43           **SECTION 39.12.(b)** Effective July 1, 2024, G.S. 120-37(b), as amended by  
44 subsection (a) of this section, reads as rewritten:

45           "(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five~~  
46 ~~hundred thirteen dollars (\$513.00)~~ five hundred twenty-eight dollars (\$528.00) per week plus  
47 subsistence at the same daily rate provided for members of the General Assembly, plus mileage  
48 at the rate provided for members of the General Assembly for one round trip only from their  
49 homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General  
50 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:

<b>Education Level</b>	<b>Minimum Salary 2023-2024</b>
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:

<b>Education Level</b>	<b>Minimum Salary 2024-2025</b>
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**

1           **SECTION 39.15.(a)** State employees serving as correctional officers in the  
 2 Department of Adult Correction shall be compensated at a specific pay rate on the basis of a  
 3 salary schedule determined according to the duration of the employee's correctional officer work  
 4 experience.

5           **SECTION 39.15.(a1)** State employees serving in the Department of Public Safety,  
 6 Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay  
 7 rate set on the basis of a salary schedule determined according to the duration of the employee's  
 8 work experience, as follows:

- 9           (1) Youth Counselor Technicians shall be paid under the Correctional Officer I  
 10 salary schedule.
- 11           (2) Youth Services Behavioral Specialists shall be paid under the Correctional  
 12 Officer II salary schedule.
- 13           (3) Youth Counselors shall be paid under the Correctional Officer III salary  
 14 schedule.

15           **SECTION 39.15.(b)** The following annual salary schedule applies under subsections  
 16 (a) and (a1) of this section for the 2023-2025 fiscal biennium, effective for each year on July 1,  
 17 2023, and July 1, 2024, respectively:

	FY 2023-24			FY 2024-25		
Experience	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

29           **SECTION 39.15.(c)** If an employee will not receive a salary increase during a fiscal  
 30 year because the employee's salary exceeds the scheduled salary level, then the employee shall  
 31 receive an annual salary increase equal to the amount of the across-the-board legislative salary  
 32 increase authorized in this Part for that fiscal year.

33  
 34 **STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES**

35           **SECTION 39.16.(a)** Law enforcement officers of the State Bureau of Investigation  
 36 and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary  
 37 schedule and shall be compensated based on the officer's respective work experience pursuant to  
 38 the salary schedule in subsection (b) of this section.

39           **SECTION 39.16.(b)** The following annual salary schedule applies under subsection  
 40 (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for  
 41 each respective fiscal year:

Years of Experience	FY 2023-24	FY 2024-25
0	53,477	53,477
1	56,954	56,954
2	60,656	60,656
3	64,599	64,599
4	68,798	68,798
5	73,270	73,270
6+	78,033	78,033

50           **SECTION 39.16.(c)** For the 2023-2025 fiscal biennium:



- (1) Employees of the State Bureau of Investigation employed in positions within salary grades SW 05-10 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of eight percent (8%) in the 2023-2024 fiscal year, effective July 1, 2023.
- (2) Employees of the State Bureau of Investigation employed in positions within salary grades SW 11-12 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of seven percent (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

**SECTION 39.16.(d)** For the 2023-2025 fiscal biennium:

- (1) Employees of Alcohol Law Enforcement employed in positions within salary grades SW 05-09 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of eight percent (8%) in the 2023-2024 fiscal year, effective July 1, 2023.
- (2) Employees of Alcohol Law Enforcement employed in positions within salary grades SW 10-12 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of seven percent (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

**STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE**

**SECTION 39.17.(a)** Law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

**SECTION 39.17.(b)** The following annual salary schedule applies under subsection (a) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1, 2024, for each respective fiscal year:

Years of Experience	FY 2023-24	FY 2024-25
0	55,000	55,000
1	58,575	58,575
2	62,382	62,382
3	66,437	66,437
4	70,755	70,755
5	75,354	75,354
6+	80,252	80,252

**SECTION 39.17.(c)** For the 2023-2025 fiscal biennium, employees of the State Highway Patrol employed in positions within salary grades HP01 through HP05 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of eleven percent (11%) in the 2023-2024 fiscal year, effective July 1, 2023.

**SECTION 39.17.(d)** For the 2023-2025 fiscal biennium, employees of the State Highway Patrol employed in positions within salary grades HP06 through HP011 who are not compensated pursuant to subsections (a) and (b) of this section shall receive a salary increase in the amount of seven percent (7%) in the 2023-2024 fiscal year, effective July 1, 2023.

**PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE**

**SECTION 39.18.(a)** Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

1           **SECTION 39.18.(a1)** State employees serving in the Department of Public Safety,  
 2 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be  
 3 compensated under the probation and parole officer salary schedule.

4           **SECTION 39.18.(b)** The following annual salary schedule applies under subsections  
 5 (a) and (a1) of this section for the 2023-2025 fiscal biennium, effective July 1, 2023, and July 1,  
 6 2024, for each respective fiscal year:

8	<b>Years of Experience</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
9	0	44,099	45,422
10	1	46,965	48,374
11	2	50,019	51,520
12	3	53,270	54,868
13	4	56,733	58,435
14	5	60,420	62,233
15	6+	64,348	66,278

16           **SECTION 39.18.(c)** If an employee will not receive a salary increase during a fiscal  
 17 year because the employee's salary exceeds the scheduled salary level, then the employee shall  
 18 receive an annual salary increase equal to the amount of the across-the-board legislative salary  
 19 increase authorized in this Part for that fiscal year.

20  
 21 **PAY PLAN RESERVE**

22           **SECTION 39.19.** G.S. 143C-4-9(a) reads as rewritten:

23           "(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General  
 24 Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other  
 25 appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to  
 26 fund statutory and scheduled pay expenses authorized by:

- 27           (1) G.S. 20-187.3, and the Act, for troopers of the State Highway Patrol  
 28 compensated pursuant to an experience-based salary schedule.
- 29           (2) G.S. 7A-102.
- 30           (3) G.S. 7A-171.1.
- 31           (4) Teacher Salary Schedule, as enacted by the General Assembly.
- 32           (5) Pay Plans for Principals and Assistant Principals, as enacted by the General  
 33 Assembly.
- 34           (6) The Act, for law enforcement officers of the State Bureau of Investigation and  
 35 Alcohol Law Enforcement.
- 36           (7) The Act, for correctional officers and other employees compensated pursuant  
 37 to the Correctional Officer Salary Schedule.
- 38           (8) The Act, for probation and parole officers and other employees compensated  
 39 pursuant to the Probation and Parole Officer Salary Schedule."

40  
 41 **STATE AGENCY TEACHERS**

42           **SECTION 39.20.** Employees of schools operated by the Department of Health and  
 43 Human Services, the Department of Public Safety, the Department of Adult Correction, and the  
 44 State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized  
 45 under this act.

46  
 47 **MOST STATE EMPLOYEES**

48           **SECTION 39.21.** Unless otherwise expressly provided by this Part, the annual  
 49 salaries in effect for the following persons on June 30, 2023, and June 30, 2024, shall be  
 50 legislatively increased as provided by this act:

- 1 (1) Permanent, full-time State officials and persons whose salaries are set in  
2 accordance with the State Human Resources Act.
- 3 (2) Permanent, full-time State officials and persons in positions exempt from the  
4 State Human Resources Act.
- 5 (3) Permanent, part-time State employees.
- 6 (4) Temporary and permanent hourly State employees.
- 7

#### 8 **ALL STATE SUPPORTED PERSONNEL**

9 **SECTION 39.22.(a)** The legislative salary increases authorized by this act:

- 10 (1) For the 2023-2024 fiscal year, shall be paid effective on July 1, 2023, and do  
11 not apply to persons separated from service due to resignation, dismissal,  
12 reduction in force, death, or retirement or whose last workday is prior to June  
13 30, 2023.
- 14 (2) For the 2024-2025 fiscal year, shall be paid effective on July 1, 2024, and do  
15 not apply to persons separated from service due to resignation, dismissal,  
16 reduction in force, death, or retirement or whose last workday is prior to June  
17 30, 2024.

18 **SECTION 39.22.(b)** The Director of the Budget is granted flexibility to administer  
19 the compensation increases enacted by this act. The State employer contribution rates enacted by  
20 this act for retirement and related benefits may be deemed by the Director of the Budget for  
21 administrative purposes to become effective after July 1 of the applicable fiscal year to provide  
22 flexibility in the collection and reconciliation of salary-related contributions as required by law,  
23 provided the estimated amount contributed to any affected employee benefit trust equals the  
24 amount that would have been contributed to the employee benefit trust if the enacted employer  
25 contribution rates had been effective on July 1 of the applicable fiscal year.

26 **SECTION 39.22.(c)** This section applies to all employees paid from State funds,  
27 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
28 employees of public schools, community colleges, and The University of North Carolina.

#### 30 **OTHER SALARY ADJUSTMENTS/UNC & COMMUNITY COLLEGE NURSING** 31 **FACULTY**

32 **SECTION 39.23.** Of the funds appropriated in this act, effective July 1, 2023, the  
33 annual salaries of nursing faculty positions at The University of North Carolina and in the North  
34 Carolina Community College System shall be increased such that:

- 35 (1) The starting pay of nursing faculty positions shall be increased by at least ten  
36 percent (10%).
- 37 (2) No nursing faculty member's annual salary shall be increased by more than  
38 fifteen percent (15%).
- 39

#### 40 **MITIGATE BONUS LEAVE**

41 **SECTION 39.24.** During the 2023-2025 fiscal biennium, State agencies,  
42 departments, institutions, the North Carolina Community College System, and The University of  
43 North Carolina may offer State employees the opportunity to use or to cash in special bonus leave  
44 benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L.  
45 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if  
46 all of the following requirements are met:

- 47 (1) Employee participation in the program must be voluntary.
- 48 (2) Special leave that is liquidated for cash payment to an employee must be  
49 valued at the amount based on the employee's current annual salary rate.

- 1 (3) By March 1, 2025, a report on the position characteristics of employees  
2 participating in the program shall be submitted to the respective agency head  
3 or employing agency and to the Fiscal Research Division.  
4

## 5 **USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES**

6 **SECTION 39.25.(a)** The Office of State Budget and Management shall ensure that  
7 the appropriations made by this act for legislatively mandated salary increases and employee  
8 benefits are used only for those purposes.

9 **SECTION 39.25.(b)** If the Director of the Budget determines that funds appropriated  
10 to a State agency for legislatively mandated salary increases and employee benefits exceed the  
11 amount required by that agency for those purposes, the Director may reallocate those funds to  
12 other State agencies that received insufficient funds for legislatively mandated salary increases  
13 and employee benefits.

14 **SECTION 39.25.(c)** Funds appropriated for legislatively mandated salary and  
15 employee benefit increases may not be used to adjust the budgeted salaries of vacant positions,  
16 to provide salary increases in excess of those required by the General Assembly, or to increase  
17 the budgeted salary of filled positions to the minimum of the position's respective salary range.

18 **SECTION 39.25.(d)** Any funds appropriated for legislatively mandated salary and  
19 employee benefit increases in excess of the amounts required to implement the increases shall be  
20 credited to the Pay Plan Reserve.

21 **SECTION 39.25.(e)** No later than May 1, 2024, for the 2023-2024 fiscal year, and  
22 subsequently May 1, 2025, for the 2024-2025 fiscal year, the Office of State Budget and  
23 Management shall report to the Joint Legislative Commission on Governmental Operations and  
24 the Fiscal Research Division on the expenditure of funds for legislatively mandated salary  
25 increases and employee benefits. This report shall include at least the following information for  
26 each State agency for each year of the 2023-2025 fiscal biennium:

- 27 (1) The total amount of funds that the agency received for legislatively mandated  
28 salary increases and employee benefits.  
29 (2) The total amount of funds transferred from the agency to other State agencies  
30 pursuant to subsection (b) of this section. This section of the report shall  
31 identify the amounts transferred to each recipient State agency.  
32 (3) The total amount of funds used by the agency for legislatively mandated salary  
33 increases and employee benefits.  
34 (4) The amount of funds credited to the Pay Plan Reserve.  
35

## 36 **SALARY-RELATED CONTRIBUTIONS**

37 **SECTION 39.26.(a)** Effective for the 2023-2025 fiscal biennium, required employer  
38 salary-related contributions for employees whose salaries are paid from department, office,  
39 institution, or agency receipts shall be paid from the same source as the source of the employee's  
40 salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in  
41 part from department, office, institution, or agency receipts, required employer salary-related  
42 contributions may be paid from the General Fund or Highway Fund only to the extent of the  
43 proportionate part paid from the General Fund or Highway Fund in support of the salary of the  
44 employee, and the remainder of the employer's requirements shall be paid from the source that  
45 supplies the remainder of the employee's salary. The requirements of this section as to source of  
46 payment are also applicable to payments on behalf of the employee for hospital medical benefits,  
47 longevity pay, unemployment compensation, accumulated leave, workers' compensation,  
48 severance pay, separation allowances, and applicable disability income benefits.

49 **SECTION 39.26.(b)** Effective July 1, 2023, the State's employer contribution rates  
50 budgeted for retirement and related benefits as a percentage of covered salaries for the 2023-2024  
51 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the

1 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 2 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 3 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
7 Retirement	17.64%	17.64%	6.84%	35.28%	20.65%
8 Disability	0.11%	0.11%	0.11%	0.00%	0.00%
9 Death	0.13%	0.13%	0.00%	0.00%	0.00%
10 Retiree Health	7.14%	7.14%	7.14%	7.14%	7.14%
11 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

12  
 13 **Total Contribution**

14 <b>Rate</b>	25.02%	30.02%	14.09%	42.42%	27.79%
----------------	--------	--------	--------	--------	--------

15 The rate for teachers and State employees and State law enforcement officers includes  
 16 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

17 **SECTION 39.26.(c)** Effective July 1, 2024, the State's employer contribution rates  
 18 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025  
 19 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
 20 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
 21 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
 22 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
26 Retirement	16.79%	16.79%	6.84%	37.00%	22.00%
27 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
28 Death	0.13%	0.13%	0.00%	0.00%	0.00%
29 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
30 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

31  
 32 **Total Contribution**

33 <b>Rate</b>	24.04%	29.04%	13.96%	43.99%	28.99%
----------------	--------	--------	--------	--------	--------

34 The rate for teachers and State employees and State law enforcement officers includes  
 35 one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

36 **SECTION 39.26.(d)** Effective July 1, 2023, the annual employer contributions for  
 37 the 2023-2024 fiscal year, payable monthly, by the State to the North Carolina State Health Plan  
 38 for Teachers and State Employees for each covered employee and retiree are as follows:

- 39 (1) For employees, a maximum of seven thousand five hundred fifty-seven dollars  
 40 (\$7,557).
- 41 (2) For retirees, a recommended amount of five thousand five hundred  
 42 twenty-five dollars (\$5,525).

43 **SECTION 39.26.(e)** Effective July 1, 2024, the annual employer contributions for  
 44 the 2024-2025 fiscal year, payable monthly, by the State to the North Carolina State Health Plan  
 45 for Teachers and State Employees for each covered employee and retiree are as follows:

- 46 (1) For employees, a maximum amount of eight thousand ninety-five dollars  
 47 (\$8,095).
- 48 (2) For retirees, a recommended amount of five thousand four hundred five  
 49 dollars (\$5,405).

1 **4% COST-OF-LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND**  
2 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT**  
3 **SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM**

4 **SECTION 39.27.(a)** G.S. 135-5 is amended by adding a new subsection to read:

5 "(zzz) On or before November 30, 2023, a one-time cost-of-living supplement payment shall  
6 be made to or on account of beneficiaries who are living as of October 1, 2023, and whose  
7 retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of  
8 the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be  
9 prorated for date of retirement commencement. If the beneficiary dies before the payment is  
10 made, then the payment shall be payable to the member's legal representative. No beneficiary  
11 shall be deemed to have acquired a vested right to any future supplemental payments."

12 **SECTION 39.27.(b)** G.S. 135-65 is amended by adding a new subsection to read:

13 "(kk) 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.(c)** G.S. 120-4.22A is amended by adding a new subsection to read:

21 "(ee) In accordance with subsection (a) of this section, on or before November 30, 2023, a  
22 one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who  
23 are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023.  
24 The payment shall be four percent (4%) of the beneficiary's annual retirement allowance payable  
25 as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the  
26 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
27 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
28 supplemental payments."

29 **SECTION 39.27.(d)** Notwithstanding any other provision of law to the contrary, in  
30 order to administer the one-time cost-of-living supplement for retirees provided for in  
31 subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department  
32 of State Treasurer may increase receipts from the retirement assets of the corresponding  
33 retirement system or pay costs associated with the administration of the payment directly from  
34 the retirement assets.

35  
36 **UNFUNDED LIABILITY SOLVENCY RESERVE**

37 **SECTION 39.28.(a)** G.S. 143C-4-10 reads as rewritten:

38 **"§ 143C-4-10. Unfunded Liability Solvency Reserve.**

39 ...  
40 ~~(e) Use of Funds Appropriated by the General Assembly or Transferred From the General~~  
41 ~~Fund Based on Estimated State Tax Revenue Growth. — On the first day of each fiscal year, the~~  
42 ~~total amount of funds (i) appropriated by the General Assembly to the Reserve as specified in~~  
43 ~~subdivision (e)(1) of this section and (ii) transferred into the Reserve under G.S. 143C-4-2(i) or~~  
44 ~~(j) as specified in subdivision (e)(1a) of this section, as of the last day of the preceding fiscal year~~  
45 ~~shall be used to appropriate an additional employer contribution to the Health Benefit Trust and~~  
46 ~~the Retirement System.~~

47 ~~(e1) Use of Funds Transferred From Savings Achieved by State Debt Refinancing. into~~  
48 ~~the Reserve. — As soon as practicable after funds are transferred into the Reserve under~~  
49 ~~G.S. 142-15.4 and G.S. 142-96, as specified in subdivision (e)(2) of this section, Reserve, the~~  
50 ~~State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these~~  
51 ~~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           (1)    G.S. 135-48.40(a)(1).
- 2           (2)    G.S. 135-48.40(a)(2).
- 3           (3)    G.S. 135-48.40(b)(3).
- 4           (4)    G.S. 135-48.40(b)(4).
- 5           (5)    G.S. 135-48.40(c)(2).

6           (c)    Notwithstanding the eligibility for coverage provided in Part 4 of this Article,  
 7 coverage outside of the Plan shall be in lieu of coverage under the Plan during the period for  
 8 which the Plan member chooses premium payments in lieu of coverage."

9           **SECTION 39.29.(c)** This section becomes effective January 1, 2024.

10  
11 **PART XL. CAPITAL**

12  
13 **CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS**

14           **SECTION 40.1.(a)** The following agency capital improvement projects have been  
 15 assigned a project code for reference to allocations in this Part, past allocations, and for intended  
 16 project support by the General Assembly for future fiscal years:

<b>Agency Capital Improvement Project</b>	<b>Project Code</b>
17 Department of Agriculture and Consumer Services	
18     Tidewater Research Station–Swine Unit Replacements	DACs21-2
19     NCFS–Region 1 Headquarters	DACs21-4
20     Troxler Science Building–Overflow Parking	DACs23-1
21     Western NC Farmers Market	DACs23-2
22     Raleigh State Farmers Market–Improvements	DACs23-3
23     Pesticide Storage, Loading, & Cleaning Facilities	DACs23-4
24     Cherry Research Station–Administrative Office	DACs23-5
25     Griffith Forest Center–Central Warehouse & Office	DACs23-6
26     D-6 HQ (Cumberland Co.)–Maintenance Shop Replacement	DACs23-7
27     Research Stations–New Maintenance Shop Facilities	DACs23-8
28     Piedmont Research Station–Bridge	DACs23-9
29     Research Stations–Multipurpose Facilities	DACs23-10
30     NCFS–New County Offices, Region 3	DACs23-11
31     Tuttle Educational State Forest–Office & Education Center	DACs23-12
32     D-12–New Headquarters & Shop	DACs23-13
33     NCFS–Property Purchase	DACs23-14
34	
35	
36 Department of Environmental Quality	
37     Reedy Creek Laboratory	DEQ21-1
38	
39 Department of Health and Human Services	
40     Walter B. Jones–New Medical Office Bldg.	DHHS23-1
41     Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
42     Cherry Hospital–New Maintenance Bldg.	DHHS23-3
43     South Piedmont Medical Examiner	DHHS23-4
44	
45 Department of Natural and Cultural Resources	
46     Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
47     NC Museum of History–Expansion	DNCR21-13
48     Zoo–New Aviary	DNCR23-1
49     NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
50     Stone Mountain State Park–Parking Lot	DNCR23-4
51     North Carolina Maritime Museum at Beaufort	DNCR23-5



1	Town Creek Indian Mound State Historic Site–	
2	Visitor Center & Exhibit Improvements	DNCR23-6
3	State Historic Sites–Three New Visitor Centers	DNCR23-7
4	Thomas Day House–Site Development	DNCR23-8
5	Lake Waccamaw State Park–New Campground	DNCR23-12
6	Lumber River State Park–Wire Pasture Access Development	DNCR23-13
7	NC Maritime Museum at Southport	DNCR23-14
8	NC Transportation Museum	DNCR23-15
9	Fort Fisher Historic Site	DNCR23-16
10		
11	Department of Administration	
12	State Government Executive Headquarters	DOA22-1
13	Department of Instruction Building Renovation	DOA22-3
14	Service Campus	DOA23-1
15	State Agency Lease	DOA23-2
16	Archdale Building Demolition	DOA23-3
17	Caswell Square Demolition	DOA23-4
18	Parking Deck–Wilmington Street	DOA23-5
19	Albemarle Building Facility Improvements	DOA23-6
20		
21	Department of Commerce	
22	Wanchese Marine Industrial Park–Covered Workspace	COMM23-1
23		
24	Department of Adult Correction	
25	Stun Fencing	DAC23-1
26	DARTCenter–Exterior Envelope Repairs	DAC23-2
27	Sampson CC–Gatehouse	DAC23-3
28	Gaston CC–Modular Medical Office	DAC23-4
29	Storage Buildings	DAC23-6
30		
31	Department of Public Safety	
32	State Highway Patrol–	
33	Viper Building	DPS21-6
34	Auditorium	DPS23-3
35	Training Academy Facilities Enhancement–Phases 3-6	DPS23-4
36	Training Center Cadet Dorm & Training Bldg.	DPS23-7
37	State Bureau of Investigation–	
38	Headquarters & Building 12 Renovation	DPS21-9
39	Logistics Building–Phase 1	DPS23-11
40	Juvenile Justice–	
41	Richmond YDC	DPS21-1
42	New Youth Detention Center	DPS23-1
43	Cabarrus YDC–Perimeter Fence Modifications	DPS23-5
44	Cabarrus–New Modular Office	DPS23-6
45	Emergency Management–	
46	Badin Logistics Support Center Shed	DPS23-8
47	Badin Warehouse Expansion	DPS23-9
48	Badin Lot Acquisition	DPS23-10
49	National Guard–	
50	NCNG Matching Fund	NG23-1
51	Ballentine Building/NCNG Museum	NG23-2

1	Constable Building	NG23-3
2	Rocky Mount Complex/MILCON	NG23-4
3	Special Forces Complex	NG23-5
4	Winston Salem Storage Buildings	NG23-6
5	Louisburg Readiness Center	NG23-9
6		
7	Department of Public Instruction	
8	Center for the Advancement of Teaching	DPI21-1
9		
10	Department of Insurance	
11	Office of State Fire Marshal–	
12	Land Development & Training Center	DOI21-1
13		
14	Department of Transportation	
15	North Carolina Global TransPark Authority–	
16	Aircraft Maintenance Repair & Overhaul Facility	TRAN23-1
17	DOT– New County Buildings	TRAN23-2
18		
19	General Assembly	
20	Education Campus Project	NCGA21-3
21	Education Campus Parking Deck	NCGA23-1
22	Education Campus Demolition	NCGA23-2
23		
24	The University of North Carolina	
25	Appalachian State University–	
26	Peacock Hall/Business	UNC/ASU21-1
27	Hickory Campus	UNC/ASU22-1
28	Walker Hall–Interior Renovation	UNC/ASU23-1
29	University of North Carolina at Charlotte–	
30	Smith Hall–Comprehensive Renovation	UNC/CLT23-1
31	Colvard Hall–Comprehensive Renovation	UNC/CLT23-2
32	Esports	UNC/CLT23-3
33	Stadium Upgrades	UNC/CLT23-4
34	University of North Carolina at Chapel Hill–	
35	Business School	UNC/CH20-1
36	Nursing School Renovation	UNC/CH20-2
37	Gardner Hall–Comprehensive Renovation	UNC/CH23-1
38	Elizabeth City State University–	
39	Flight School	UNC/ECS21-4
40	Infrastructure Repairs–Phase 3	UNC/ECS23-1
41	Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation	UNC/ECS23-2
42	East Carolina University–	
43	Brody School of Medicine	UNC/ECU21-1
44	Howell Science Building North–Comprehensive Renovation	UNC/ECU23-1
45	Leo Jenkins Building/Health Sciences–Comprehensive Renovation	UNC/ECU23-2
46	Medical Examiner Office	UNC/ECU23-3
47	Regional Children's Behavioral Health Facility	UNC/ECU23-4
48	Dental School Planning	UNC/ECU23-5
49	Fayetteville State University–	
50	College of Education	UNC/FSU21-2
51	Butler Targeted Renovation	UNC/FSU23-1

1	H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
2	North Carolina Agricultural & Technical State University–	
3	Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
4	Health and Human Sciences Bldg.	UNC/A&T23-2
5	North Carolina Central University–	
6	Dent Building–Comprehensive Renovation	UNC/NCC23-1
7	Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
8	University Theater Renovation	UNC/NCC23-3
9	North Carolina State University–	
10	S.T.E.M. Building	UNC/NCS20-1
11	Mann Hall–Renovation, Phase 2	UNC/NCS23-1
12	Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
13	Polk Hall–Renovation, Phase 2	UNC/NCS23-3
14	Veterinary School–Large Animal Hospital	UNC/NCS23-4
15	Engineering Classroom Building	UNC/NCS23-5
16	Nuclear Study	UNC/NCS23-6
17	Business School	UNC/NCS23-7
18	North Carolina School of Science and Math–	
19	Morganton Campus	
20	Wellness Center	UNC/SSM23-1
21	Durham Campus	
22	Renovation of Residence Halls	UNC/SSM23-2
23	Academic Commons Addition	UNC/SSM23-4
24	University of North Carolina at Asheville–	
25	Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
26	Sherrill Center	UNC/AVL23-2
27	Gateway Signage	UNC/AVL23-3
28	Repairs & Renovations	UNC/AVL23-4
29	University of North Carolina at Greensboro–	
30	Moore Building–Renovation	UNC/GBO23-1
31	University of North Carolina at Pembroke–	
32	Health Sciences Center	UNC/PEM21-1
33	Givens Performing Arts Center–Renovation	UNC/PEM23-1
34	University of North Carolina School of the Arts–	
35	Stevens Center–Renovation, Phase 2	UNC/SA23-1
36	New High School Residence Hall	UNC/SA23-2
37	University of North Carolina at Wilmington–	
38	Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
39	Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
40	DeLoach Hall–Modernization	UNC/WIL23-3
41	Health Education Bldg.	UNC/WIL23-4
42	Western Carolina University–	
43	Replacement Engineering Building	UNC/WCU23-1
44	Winston-Salem State University–	
45	K.R. Williams Auditorium	UNC/WSS21-1
46	Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
47	Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
48	Campus Police Improvements	UNC/WSS23-3
49	UNC Board of Governors–	
50	UNC Lease Funds	UNC/BOG21-1
51	NC Care Health Clinics	UNC/BOG23-1

1	NC Care Hospital Investment	UNC/BOG23-2
2	Children's Hospital	UNC/BOG23-3
3	PBS North Carolina	UNC/PBS23-1
4		
5	Repairs and Renovations–The University of North Carolina	UNC/R&R21
6	Repairs and Renovations–State Agencies (non-UNC)	R&R21
7	SCIF-Related Personnel	PERS21
8	OSBM Flexibility Funds	FLEX21
9	Debt Payoff	DST23-1
10	Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1

11 **SECTION 40.1.(b)** This subsection authorizes the following capital projects in the  
 12 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The  
 13 authorizations provided in this subsection represent the maximum amount of funding from the  
 14 State Capital and Infrastructure Fund that may be expended on each project and do not reflect  
 15 authorizations from other non-State Capital and Infrastructure Fund sources. An additional action  
 16 by the General Assembly is required to increase the maximum authorization for any of the  
 17 projects listed:

18 **Capital Improvements–**

19	<b>State Capital and</b>	<b>Previous</b>	<b>New/Updated</b>
20	<b>Infrastructure Fund</b>	<b>Project Authorization</b>	<b>Project Authorization</b>
21	DACS21-2	\$3,518,000	\$7,018,000
22	DACS21-4	4,000,000	8,100,000
23	DACS23-1	N/A	2,500,000
24	DACS23-2	N/A	200,000
25	DACS23-3	N/A	13,000,000
26	DACS23-4	N/A	1,750,000
27	DACS23-5	N/A	749,000
28	DACS23-6	N/A	750,000
29	DACS23-7	N/A	4,000,000
30	DACS23-8	N/A	5,000,000
31	DACS23-9	N/A	750,000
32	DACS23-10	N/A	6,200,000
33	DACS23-11	N/A	3,000,000
34	DACS23-12	N/A	4,000,000
35	DACS23-13	N/A	5,000,000
36	DACS23-14	N/A	12,000,000
37	DEQ21-1	55,000,000	68,300,000
38	DHHS23-1	N/A	1,352,000
39	DHHS23-2	N/A	5,983,000
40	DHHS23-3	N/A	5,405,000
41	DHHS23-4	N/A	20,000,000
42	DNCR21-5	15,000,000	45,000,000
43	DNCR21-13	60,000,000	180,000,000
44	DNCR23-1	N/A	60,000,000
45	DNCR23-2	N/A	15,000,000
46	DNCR23-4	N/A	620,000
47	DNCR23-5	N/A	10,000,000
48	DNCR23-6	N/A	5,500,000
49	DNCR23-7	N/A	16,721,240
50	DNCR23-8	N/A	4,000,000
51	DNCR23-12	N/A	3,000,000

1	DNCR23-13	N/A	2,500,000
2	DNCR23-14	N/A	2,000,000
3	DNCR23-15	N/A	5,000,000
4	DNCR23-16	N/A	2,800,000
5	DOA22-1	88,000,000	88,000,000
6	DOA22-3	15,000,000	60,000,000
7	DOA23-1	N/A	33,744,000
8	DOA23-2	N/A	4,500,000
9	DOA23-3	N/A	11,000,000
10	DOA23-4	N/A	15,000,000
11	DOA23-5	N/A	45,000,000
12	DOA23-6	N/A	5,000,000
13	COMM23-1	N/A	250,000
14	DAC23-1	N/A	23,992,000
15	DAC23-2	N/A	2,960,212
16	DAC23-3	N/A	1,521,000
17	DAC23-4	N/A	1,078,000
18	DAC23-6	N/A	3,488,000
19	DPS21-1	10,702,952	14,702,952
20	DPS21-6	7,139,374	10,634,998
21	DPS23-1	N/A	40,450,000
22	DPS23-3	N/A	35,000,000
23	DPS23-4	N/A	194,000,000
24	DPS23-5	N/A	886,000
25	DPS23-6	N/A	690,000
26	DPS23-7	N/A	43,336,785
27	DPS23-8	N/A	527,000
28	DPS23-9	N/A	5,048,828
29	DPS23-10	N/A	4,198,414
30	DPS23-11	N/A	13,883,000
31	NG23-2	N/A	12,500,000
32	NG23-3	N/A	16,428,582
33	NG23-4	N/A	8,500,000
34	NG23-5	N/A	8,000,000
35	NG23-6	N/A	550,000
36	NG23-9	N/A	3,666,667
37	DPI21-1	23,416,952	30,416,952
38	DOI21-1	3,500,000	58,500,000
39	TRAN23-1	N/A	350,000,000
40	TRAN23-2	N/A	3,400,000
41	NCGA21-3	269,000,000	320,000,000
42	NCGA23-1	N/A	65,000,000
43	NCGA23-2	N/A	10,000,000
44	UNC/ASU21-1	25,000,000	40,000,000
45	UNC/ASU22-1	9,000,000	50,000,000
46	UNC/ASU23-1	N/A	18,000,000
47	UNC/CLT23-1	N/A	36,000,000
48	UNC/CLT23-2	N/A	45,000,000
49	UNC/CLT23-3	N/A	1,500,000
50	UNC/CLE23-4	N/A	25,000,000
51	UNC/CH20-1	75,000,000	89,250,000

1	UNC/CH20-2	65,200,000	87,900,000
2	UNC/CH23-1	N/A	25,000,000
3	UNC/ECS21-4	34,000,000	54,000,000
4	UNC/ECS23-1	N/A	20,000,000
5	UNC/ECS23-2	N/A	12,500,000
6	UNC/ECU21-1	215,000,000	265,000,000
7	UNC/ECU23-1	N/A	46,000,000
8	UNC/ECU23-2	N/A	18,900,000
9	UNC/ECU23-3	N/A	35,000,000
10	UNC/ECU23-4	N/A	50,000,000
11	UNC/ECU23-5	N/A	1,000,000
12	UNC/FSU23-1	N/A	20,750,000
13	UNC/FSU23-2	N/A	10,000,000
14	UNC/A&T23-1	N/A	9,700,000
15	UNC/A&T23-2	N/A	125,500,000
16	UNC/NCC23-1	N/A	12,073,798
17	UNC/NCC23-2	N/A	12,999,424
18	UNC/NCC23-3	N/A	8,500,000
19	UNC/NCS23-1	N/A	30,000,000
20	UNC/NCS23-2	N/A	80,000,000
21	UNC/NCS23-3	N/A	63,000,000
22	UNC/NCS23-4	N/A	120,000,000
23	UNC/NCS23-5	N/A	200,000,000
24	UNC/NCS23-6	N/A	3,000,000
25	UNC/NCS23-7	N/A	4,500,000
26	UNC/SSM23-1	N/A	12,000,000
27	UNC/SSM23-2	N/A	28,988,042
28	UNC/SSM23-4	N/A	10,000,000
29	UNC/AVL23-1	N/A	26,150,000
30	UNC/AVL23-2	N/A	5,000,000
31	UNC/AVL23-3	N/A	1,000,000
32	UNC/AVL23-4	N/A	4,000,000
33	UNC/GBO23-1	N/A	24,200,000
34	UNC/PEM23-1	N/A	61,000,000
35	UNC/SA23-1	N/A	51,000,000
36	UNC/SA23-2	N/A	24,500,000
37	UNC/WIL23-1	N/A	40,050,000
38	UNC/WIL23-2	N/A	21,600,000
39	UNC/WIL23-3	N/A	12,150,000
40	UNC/WIL23-4	N/A	8,000,000
41	UNC/WCU23-1	N/A	95,300,000
42	UNC/WSS23-1	N/A	10,800,000
43	UNC/WSS23-2	N/A	16,000,000
44	UNC/WSS23-3	N/A	4,000,000
45	UNC/BOG21-1	15,000,000	18,750,000
46	UNC/BOG23-1	N/A	210,000,000
47	UNC/BOG23-2	N/A	150,000,000
48	UNC/BOG23-3	N/A	319,746,392
49	UNC/PBS23-1	N/A	49,500,000
50	FLEX21	100,000,000	175,000,000
51	WRC/23-1	N/A	20,000,000

1           **SECTION 40.1.(c)** The Board of Governors of The University of North Carolina  
2 shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations  
3 pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in  
4 Section 40.1(d) of S.L. 2021-180. The cost for any single repair and renovation project other than  
5 those specifically listed in Section 40.1(d) of S.L. 2021-180 shall not exceed fifteen million  
6 dollars (\$15,000,000). The Board of Governors may reallocate funds in accordance with  
7 G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however,  
8 reallocation of funds intended for a project located at a particular constituent institution may only  
9 be reallocated for repairs and renovations projects at that particular constituent institution. The  
10 provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of  
11 S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on  
12 Governmental Operations in accordance with G.S. 143C-8-13(b). In addition to the projects  
13 authorized in Section 40.1(d) of S.L. 2021-180, Elizabeth City State University may utilize  
14 repairs and renovation funds not to exceed one million five hundred thousand dollars  
15 (\$1,500,000) for comprehensive modernization or replacement of the Chancellor's Residence.

16           **SECTION 40.1.(d)** For project code R&R21, the provisions of Section 40.1(c) of  
17 S.L. 2021-180 shall apply to funds allocated for the project code during the 2023-2025 fiscal  
18 biennium.

19           **SECTION 40.1.(d1)** Of the funds allocated for project code R&R21, the following  
20 sums shall be allocated for the following projects:

- 21           (1) Five million dollars (\$5,000,000) for the 2023-2024 fiscal year to the  
22 Department of Natural and Cultural Resources to be used for capital  
23 improvements to Vade Mecum at Hanging Rock State Park.
- 24           (2) Four million three hundred ninety-four thousand one hundred seventy-eight  
25 dollars (\$4,394,178) for the 2023-2024 fiscal year to the Department of Adult  
26 Correction to be used to repair the pathways, roads, and parking areas and for  
27 flood mitigation measures at the Eastern Correctional Institution.
- 28           (3) Seven hundred eighty-eight thousand dollars (\$788,000) for the 2023-2024  
29 fiscal year to the Office of Lieutenant Governor for conference room  
30 conversions at the Hawkins-Hartness Carriage House.
- 31           (4) One million four hundred thousand dollars (\$1,400,000) for the 2023-2024  
32 fiscal year to the Department of Natural and Cultural Resources for the  
33 purchase and utilization of energy saving building systems and equipment for  
34 use in conjunction with energy savings contractor projects.

35           **SECTION 40.1.(e)** For project code UNC/NCS23-4, notwithstanding  
36 G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred twenty  
37 million dollars (\$120,000,000) on the project but shall commit to providing funding of at least  
38 fifty million dollars (\$50,000,000) from non-State sources on or before December 31, 2024, as a  
39 match for the intended State allocations totaling seventy million dollars (\$70,000,000) for the  
40 project. Upon verification by the Office of State Budget and Management that North Carolina  
41 State University has deposited at least twenty-five million dollars (\$25,000,000) into an account  
42 dedicated for the project, the University may begin the letting of construction and design  
43 contracts and begin construction. It is the intent of the General Assembly to appropriate funds  
44 from the State Capital and Infrastructure Fund for this project beginning in the 2025-2026 fiscal  
45 year.

46           **SECTION 40.1.(g)** For project code UNC/WIL23-1, notwithstanding  
47 G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to  
48 forty-four million five hundred thousand dollars (\$44,500,000) on the project but shall commit  
49 to providing funding of at least four million four hundred fifty thousand dollars (\$4,450,000)  
50 from non-State sources on or before December 31, 2025, as a match for the intended State  
51 allocations totaling forty million fifty thousand dollars (\$40,050,000) for the project.

1           **SECTION 40.1.(h)** For project code UNC/WIL23-2, notwithstanding  
2 G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to  
3 twenty-four million dollars (\$24,000,000) on the project but shall commit to providing funding  
4 of at least two million four hundred thousand dollars (\$2,400,000) from non-State sources on or  
5 before December 31, 2025, as a match for the intended State allocations totaling twenty-one  
6 million six hundred thousand dollars (\$21,600,000) for the project.

7           **SECTION 40.1.(i)** There is established in the General Fund an Additional Project  
8 Reserve that shall make funds available for capital improvement project expenditures only upon  
9 an act of appropriation by the General Assembly. The State Controller shall reserve to the  
10 Additional Project Reserve from funds available in the State Capital and Infrastructure Fund the  
11 sum of two hundred seven million four hundred seven thousand five hundred sixty-nine dollars  
12 (\$207,407,569) in nonrecurring funds for the 2023-2024 fiscal year. Funds reserved in the  
13 Additional Project Reserve pursuant to this subsection do not constitute an "appropriation made  
14 by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

15           **SECTION 40.1.(j)** For project code DST23-1, the Department of State Treasurer  
16 may use funds allocated for the project code to redeem or purchase and cancel bonds that have  
17 debt service paid from the State Capital and Infrastructure Fund if (i) the cost of redeeming or  
18 purchasing and canceling those bonds is less than the estimated market value the bonds would  
19 have if not redeemed or purchased and canceled or (ii) the bonds were purchased by one or more  
20 of funds listed in G.S. 147-69.2(a) between May 1, 2023, and October 31, 2023, in a principal  
21 amount not to exceed forty million dollars (\$40,000,000).

22           **SECTION 40.1.(l)** For project code WRC23-1, the Wildlife Resources Commission  
23 is authorized to spend up to thirty-nine million seven hundred thousand dollars (\$39,700,000) on  
24 the project but shall commit to providing funding of at least nineteen million seven hundred  
25 thousand dollars (\$19,700,000) in non-State funds from the Commission's endowment as a match  
26 to the intended State allocations totaling twenty million dollars (\$20,000,000) for the project.  
27 The Commission shall use the endowment funds described in this subsection on the project prior  
28 to expending any State funds.

29           **SECTION 40.1.(m)** For project code DOA23-4, the Department of Administration  
30 shall not demolish the structure sited at 216 W. Jones Street, at the corner of West Jones and  
31 North Dawson streets in Raleigh, otherwise known as the Old Health Building, Building Asset  
32 ID: 9806.

33           **SECTION 40.1.(n)** For project code DOA23-5, the Department of Administration  
34 shall site the project on the parcel of real property identified with Wake County real estate ID#  
35 0080466.

36           **SECTION 40.1.(o)** Section 40.1(h1) of S.L. 2021-180 reads as rewritten:

37           **"SECTION 40.1.(h1)** For project code UNC/BOG21-1, The University of North Carolina  
38 System Office shall enter into a lease agreement for space sufficient to relocate staff and  
39 operations located in the City of Raleigh. The lease term shall be for no less than three years and  
40 no more than ~~four~~ five years. The Board of Governors of The University of North Carolina shall  
41 be responsible for selection and approval of all lease terms not otherwise specified in this  
42 subsection. All staff and operations shall be relocated to the leased space on or before December  
43 31, 2022."

44           **SECTION 40.1.(p)** Notwithstanding any provision of S.L. 2021-180, S.L. 2022-74,  
45 or any other provision of law to the contrary, for project code DOA22-1, the State Controller  
46 shall transfer unspent and unencumbered funds allocated for the project to the State Capital and  
47 Infrastructure Fund. The General Assembly intends to appropriate funds for this project code in  
48 future fiscal years. This subsection shall have no impact on the amount authorized for this project.

49           **SECTION 40.1.(s)** For project code TRAN23-1, the North Carolina Global  
50 TransPark Authority (Authority) shall be considered the funded agency, pursuant to  
51 G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the



1 contrary, shall have final authority over any aspect of the project. The Authority shall use up to  
2 five million dollars (\$5,000,000) allocated in this Part for the 2023-2024 fiscal year for project  
3 planning. The Office of State Budget and Management shall disburse additional funding that has  
4 been allocated by the General Assembly for the project during the 2023-2025 fiscal biennium  
5 and subsequent fiscal years contingent upon the Authority entering into an intergovernmental  
6 services agreement with an agency of the United States for the use of the facility being  
7 constructed under this project code. The Authority shall repay the total amount of three hundred  
8 fifty million dollars (\$350,000,000) intended to be allocated from the State Capital and  
9 Infrastructure Fund for the project in an amount of no less than fifteen million dollars  
10 (\$15,000,000) annually, commencing on the first year the federal government agency takes  
11 occupancy of the facility under the terms of the intergovernmental services agreement.  
12 Reimbursement funds submitted by the Authority pursuant to this subsection shall be credited to  
13 the State Capital and Infrastructure Fund.

14 **SECTION 40.1.(t)** Section 1(e) of S.L. 2020-81, as amended by Section 40.1(l) of  
15 S.L. 2021-180, reads as rewritten:

16 "SECTION 1.(e) For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the  
17 University of North Carolina at Chapel Hill is authorized to spend up to ~~one hundred fifty million~~  
18 ~~dollars (\$150,000,000)~~ one hundred ninety-four million two hundred fifty thousand dollars  
19 (\$194,250,000) on the project, but shall commit to providing funding of at least seventy-five  
20 million dollars (\$75,000,000) from non-State sources on or before June 30, 2022, as a match for  
21 the intended State allocations totaling seventy-five million dollars (\$75,000,000) for the project."

22 **SECTION 40.1.(u)** With the funds allocated for project code DOA23-1 for the  
23 2023-2024 fiscal year, the Department of Administration shall engage one or more third-party  
24 consultants to assist with architectural, engineering, site planning, real estate, and other services  
25 related to the development of a campus space template to accommodate motor fleet services. The  
26 campus space template shall address building space needs and land area required to support the  
27 campus space and future adaptability and growth. In addition, the Department shall use a portion  
28 of the funds described in this subsection to conduct a site location assessment to determine  
29 alternative geographic locations for comparison and to aid in determining an ideal location to  
30 best serve State government facilities. The Department shall complete the campus space template  
31 and the site location assessment described in this subsection and report its findings to the  
32 Legislative Services Officer on or before April 1, 2024.

33 **SECTION 40.1.(v)** For project code UNC/NCS23-6, North Carolina State  
34 University shall utilize the funds allocated in this Part to conduct a study to assess the feasibility  
35 of establishment of an advanced nuclear research reactor (reactor) at the University. The  
36 feasibility study may include all of the following matters:

- 37 (1) Assessment of site selection for a reactor.
- 38 (2) Study and analysis of potential environmental impacts.
- 39 (3) Analysis of licensing requirements for a reactor.
- 40 (4) Engineering and construction evaluation of a reactor and associated  
41 laboratories, including cost estimates.
- 42 (5) Utilization analysis, including capability development for advanced nuclear  
43 power generation in the State.
- 44 (6) Vendor and contractor evaluation.
- 45 (7) Identification of the potential for collaboration with industry, other academic  
46 institutions, and State and federal entities.

47 **SECTION 40.1.(w)** Of the funds received by the State and deposited to the ARPA  
48 Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, it is the intent of the  
49 General Assembly to use a portion of those funds in future fiscal years for project codes  
50 UNC/BOG23-1 and UNC/BOG23-3.

1           **SECTION 40.1.(x)** For project codes NCGA23-1 and NCGA23-2, the General  
 2 Assembly shall be considered the funded agency, pursuant to G.S. 143-135.26(1), and,  
 3 notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall initiate and  
 4 have final authority over any activity related to project planning, contracting, and construction.

5           **SECTION 40.1.(y)** For project codes DOA23-4 and DOA23-5, the Department of  
 6 Administration shall be considered the funded agency pursuant to G.S. 143-135.26(1) and,  
 7 notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall consult with  
 8 the Legislative Services Office for any activity related to project planning, contracting, and  
 9 construction.

10           **SECTION 40.1.(z)** Subsection (p) of this section is effective June 30, 2023. The  
 11 remainder of this section is effective July 1, 2023.

12  
 13 **SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE**

14           **SECTION 40.2.** It is the intent of the General Assembly to fund capital improvement  
 15 projects on a cash flow basis and to plan for future project funding based upon projected  
 16 availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed  
 17 (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for  
 18 the projects listed in future years. The following schedule lists capital improvement projects that  
 19 will begin or be completed in fiscal years outside of the 2023-2025 fiscal biennium and estimated  
 20 amounts (in thousands) needed for completion of those projects:

21	<b>Project Code</b>	<b>FY23-24</b>	<b>FY24-25</b>	<b>FY25-26</b>	<b>FY26-27</b>	<b>FY27-28</b>	<b>FY28-29</b>
22	UNC/R&R21	280,503	250,000	200,000	200,000	200,000	200,000
23	R&R21	200,000	200,000	200,000	200,000	200,000	200,000
24	DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
25	DACS21-4	750	1,850	1,500	N/A	N/A	N/A
26	DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
27	DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
28	DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
29	DACS23-9	N/A	N/A	750	N/A	N/A	N/A
30	DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
31	DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
32	DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
33	DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
34	DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
35	DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
36	DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
37	DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
38	DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
39	DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
40	DOA23-1	500	N/A	N/A	N/A	1,000	20,244
41	DOA23-2	2,900	800	800	N/A	N/A	N/A
42	DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
43	DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
44	DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
45	DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
46	DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
47	DAC23-6	N/A	449	2,439	600	N/A	N/A
48	DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
49	DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A

1	DPS23-1	N/A	600	10,000	29,850	N/A	N/A
2	DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
3	DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
4	DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
5	DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
6	DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
7	NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
8	NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
9	NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
10	NG23-5	N/A	N/A	800	4,000	3,200	N/A
11	NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
12	TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
13	NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
14	NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
15	WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
16	UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
17	UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
18	UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
19	UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
20	UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
21	UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
22	UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
23	UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
24	UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
25	UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
26	UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
27	UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
28	UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
29	UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
30	UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
31	UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
32	UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
33	UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
34	UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
35	UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
36	UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
37	UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
38	UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
39	UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
40	UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
41	UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
42	UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
43	UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
44	UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
45	UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
46	UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
47	UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
48	UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
49	UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
50	UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
51	UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575

1	UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
2	UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
3	UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
4	UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
5	UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
6	UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
7	UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
8	UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
9	UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
10	UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
11	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
Department of Natural and Cultural Resources		
Electric Vehicle Fast Chargers	\$2,000,000	\$0
Brunswick Town State Historic Site—		
Historical Restorations	150,000	0
Department of Agriculture and Consumer Services		
Arena and Barn Replacement	1,900,000	0
ASC Lab Renovation	400,000	0
Grain Storage and Drying Improvements	370,000	0
Equipment Shelters Replacement	0	300,000

1	NCFS Facility and Infrastructure Improvements	1,000,000	0
2	PTFM Facility and Infrastructure Improvements	1,000,000	0
3	Raleigh FM Facility and Infrastructure Improvements	1,000,000	0
4	RS Infrastructure Repairs and Renovations	1,250,000	0
5	State Fair Gate 8 Restroom Renovation	1,500,000	0
6	State Fair Infrastructure Improvements	20,000,000	0
7	State Fair Lunch Facility Renovation	25,500,000	0
8	Vet Infrastructure Repairs and Renovations	250,000	0
9	WNCAGCTR Facility and Infrastructure Improvements	1,250,000	0
10	Department of Public Safety		
11	Alcoholic Beverage Control–		
12	Warehouse Precast Repair	275,000	0
13	ABC New Campus–Advanced Planning	4,700,000	0
14	Department of Adult Correction		
15	Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
16	Wildlife Resources Commission		
17	Land Acquisition	5,000,000	5,000,000
18	Game Land Improvements	2,000,000	0
19	Caswell Depot Expansion	2,460,000	0
20	Mills River Equipment Storage	355,000	0
21	Morganton Depot Equipment Storage	340,000	0
22	Rhems Depot Equipment Storage	415,000	0
23	Troy Depot Office/Shop & Storage	1,900,000	0
24	Shooting Range Office & Classroom Constr.	3,100,000	0
25	Mount Holly Depot	0	2,400,000
26	Marion Aquaculture Building	0	600,000
27			
28	<b>TOTAL AMOUNT OF NON-GENERAL</b>		
29	<b>FUND/NON-SCIF CAPITAL PROJECTS</b>		
30	<b>AUTHORIZED</b>	<b>\$78,857,000</b>	<b>\$8,300,000</b>

SECTION 40.4.(b) From funds deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture and Consumer Services pursuant to G.S. 146-30, the sum of seventy-five thousand dollars (\$75,000) for the 2023-2024 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 2024-2025 fiscal year shall be transferred to the Department of Agriculture and Consumer Services to be used, notwithstanding G.S. 146-30, by the Department for its plant conservation program under Article 19B of Chapter 106 of the General Statutes for costs incidental to the acquisition of land, such as land appraisals, land surveys, title searches, and environmental studies, and for the management of the plant conservation program preserves owned by the Department.

**VARIOUS CAPITAL CHANGES**

SECTION 40.5.(a) G.S. 143C-8-10 is repealed.

SECTION 40.5.(b) G.S. 143C-8-11 reads as rewritten:

**"§ 143C-8-11. Reversion of appropriation; lapse of project authorization; transfer of funds remaining after project completion.**

(a) Reversion of Appropriation. – A State agency shall begin the planning of or the construction of an authorized capital improvement project during the fiscal year in which the funds are appropriated. If it does not, the Director may credit the appropriation to the ~~Project Reserve Account, State Capital and Infrastructure Fund,~~ unless otherwise required by law. ~~If the Director does not credit the appropriation to the Project Reserve Account, the appropriation shall~~

1 ~~revert to the principal fund from which it was appropriated.~~ The Director may, for good cause,  
2 allow a State agency to take up to an additional 12 months to take the actions required by this  
3 subsection.

4 (b) Lapse of Project Authorization. – Authorizations for capital improvement projects  
5 shall lapse if any of the following occur: (i) the appropriation for a capital improvement project  
6 reverts, (ii) the construction of a project does not begin during the first two fiscal years in which  
7 funds are appropriated, or (iii) the Director redirects funds appropriated for a capital improvement  
8 project in accordance with G.S. 143C-6-2. The Director may, for good cause, allow a State  
9 agency to take up to an additional 12 months to begin construction of a project; however, if the  
10 Director approves an extension of time under this subsection and construction of the project has  
11 not begun by the end of the extension, the authorization for the project shall lapse.

12 (c) Funds Remaining After Project Completion. – The State Controller shall transfer any  
13 balance of State funds appropriated for a capital project that remains unspent and unencumbered  
14 two years after completion of the project in accordance with this section. If applicable law  
15 requires a particular disposition of the funds, then the transfer shall be made in accordance with  
16 that requirement. ~~Otherwise, the transfer shall be made in accordance with the following~~  
17 ~~requirements:~~

18 (1) ~~If the funds were initially allocated from the Reserve for Repairs and~~  
19 ~~Renovations, then the funds shall be transferred to that Reserve.~~

20 (2) ~~All other funds balance shall be transferred to the Project Reserve Account~~  
21 ~~State Capital and Infrastructure Fund created by G.S.~~  
22 ~~143C-8-10.G.S. 143C-4-3.1."~~

23 **SECTION 40.5.(c)** G.S. 143C-4-3.1 reads as rewritten:

24 "**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

25 ...

26 (g) Unexpended Funds. – Funds appropriated for a project that are unspent and  
27 unencumbered upon completion of the project shall revert to the Fund. For the purposes of this  
28 subsection, a project includes any allocation from the Fund to a State agency or The University  
29 of North Carolina.

30 ...."

31 **SECTION 40.5.(d)** Section 40.6(g)(3) of S.L. 2022-74 reads as rewritten:

32 "(3) Third, to be deposited into the ~~Downtown Government Complex Reserve,~~  
33 ~~established in Section 2.2 of this act.~~State Capital and Infrastructure Fund."

34 **SECTION 40.5.(e)** Section 40.3(f) of S.L. 2021-180, as enacted by Section 18.2 of  
35 S.L. 2022-6, reads as rewritten:

36 "**SECTION 40.3.(f)** Notwithstanding any other provision of law to the contrary, there shall  
37 be no local match required for the North Topsail Beach Shoreline Protection – Phases 1–4 project  
38 referenced in ~~subsection (b)~~ subsection (c) of this section."

39 **SECTION 40.5.(f)** Section 9.3 of S.L. 2023-11 reads as rewritten:

40 "**SECTION 9.3.9.3.(a)** Subdivision (65) of Section 40.17(a) of S.L. 2021-180, as enacted  
41 by Section 40.2(a) of S.L. 2022-74, reads as rewritten:

42 "(65) The funds for Ball's Creek Camp Ground in the sum of three hundred thousand  
43 dollars (\$300,000) for the 2021-2022 fiscal year shall instead be provided to  
44 Ball's Creek Campground History & Learning Center, Inc., a nonprofit  
45 corporation, to be used for repairs and renovations to Ball's Creek Camp  
46 Ground."

47 "**SECTION 9.3.(b)** Section 40.2 of S.L. 2022-74 is amended by adding a new subsection to  
48 read:

49 "**SECTION 40.2.(i)** Notwithstanding any provision of law or the Committee Report  
50 referenced in Section 43.2 of this act to the contrary, the allocation of two hundred thousand  
51 dollars (\$200,000) from the State Capital and Infrastructure Fund to Ball's Creek Campground

1 for capital improvements or equipment shall instead be provided to Ball's Creek Campground  
2 History & Learning Center, Inc., a nonprofit corporation, for capital improvements or  
3 equipment."

4 **SECTION 40.5.(g)** Part XXIV of S.L. 2022-74 is amended by adding a new section  
5 to read:

6 **"REPEAL GRANT ALLOCATION**

7 **"SECTION 24.5.** Notwithstanding any provision of law or the Committee Report referenced  
8 in Section 43.2 of this act to the contrary, the directed grant in the amount of fifty thousand  
9 dollars (\$50,000) in nonrecurring funds for the 2022-2023 fiscal year shall not be provided to  
10 Ace Speedway Racing, Ltd., and the funds shall revert."

11 **SECTION 40.5.(h)** The State Controller shall transfer all funds remaining in (i) the  
12 Government Complex Reserve established in Section 2.2(r) of S.L. 2022-74 and (ii) the Capital  
13 Project Inflationary Reserve established in Section 40.7 of S.L. 2022-74 to the State Capital and  
14 Infrastructure Fund.

15 **SECTION 40.5.(i)** Section 2.2(r) and Section 40.7 of S.L. 2022-74 are repealed.

16 **SECTION 40.5.(j)** Section 40.17(a)(55) of S.L. 2021-180, as enacted by Section  
17 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, reads as rewritten:

18 "(55) The funds for Nikwasi Town Cherokee Settlement in the sum of seven  
19 hundred thirteen thousand four hundred dollars (\$713,400) for the 2021-2022  
20 fiscal year and the funds for Watauga Town Cherokee Settlement in the sum  
21 of one hundred thousand dollars (\$100,000) for the 2021-2022 fiscal year shall  
22 instead be provided as follows:

23 a. ~~A~~ a grant in the sum of six-eight hundred thirteen thousand four  
24 hundred dollars (\$600,000) (\$813,400) to Mainspring Conservation  
25 Trust, Inc., a nonprofit corporation, for the purchase of approximately  
26 0.6 acres at the site of land acquisition at the Cherokee settlement of  
27 Nikwasi Town in the Town of Franklin in Macon County with a  
28 conservation and preservation easement to be held by the Department  
29 of Natural and Cultural Resources and Watauga Town Cherokee  
30 mound sites.

31 b. ~~A~~ grant in the sum of one hundred thirteen thousand four hundred  
32 dollars (\$113,400) to the Department of Natural and Cultural  
33 Resources for the purchase of a conservation and preservation  
34 easement of approximately 0.7 acres at the site of the Cherokee  
35 settlement of Nikwasi Town in the Town of Franklin in Macon  
36 County."

37 **SECTION 40.5.(l)** Section 40.2(h)(2) of S.L. 2022-74, as enacted by Section 9.2 of  
38 S.L. 2023-11, reads as rewritten:

39 "(2) The funds for Foothills Conservancy of North Carolina in the sum of two  
40 hundred fifty thousand dollars (\$250,000) in nonrecurring funds for the  
41 2022-2023 fiscal year shall instead be provided in the form of a grant to Oak  
42 Hill ~~Ruritan Club, Development Corporation,~~ a nonprofit corporation, for  
43 ~~planning and development of Oak Hill Community Park capital~~  
44 ~~improvements."~~

45 **SECTION 40.5.(m)** Funds appropriated in Section 40.17(a)(61) of S.L. 2021-180,  
46 as enacted by Section 40.2 of S.L. 2022-74, from the State Capital and Infrastructure Fund to the  
47 Western Piedmont Council of Governments for various trail projects that remain unexpended and  
48 unencumbered on the effective date of this section shall not revert, but shall be reallocated as a  
49 directed grant to the Burke River Trail Association, a nonprofit corporation, to be used for the  
50 completion of those trail projects.

1           **SECTION 40.5.(n)** Section 40.17(a) of S.L. 2021-180, as enacted by Section 9.1(d)  
2 of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, is amended by adding the  
3 following new subdivisions to read:

4           "(75) The funds for the Town of Hemby Bridge in the sum of two hundred thousand  
5           dollars (\$200,000) for the 2021-2022 fiscal year shall instead be provided in  
6           the form of a grant to the Town of Hemby Bridge Volunteer Fire Department,  
7           Inc., a nonprofit corporation, to be used for capital improvements.

8           (76) The funds for Haywood County Pedestrian Walkway in the sum of one million  
9           nine hundred thousand dollars (\$1,900,000) shall not be provided to Haywood  
10           County and shall revert.

11           (77) The funds for Winterville Concerned Citizens and Development in the sum of  
12           fifty thousand dollars (\$50,000) shall not be provided to Winterville  
13           Concerned Citizens and Development, Inc., and shall revert.

14           (78) The funds for East Burke Christian Ministries in the sum of twenty-five  
15           thousand dollars (\$25,000) shall not be provided to East Burke Christian  
16           Ministries and shall revert."

17           **SECTION 40.5.(o)** Subsections (m) and (n) of this section are effective June 30,  
18 2023.

## 19 **GRANTS TO NON-STATE ENTITIES**

20           **SECTION 40.7.** Requirements. – For purposes of this Part, nonrecurring funds  
21 allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined  
22 by G.S. 143C-1-1(d), are subject to all of the following requirements:

23           (1) As soon as practicable after the effective date of this act, each State agency  
24 administering grants shall begin disbursement of funds to each grantee  
25 non-State entity when all applicable requirements are met. However,  
26 disbursement of grant funds allocated for the 2023-2024 fiscal year shall  
27 commence no later than 100 days after the date this act becomes law, and  
28 disbursement in full to all grantees shall be completed no later than nine  
29 months after the date this act becomes law. Disbursement of grants allocated  
30 for the 2024-2025 fiscal year shall be completed no later than 100 days after  
31 the beginning of the 2024-2025 fiscal year.

32           (2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.

33           (3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless  
34 otherwise indicated, nonrecurring funds appropriated in this Part as grants  
35 shall not revert until expended or the particular project has been completed.

36           (4) Grants to each grantee non-State entity shall be used for nonsectarian,  
37 nonreligious purposes only.

38           (5) By January 1, 2024, and then quarterly thereafter, the Office of State Budget  
39 and Management shall report to the Fiscal Research Division on the schedule  
40 for and status of grant disbursement. At a minimum, the report shall include  
41 the following for each grant:

42           a. The date when the disbursing agency issued the initial contract.

43           b. The date when the contract was sent to the grantee non-State entity.

44           c. The date when the fully executed contract was returned to the  
45 disbursing agency.

46           d. The date when the contract was executed.

47           e. The date when a grant was disbursed in full.

## 48 **PART XLI. TRANSPORTATION**



**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

**SECTION 41.1.(a)** Subsections (b) and (c) of Section 41.1 of S.L. 2022-74 are repealed.

**SECTION 41.1.(b)** The General Assembly authorizes and certifies anticipated revenues for the Highway Fund as follows:

For Fiscal Year 2025-26	\$3,148.6 million
For Fiscal Year 2026-27	\$3,159.5 million
For Fiscal Year 2027-28	\$3,177.7 million
For Fiscal Year 2028-29	\$3,302.6 million
For Fiscal Year 2029-30	\$3,338.0 million

**SECTION 41.1.(c)** The General Assembly authorizes and certifies anticipated revenues for the Highway Trust Fund as follows:

For Fiscal Year 2025-26	\$2,470.9 million
For Fiscal Year 2026-27	\$2,505.5 million
For Fiscal Year 2027-28	\$2,549.3 million
For Fiscal Year 2028-29	\$2,609.6 million
For Fiscal Year 2029-30	\$2,669.8 million

**SECTION 41.1.(d)** The Department of Transportation, in collaboration with the Office of State Budget and Management, shall develop a 10-year revenue forecast. The 10-year revenue forecast developed under this subsection shall be used (i) to develop the five-year cash flow estimates included in the biennial budgets, (ii) to develop the Strategic Transportation Improvement Program, and (iii) by the Department of the State Treasurer to compute transportation debt capacity.

**CONTINGENCY FUNDS**

**SECTION 41.2.(a)** The funds appropriated in this act to the Department of Transportation, Construction – Contingency Fund Code for the 2023-2024 fiscal year shall be allocated statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, railroad infrastructure, and spot safety projects, including pedestrian walkways that enhance highway safety. Projects funded pursuant to this subsection require prior approval by the Secretary of Transportation. Funds allocated under this subsection shall not revert at the end of the applicable fiscal year but shall remain available until expended. The use of funds that do not revert under this subsection is not restricted to the fiscal year in which the funds were allocated.

**SECTION 41.2.(b)** The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to subsection (a) of this section in each member's district prior to construction. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

**CAPITAL, REPAIRS, AND RENOVATIONS**

**SECTION 41.3.** For the 2023-2025 fiscal biennium, the funds appropriated in this act from the Highway Fund to the Department of Transportation for capital, repairs, and renovations shall be used as follows:

<b>Item</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
Avery Maintenance Engineer Office	2,628,000	
Cherry Branch Shore Power	2,104,000	
Clay Maintenance Engineer Office and Equipment Shop	261,354	
Columbus DMV Office/Troop B District		

1	V Headquarters	3,500,000	
2	Hyde Maintenance Office and Equipment Shop	2,485,045	
3	Iredell Maintenance Engineer		
4	and Bridge Maintenance Office	1,628,865	
5	New Hanover DMV Office/Troop		
6	B District VI Headquarters	4,100,000	
7	Replace Rooftop HVAC Units – Century Center	449,500	200,000
8	Rowan District Engineer Office	627,426	
9	Statewide Americans with Disabilities		
10	Act Compliance	1,000,000	1,000,000
11	Statewide Asbestos Abatement	462,000	504,000
12	Statewide Roof Repair	7,027,638	7,623,363
13	Statewide Office Repairs and Renovations	1,244,500	1,244,500
14	Surry District Engineer Office	1,231,450	
15	Watauga District Engineer Office	1,070,041	
16			
17	<b>Total</b>	<b>\$29,819,819</b>	<b>\$10,571,863</b>

**EXPEDITE INTERSTATE DESIGNATION**

**SECTION 41.4.** The North Carolina Department of Transportation is directed to work with the State's federal elected representatives, the U.S. Department of Transportation, the Federal Highway Administration (FHWA), and all relevant federal agencies to expedite the interstate designation of the following corridors:

- (1) US 74 Corridor from exit 10 in Gaston County through Cleveland County and Rutherford County to exit 67 in Polk County at I-26.
- (2) US 29 Corridor from the Guilford/Rockingham County line to the Virginia state line.

**POWELL BILL FUNDS**

**SECTION 41.5.** For the 2023-2025 fiscal biennium:

- (1) The Department of Transportation shall not reduce the funds appropriated under this act to the State Aid – Powell Bill Fund for allocation under the Powell Bill (G.S. 136-41.1 through G.S. 136-41.4).
- (2) Notwithstanding G.S. 136-41.1(a), eligible municipalities with a population of 400,000 or more shall receive the same amount of Powell Bill Program funds allocated for the 2020-2021 fiscal year. The remaining Powell Bill Program funds shall be allocated to municipalities with a population of less than 400,000 in accordance with the requirements of G.S. 136-41.1(a).

**FACILITIES MANAGEMENT DIVISION POSITIONS**

**SECTION 41.6.(a)** Of the funds appropriated in this act to the Department of Transportation, Facilities Management Division (FMD), the Department shall create 14 full-time equivalent (FTE) Maintenance and Construction Tech III positions (FMD positions). The FMD positions shall be assigned to the 14 local highway division offices and integrated into the current FMD organizational structure set up for regional maintenance of the Division of Motor Vehicles offices. The FMD positions shall be responsible for building inspections, maintenance, repairs and support for State-owned buildings, and management of contracts necessary to complete tasks. Operational funds based on needs shall be allotted by the FMD main office for support of the local highway divisions and district. The FMD shall submit a report on the implementation status of this section by October 1, 2023, and May 1, 2024, to the House of Representatives Appropriations Committee on Transportation, Senate Appropriations Committee on the Department of Transportation, Joint Legislative Transportation Oversight Committee (JLTOC),

1 and the Fiscal Research Division. The report shall include the status of creating and filling  
2 positions, lease of trucks, purchase of rolling stock and other supplies, and methodology for  
3 allocation of operational funds for the local highway divisions and amount of funds spent. The  
4 FMD shall include a needs assessment for additional staffing and funding for routine building  
5 maintenance activities.

6 **SECTION 41.6.(b)** By August 1 of each year, the Facilities Management Division  
7 shall submit a report to the Joint Legislative Transportation Oversight Committee (JLTOC) and  
8 the Fiscal Research Division. The report shall include the following information:

- 9 (1) Capital projects status to include each project undertaken, amount of funds  
10 expended, and planned completion and, if additional appropriations are  
11 required, include amount needed for completion of the project.
- 12 (2) Information on the contract, including whether the Department of  
13 Administration administered the contract and whether the contract was  
14 managed by DOT.
- 15 (3) Update of building replacement schedules for upcoming budget planning.

## 16 17 **AED REPORT**

18 **SECTION 41.6A.** By March 1, 2024, the Department of Transportation shall submit  
19 a report to the House Appropriations Committee on Transportation, the Senate Appropriations  
20 Committee on the Department of Transportation, and the Fiscal Research Division on the status  
21 of purchase and installation of the automated external defibrillator (AED) devices. The report  
22 shall include the number of AED devices purchased, location and building purpose of  
23 installation, number of replacement AED devices, amount of credit or rebate applied toward new  
24 purchases, and total amount spent for purchase and installation of AED devices.

## 25 26 **EMERGENCY FUNDS EXEMPT FROM TRANSPORTATION INVESTMENT** 27 **STRATEGY FORMULA**

28 **SECTION 41.6B.** G.S. 136-189.11(c1) reads as rewritten:

29 "(c1) Emergency Funds With Alternative Criteria. – The following funds, obligated in  
30 support of emergency repair work necessary to restore essential travel, minimize the extent of  
31 damage, or protect remaining facilities, as a result of events that occurred during a federal- or  
32 State-declared emergency that significantly damaged the State-maintained transportation system  
33 to the extent that safe passage is jeopardized, shall not be subject to subsection (d) of this section  
34 ~~but shall not be subject to the prioritization criteria set forth in that subsection:~~section:

- 35 (1) Federal or State funds obligated for repairs for which federal Emergency  
36 Relief Funds are available pursuant to 23 U.S.C. § 125.
- 37 (2) State funds obligated for repairs to damage occurring as a result of an event  
38 that is lawfully declared to be a federal or State emergency."

## 39 40 **ROAD AND BRIDGE NAMING**

41 **SECTION 41.7.** Notwithstanding any provision of law to the contrary, the  
42 Department of Transportation shall designate as follows:

- 43 (1) A section of Interstate 40 in Catawba County named in honor of Cherie Killian  
44 Berry, the first female Commissioner of Labor in North Carolina.
- 45 (2) A pedestrian bridge to be constructed in Concord at the Charlotte Motor  
46 Speedway named in honor of Linda P. Johnson.
- 47 (3) The bridge on U.S. Highway 74 that crosses over the Catawba River at the  
48 Mecklenburg County and Gaston County line and is numbered 350091 by the  
49 Department as the "Dana Bumgardner Bridge."

- 1 (4) A bridge to be constructed on Interstate Highway 77 southbound that crosses
- 2 over Interstate Highway 40 in Statesville as the "Sheriff Godfrey "Click"
- 3 Kimball Bridge."
- 4 (5) The bridges on U.S. Highway 1 that cross over North Carolina Highway 2 in
- 5 Moore County as the "George Little Bridges."
- 6 (6) The bridge on North Carolina Highway 49 that crosses over the Tuckertown
- 7 Reservoir in Davidson County as the "Senator Stan Bingham Bridge."
- 8

9 **ROADSIDE ENVIRONMENTAL**

10 **SECTION 41.8.(a)** Of the funds appropriated to the Department of Transportation  
 11 from the Highway Fund for the 2023-2025 fiscal biennium, the Department shall spend the  
 12 following amounts for Roadside Environmental:

13	FY 2023-2024	\$120,000,000
14	FY 2024-2025	\$120,000,000

15 **SECTION 41.8.(b)** Article 2 of Chapter 143B of the General Statutes is amended by  
 16 adding a new section to read:

17 **"§ 143B-135.59. State Parks System native plant requirement and preference.**

18 In consultation with university system and community college horticulture programs and the  
 19 North Carolina Forestry Association, the Department of Natural and Cultural Resources shall  
 20 require the use of seeds and plants the U.S. Department of Agriculture has classified as native to  
 21 a state or county in the Southeastern United States, including cultivars and varieties thereof that  
 22 were not bred to have reduced reproductive structures, with a strong preference for plants the  
 23 U.S. Department of Agriculture has classified as native to North Carolina, on all lands that are  
 24 part of the State Parks System as defined in G.S. 143B-135.44. Exempt from this requirement  
 25 are (i) nonnative seeds and plants used in landscaping for locations where the primary purpose is  
 26 crop cultivation, crop and horticulture research, science, botanical gardens, plantings for wildlife  
 27 by the Wildlife Resources Commission, and zoos and (ii) nonnative turf grass. For purposes of  
 28 this section, the Southeastern United States means the states of Alabama, Georgia, North  
 29 Carolina, South Carolina, Tennessee, Virginia, and the following counties in Florida: Bay,  
 30 Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington."

31 **SECTION 41.8.(c)** G.S. 136-18(9) reads as rewritten:

- 32 "(9) ~~To employ appropriate means for properly selecting, planting, and protecting~~
- 33 ~~acceptable trees, shrubs, vines, grasses, or legumes~~ In consultation with
- 34 university system and community college horticulture programs and the North
- 35 Carolina Forestry Association, the Department shall use seeds and plants the
- 36 U.S. Department of Agriculture has classified as native to a state or county in
- 37 the Southeastern United States, including cultivars and varieties thereof that
- 38 were not bred to have reduced reproductive structures, with a strong
- 39 preference for plants the U.S. Department of Agriculture has classified as
- 40 native to North Carolina, in the highway right-of-way in the promotion of
- 41 erosion control, landscaping, and general protection of the highways;
- 42 highways, except that the Department may use (i) nonnative grasses, plants,
- 43 and seeds for the purpose of soil and slope stabilization for erosion control
- 44 and (ii) nonnative turf grasses. For purposes of this subdivision, the
- 45 Southeastern United States means the states of Alabama, Georgia, North
- 46 Carolina, South Carolina, Tennessee, Virginia, and the following counties in
- 47 Florida: Bay, Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa
- 48 Rosa, Walton, and Washington. The Department shall also have the power to
- 49 acquire by gift or otherwise land for and to construct, operate, and maintain
- 50 roadside parks, picnic areas, picnic tables, scenic overlooks, and other
- 51 appropriate turnouts for the safety and convenience of highway users; and to

1 cooperate with municipal or county authorities, federal agencies, civic bodies,  
2 and individuals in the furtherance of those objectives. ~~For purposes of this~~  
3 ~~subdivision, the term "acceptable" means plants the Department of~~  
4 ~~Transportation determines will maintain a stable and aesthetic roadside, with~~  
5 ~~a strong preference for using plants the U.S. Department of Agriculture has~~  
6 ~~classified as native to North Carolina.~~ None of the roadside parks, picnic areas,  
7 picnic tables, scenic overlooks, or other turnouts, or any part of the highway  
8 right-of-way shall be used for commercial purposes except for any of the  
9 following:

- 10 a. Materials displayed in welcome centers in accordance with  
11 G.S. 136-89.56.
- 12 b. Vending machines permitted by the Department of Transportation and  
13 placed by the Division of Services for the Blind of the Department of  
14 Health and Human Services, as the State licensing agency designated  
15 pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 U.S.C.  
16 107a(a)(5)). The Department of Transportation shall regulate the  
17 placing of the vending machines in highway rest areas and shall  
18 regulate the articles to be dispensed.
- 19 c. Activities permitted by a local government pursuant to an ordinance  
20 meeting the requirements of G.S. 136-27.4.

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

24 **SECTION 41.8.(d)** Subsections (b) and (c) of this section become effective  
25 December 31, 2024, and apply to contracts entered into on or after that date. The remainder of  
26 this section is effective when it becomes law.

## 27 **RIGHT-OF-WAY CONDEMNATION JUST COMPENSATION INTEREST RATE**

28 **SECTION 41.9.(a)** G.S. 136-113 reads as rewritten:

### 29 **"§ 136-113. Interest as a part of just compensation.**

30 ~~To~~ Notwithstanding G.S. 24-1, to said amount awarded as damages by the commissioners or  
31 a jury or judge, the judge shall, as a part of just compensation, add interest at the legal rate on  
32 said amount from the date of taking to the date of satisfaction of the judgment; but interest shall  
33 not be allowed from the date of deposit on so much thereof as shall have been paid into court as  
34 provided in this Article. For purposes of this section, the term "legal rate" means the prime  
35 lending rate, as published by the Board of Governors of the Federal Reserve System on the first  
36 business day of the calendar month immediately preceding the date of taking. ~~The~~ However, the  
37 legal rate established under this section shall not be less than five percent (5%) per annum and  
38 shall not exceed the legal rate set in G.S. 24-1, eight percent (8%) per annum. An amount  
39 awarded as damages shall bear simple, not compounding, interest."

40 **SECTION 41.9.(b)** This section is effective October 31, 2023, and applies to causes  
41 of action filed on or after that date.

## 42 **CONTRACT TO MANAGE FERRY CONSTRUCTION**

43 **SECTION 41.10.(a)** For the 2023-2025 fiscal biennium, and notwithstanding any  
44 other provision of law, the Department of Transportation shall contract with a qualified vendor  
45 to manage ferry vessel construction.

46 **SECTION 41.10.(b)** Beginning January 1, 2024, and quarterly thereafter until the  
47 end of the biennium, the Department shall report to the Joint Legislative Transportation Oversight  
48 Committee and the Fiscal Research Division on ferry construction progress.

**CLARIFY FERRY OPERATING BUDGET REQUIREMENTS**

**SECTION 41.11.** Section 41.15A of S.L. 2021-180 is amended by adding the following new subsections to read:

**"SECTION 41.15A.(c)** Notwithstanding subsections (a) and (b) of this section, the Committee Report described in Section 43.2 of this act, and any other provision of law, the Department of Transportation may maintain field, program, administrative, or any other fund codes it determines to be necessary within its internal SAP accounting system to implement this section. The Department shall combine these internal fund codes to show only Fund Code 7825 for Ferry Operations in the North Carolina Accounting System and North Carolina Financial System and any successor accounting systems. To the extent practicable, the Department shall combine these internal fund codes to show only Fund Code 7825 in reports required by the General Assembly and any other public reports.

**"SECTION 41.15A.(d)** Notwithstanding any other provision of law, the Office of State Budget and Management may make changes to the Integrated Budget Information System, North Carolina Accounting System, North Carolina Financial System, or any successor systems to those listed to comply with this section."

**FERRY VESSEL REPLACEMENT PLAN**

**SECTION 41.11A.(a)** Plan. – The Ferry Division of the Department of Transportation shall develop a plan for replacing its fleet. The plan shall identify each vessel owned by the Department of Transportation at the time of publication of the report and, in addition, include all of the following information:

- (1) The date each vessel entered service.
- (2) The routes and division served by each vessel.
- (3) An assessment of the condition of each vessel.
- (4) The estimated remaining service life of each vessel.
- (5) A schedule for replacing each vessel that includes all of the following:
  - a. A rank order prioritization of vessel replacement that includes the estimated replacement date for each vessel.
  - b. The class of vessel each vessel currently in service will be replaced with.
  - c. The costs the Division will incur to replace each vessel.
- (6) Any funds dedicated or identified for replacing vessels, including the amount and source of the funds.
- (7) A list of potential interventions, if any, that could extend the life of each vessel currently in service. This list shall include (i) the cost of the intervention and (ii) the additional extended life the intervention would provide for the vessel.

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 March 1, 2024.

**SECTION 41.11A.(b)** Effective Date. – This section is effective when it becomes law.

**FERRY MAINTENANCE REPORT**

**SECTION 41.11B.(a)** The Ferry Division of the Department of Transportation shall report on the use of funds appropriated for marine and facilities maintenance for each year of the 2023-2025 fiscal biennium. The report shall include all of the following:

- (1) The projects on which the funds were used.
- (2) The amount of funds used for each project.
- (3) Whether the work on the project was performed by a contractor or by the Division.

(4) For all work performed by a contractor, the name of the contracting company.

**SECTION 41.11B.(b)** The Division shall submit this report 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 on June 30, 2024, and June 30, 2025.

## **STUDY INCREASING FERRY DIVISION'S CAPACITY FOR VESSEL MAINTENANCE**

**SECTION 41.11E.(a)** Study. – The Ferry Division of the Department of Transportation shall study increasing its in-house capacity for vessel maintenance, including maintenance related to credit dry-dock examinations required by the United States Coast Guard. This study shall include all of the following:

- (1) An evaluation of all of the following options for increasing in-house capacity for vessel maintenance:
  - a. Expanding berths and staffing at Manns Harbor.
  - b. Using existing State-owned properties for dry-dock availability.
  - c. Purchasing or leasing additional property elsewhere along the North Carolina coast. The evaluation of this option shall include the identification of specific sites or regions where potential additional shipyard capacity may be found and whether the local population of that site or region possesses sufficient skilled labor to support vessel maintenance.
  - d. Any other option that could potentially increase in-house capacity for vessel maintenance.
- (2) For each option evaluated pursuant to subdivision (1) of this subsection, the Division shall assess both of the following:
  - a. The total costs the Division will incur for each option.
  - b. The steps that would be necessary to implement each option and a proposed time line for implementation.
- (3) An assessment of whether the presence of skilled employment in the local population is sufficient to support vessel maintenance.

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, and the Fiscal Research Division no later than March 1, 2024.

**SECTION 41.11E.(b)** Effective Date. – This section is effective when it becomes law.

## **FERRY OVERDRAFT AUTHORIZATION**

**SECTION 41.11F.** Notwithstanding G.S. 136-16.10, the Chief Financial Officer of the Department of Transportation shall allocate from the 2024-2025 fiscal year appropriations made to the Department of Transportation for Ferry Operations sufficient funds to eliminate Ferry Division overdrafts for ferry operation expenditures incurred during the 2023-2024 fiscal year.

## **MODIFY LOW-SPEED VEHICLE DEFINITION**

**SECTION 41.11H.(a)** G.S. 20-4.01 reads as rewritten:

### **"§ 20-4.01. Definitions.**

Unless the context requires otherwise, the following definitions apply throughout this Chapter to the defined words and phrases and their cognates:

...

- (27) Passenger Vehicles. –

- 1                   ...
- 2                   g.       Low-speed vehicle. – A four-wheeled ~~electric vehicle~~ vehicle that is  
3                   either electrically powered or propelled by a gasoline engine whose  
4                   top speed is greater than 20 miles per hour but less than 25 miles per  
5                   hour.

6                   ...."

7                   **SECTION 41.11H.(b)** This section becomes effective October 1, 2023.

8

9                   **S-LINE ANNUAL REPORT**

10                   **SECTION 41.12.** Beginning October 1, 2023, the Department of Transportation,  
11 Rail Division, shall report annually on the status of the S-Line rail corridor reconstruction project  
12 between Raleigh and Ridgeway to the Joint Legislative Transportation Oversight Committee and  
13 the Fiscal Research Division. This report shall include the status of the acquisition of the project;  
14 the total allocations of any funds to the project and their source, including Highway Fund,  
15 Highway Trust Fund, and federal funds; and the amount of funds disbursed, including the  
16 recipients of those funds. The report shall include any details of lease agreements made with any  
17 property owners along the corridor after acquisition is completed. The report shall include an  
18 estimated time line, or dates of work completed, of the major project phases, including  
19 acquisition, preconstruction, construction, and project closeout. The report shall show the amount  
20 of federal funds associated with each State appropriation for the project and detail the award or  
21 awards associated with that appropriation.

22

23                   **PASSENGER RAIL FLEET PLAN AND COST ESTIMATES**

24                   **SECTION 41.13.** The Department of Transportation, Rail Division, shall submit a  
25 report on its passenger rail fleet plan to the Joint Legislative Transportation Oversight Committee  
26 (JLTOC) and the Fiscal Research Division by December 31, 2023. The report shall include all  
27 of the following information regarding new passenger rail rolling stock:

- 28                   (1)       The source of funds for purchasing the new passenger rail rolling stock.  
29                   (2)       The cost to purchase the new passenger rail rolling stock.  
30                   (3)       The delivery time line for the new passenger rail rolling stock.  
31                   (4)       The expected annual cost for maintenance and contractor services for the new  
32 passenger rail rolling stock.  
33                   (5)       The annual total cost for the existing passenger rail fleet.  
34                   (6)       A comparison of the annual total cost for the existing passenger rail fleet to  
35 the expected annual total cost for the new passenger rail rolling stock.

36

37                   **EXTEND DURATION OF LICENSES AND ALLOW UNLIMITED REMOTE LICENSE**  
38                   **RENEWALS**

39                   **SECTION 41.14.(a)** G.S. 20-7 reads as rewritten:

40                   "**§ 20-7. Issuance and renewal of drivers licenses.**

41                   ...

42                   (f)       Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed  
43 pursuant to the provisions of this subsection:

- 44                   ...
- 45                   (2)       Duration of original license for persons at least 18 years of age or older. – A  
46 drivers license issued to a person at least 18 years old but less than 66 years  
47 old expires on the birthday of the licensee in the ~~eighth~~ sixteenth year after  
48 issuance. A drivers license issued to a person at least 66 years old expires on  
49 the birthday of the licensee in the fifth year after issuance. A commercial  
50 drivers license expires on the birthday of the licensee in the fifth year after  
51 issuance. A commercial drivers license that has a vehicles carrying passengers



(P) and school bus (S) endorsement issued pursuant to G.S. 20-37.16 expires on the birthday of the licensee in the third year after issuance, if the licensee is certified to drive a school bus in North Carolina.

(2a) Duration of renewed licenses. – A renewed drivers license that was issued by the Division to a person at least 18 years old but less than 66 years old expires ~~eight~~16 years after the expiration date of the license that is renewed. A renewed drivers license that was issued by the Division to a person at least 66 years old expires five years after the expiration date of the license that is renewed. A renewed commercial drivers license expires five years after the expiration date of the license that is renewed.

...  
 (6) Remote renewal or conversion. – Subject to the following requirements and limitations, the Division ~~may~~shall offer remote renewal of a drivers license or remote conversion of a full provisional license issued by the Division:

a. Requirements. – To be eligible for remote renewal or conversion under this subdivision, a person must meet all of the following requirements:

1. The license holder possesses either (i) a valid Class C drivers license or (ii) a valid full provisional license and is at least 18 years old at the time of the remote conversion.
2. The license holder's current license includes no restrictions other than a restriction for corrective lenses.
3. The license holder attests, in a manner designated by the Division, that (i) the license holder is a resident of the State and currently resides at the address on the license to be renewed or converted, (ii) the license holder's name as it appears on the license to be renewed or converted has not changed, and (iii) all other information required by the Division for an in-person renewal under this Article has been provided completely and truthfully. If the license holder does not currently reside at the address on the license to be renewed or converted, the license holder may comply with the address requirement of this sub-sub-subdivision by providing the address at which the license holder resides at the time of the remote renewal or conversion request.
4. ~~For a remote renewal, the most recent renewal was an in person renewal and not a remote renewal under this 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.

- 1 (2) The effect that routing incoming mail destined for the Division's Rocky Mount  
2 office through the Division's Raleigh office has on the Division's provision of  
3 services and other business.
- 4 (3) The current routing and flow of outgoing mail the Division uses to (i) provide  
5 vehicle services, (ii) issue drivers licenses, and (iii) conduct other business.
- 6 (4) The current costs, including transportation costs, associated with mail service  
7 between the Division's Raleigh and Rocky Mount offices.
- 8 (5) The processing time for the Division's outgoing mail that is routed through the  
9 Division's Raleigh office.
- 10 (6) Potential new mail routing options that would increase efficiency and reduce  
11 costs.
- 12 (7) Potential new routing for mail services that originate and terminate at the  
13 Division's Rocky Mount office.
- 14 (8) Any cost-saving measures the Division could implement to realize  
15 cost-savings with respect to its flow and routing of mail.
- 16 (9) Any legislative changes necessary to implement a more efficient and  
17 cost-effective routing of the Division's mail.
- 18 (10) The impact any potential change to the Division's mail flow and routing would  
19 have on the Department of Administration's provision of mail services to State  
20 agencies under G.S. 143-341.

21 The Division shall report the findings of this study, including any legislative recommendations,  
22 to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House  
23 and Senate Transportation Appropriations Committees, the chairs of the House and Senate  
24 General Government Appropriations Committees, and the Fiscal Research Division no later than  
25 January 15, 2024.

26 **SECTION 41.14A.(b)** Effective Date. – This section is effective when it becomes  
27 law.

## 29 **DMV PRIVATIZATION STUDY**

30 **SECTION 41.14C.(a)** Intent. – The General Assembly finds that the further  
31 privatization and modernization of services provided by the Division of Motor Vehicles of the  
32 North Carolina Department of Transportation, beyond those services already provided by  
33 commission contractors under G.S. 20-63(h), would provide a more citizen-friendly service  
34 model for the taxpayers of the State. Therefore, it is the intent of the General Assembly to study  
35 viability and feasibility of further privatizing and modernizing the Division or its component  
36 parts.

37 **SECTION 41.14C.(b)** Request for Proposal. – The Legislative Services Officer  
38 (LSO), in conjunction with the Joint Legislative Transportation Oversight Committee (JLTOC),  
39 shall issue a request for proposals (RFP) and select a consultant to study the feasibility and  
40 advisability of further privatizing and modernizing the Division.

41 **SECTION 41.14C.(c)** Study. – The consultant selected by the LSO and JLTOC shall  
42 study the feasibility and desirability of further privatizing the Division. The study shall consider  
43 all of the following:

- 44 (1) Potential improvements to the services provided by the Division that could be  
45 achieved through further privatization.
- 46 (2) How further privatization of the Division would interact with the current use  
47 of commission contractors under G.S. 20-63(h).
- 48 (3) Any legislation or rulemaking necessary to enact further privatization.
- 49 (4) Reliable economic data on the financial impact of further privatization.
- 50 (5) Potential strategies and frameworks for transitioning the Division into further  
51 privatization.

- 1 (6) How the State would maintain effective oversight as its direct role in the  
2 delivery of services is reduced through further privatization.
- 3 (7) The market interest of qualified vendors in assuming responsibility for  
4 services currently provided by the Division.
- 5 (8) Potential methods for selecting vendors or contractors if further privatization  
6 is enacted.
- 7 (9) Any modernization efforts, other than privatization, that would improve the  
8 Division's provision of services.

9 **SECTION 41.14C.(d)** Time Line. – The LSO and JLTOC shall issue an RFP for the  
10 study by November 1, 2023, and select a consultant by January 1, 2024. The consultant shall  
11 report the findings of this study, including any legislative recommendations, to the chairs of the  
12 JLTOC, the chairs of the House and Senate Transportation Appropriations Committees, and the  
13 Fiscal Research Division no later than May 1, 2024.

14 **SECTION 41.14C.(e)** Transfer of Funds. – Of the funds appropriated from the  
15 Highway Fund to the Department of Transportation, the Department shall transfer one hundred  
16 twenty-five thousand dollars (\$125,000) to the General Assembly to select and retain a consultant  
17 to conduct the study required by subsection (b) of this section. Funds allocated by this subsection  
18 shall remain available until the conclusion of the study, and any funds unused at that time shall  
19 revert to the Highway Fund.

20 **SECTION 41.14C.(f)** Effective Date. – This section is effective when it becomes  
21 law.

## 22

### 23 INCREASE ELECTRIC AND HYBRID VEHICLE FEES

24 **SECTION 41.14D.(a)** G.S. 20-87 reads as rewritten:

#### 25 "§ 20-87. Passenger vehicle registration fees.

26 These fees shall be paid to the Division annually for the registration and licensing of  
27 passenger vehicles, according to the following classifications and schedules:

28 ...

- 29 (13) Additional fee for certain electric vehicles. – At the time of an initial  
30 registration or registration renewal, the owner of a plug-in electric vehicle that  
31 is not a low-speed vehicle and that does not rely on a nonelectric source of  
32 power shall pay a fee in the amount of ~~one hundred forty dollars and~~  
33 ~~twenty five cents (\$140.25)~~ one hundred eighty dollars (\$180.00) in addition  
34 to any other required registration fees.

- 35 (13a) Additional fee for plug-in hybrid vehicles. – At the time of an initial  
36 registration or registration renewal, the owner of a plug-in hybrid vehicle shall  
37 pay a fee in the amount of ninety dollars (\$90.00) in addition to any other  
38 required registration fees.

39 ...."

40 **SECTION 41.14D.(b)** This section becomes effective January 1, 2024, and applies  
41 to vehicles registered on or after that date.

## 42

### 43 AUTHORIZE DMV TO IMPLEMENT TRANSACTION FEES ON ELECTRONIC

### 44 PAYMENTS

45 **SECTION 41.14E.(a)** The Division of Motor Vehicles of the Department of  
46 Transportation shall develop a plan for adding a fee to transactions where it accepts electronic  
47 payment, as that term is defined in G.S. 147-86.20, to offset any service charge the Division pays  
48 for electronic payment service. The plan shall do all of the following:

- 49 (1) Determine the processes the Division will use to implement an electronic  
50 payment transaction fee.

- 1 (2) Determine the percentage transaction fee necessary to impose on parties using  
2 electronic payment to offset any service charges the Division pays.  
3 (3) Estimate the costs the Division would incur implementing the changes  
4 required by the plan, if any.  
5 (4) Estimate the cost-savings the Division will realize by charging an electronic  
6 payment transaction fee.

7 The Division shall submit this plan to the chairs of the Joint Legislative Transportation Oversight  
8 Committee, the chairs of the House and Senate Transportation Appropriations Committees, and  
9 the Fiscal Research Division no later than January 1, 2024.

10 **SECTION 41.14E.(b)** Article 1 of Chapter 20 of the General Statutes is amended by  
11 adding a new section to read:

12 **"§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.**

13 When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for  
14 any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division may add a  
15 transaction fee to each electronic payment transaction to offset the service charge the Division  
16 pays for electronic payment service. The Division's transaction fee shall not exceed two percent  
17 (2%) of the electronic payment."

18 **SECTION 41.14E.(c)** The Office of State Budget and Management shall add  
19 receipts to the base budget for transaction fees to be collected through electronic payments  
20 pursuant to G.S. 20-4.05 and adjust the receipts for fiscal year 2024-2025.

21 **SECTION 41.14E.(d)** Subsection (a) of this section is effective when it becomes  
22 law. The remainder of this section becomes effective July 1, 2024.  
23

24 **AUTHORIZE ISSUANCE OF OVERSIZE PERMITS FOR MOVEMENT OF SHEDS**  
25 **AND OTHER STRUCTURES UP TO SIXTEEN FEET WIDE**

26 **SECTION 41.14G.(a)** G.S. 20-356(2) reads as rewritten:

27 "(2) House. – A dwelling, building, or other structure in excess of ~~15~~16 feet in  
28 width. Mobile homes, manufactured homes, or modular homes, or portions  
29 thereof, are not within this definition when being transported from the  
30 manufacturer or from a licensed retail dealer location to the first set-up site."

31 **SECTION 41.14G.(b)** G.S. 20-358(3) reads as rewritten:

32 "(3) The applicant must furnish proof that all of the vehicles, excluding "beams  
33 and dollies" and "hauling units," to be used in the movement of buildings,  
34 structures, or other extraordinary objects wider than ~~15~~16 feet have met the  
35 requirements of G.S. 20-183.2 pertaining to the equipment inspection of  
36 motor vehicles; provided that the "beams and dollies" and "hauling units" are  
37 excluded from inspection under G.S. 20-183.2 and, further, are not required  
38 to be equipped with brakes."

39 **SECTION 41.14G.(c)** This section becomes effective October 1, 2023.  
40

41 **INCREASE COMPENSATION TO COMMISSION CONTRACT AGENTS AND**  
42 **INCREASE PORTION OF TITLE & REGISTRATION FEES CREDITED TO**  
43 **HIGHWAY FUND**

44 **SECTION 41.15.(a)** G.S. 20-63(h1) reads as rewritten:

45 "(h1) Commission contracts entered into by the Division under this subsection shall also  
46 provide for the payment of an additional ~~one dollar (\$1.00)~~two dollars (\$2.00) of compensation  
47 to commission contract agents for any transaction assessed a fee under subdivision (a)(1), (a)(2),  
48 (a)(3), (a)(7), (a)(8), or (a)(9) of G.S. 20-85."

49 **SECTION 41.15.(b)** G.S. 20-85(a1) reads as rewritten:

50 "(a1) ~~One dollar (\$1.00)~~Two dollars (\$2.00) of the fee imposed for any transaction assessed  
51 a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be

1 credited to the North Carolina Highway Fund. The Division shall use the fees derived from  
 2 transactions with commission contract agents for the payment of compensation to commission  
 3 contract agents. An additional twenty cents (20¢) of the fee imposed for any transaction assessed  
 4 a fee under subdivision (a)(1) of this section shall be credited to the Mercury Pollution Prevention  
 5 Fund in the Department of Environmental Quality."

6 **SECTION 41.15.(c)** This section becomes effective October 1, 2023, and applies to  
 7 certificates of title issued or renewed on or after that date.

8  
 9 **TRANSFER VACANT POSITIONS TO DIVISION OF AVIATION**

10 **SECTION 41.19.** Notwithstanding any other provision of law to the contrary, of the  
 11 full-time equivalent (FTE) positions assigned to the Department of Transportation, the  
 12 Department shall reclassify nine FTE positions to be assigned to the Division of Aviation  
 13 according to the following schedule:

- 14 (1) Program Analyst II
- 15 (2) Program Analyst II
- 16 (3) Program Analyst I
- 17 (4) Administrative Officer II
- 18 (5) Engineering Manager I
- 19 (6) Engineer II
- 20 (7) Engineer II
- 21 (8) Engineer I
- 22 (9) Pilot

23  
 24 **PART XLII. FINANCE**

25  
 26 **PERSONAL INCOME TAX RATE REDUCTIONS**

27 **SECTION 42.1.(a)** G.S. 105-153.7 reads as rewritten:

28 **"§ 105-153.7. Individual income tax imposed.**

29 (a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income  
 30 of every individual. The tax shall be levied, collected, and paid annually. ~~The~~ Except as otherwise  
 31 provided in subsection (a1) of this section, the tax is a percentage of the taxpayer's North Carolina  
 32 taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	<del>4.6%</del> 4.5%
In 2025	<del>4.5%</del> 4.25%
<del>In 2026</del>	<del>4.25%</del>
After <del>2026</del> 2025	3.99%.

33  
 34  
 35  
 36  
 37  
 38  
 39 (a1) Rate Reduction Trigger. – Notwithstanding the tax rates set out in subsection (a) of  
 40 this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger  
 41 amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent  
 42 tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half  
 43 percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of  
 44 this subsection, total General Fund revenue is the amount stated in the final accounting of total  
 45 General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the  
 46 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>
49 <u>FY 2025-2026</u>	<u>\$33,042,000,000</u>	<u>In 2027</u>
50 <u>FY 2026-2027</u>	<u>\$34,100,000,000</u>	<u>In 2028</u>
51 <u>FY 2027-2028</u>	<u>\$34,760,000,000</u>	<u>In 2029</u>

1	<u>FY 2028-2029</u>	<u>\$35,750,000,000</u>	<u>In 2030</u>
2	<u>FY 2029-2030</u>	<u>\$36,510,000,000</u>	<u>In 2031</u>
3	<u>FY 2030-2031</u>	<u>\$38,000,000,000</u>	<u>In 2032</u>
4	<u>FY 2031-2032</u>	<u>\$38,500,000,000</u>	<u>In 2033</u>
5	<u>FY 2032-2033</u>	<u>\$39,000,000,000</u>	<u>In 2034</u>

6 ...."

7 **SECTION 42.1.(b)** This section is effective when it becomes law.

8  
9 **CAP THE FRANCHISE TAX ON FIRST ONE MILLION DOLLARS OF C CORP TAX**  
10 **BASE**

11 **SECTION 42.6A.(a)** G.S. 105-122(d2) reads as rewritten:

12 "(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is five  
13 hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax  
14 base as determined under subsection (d) of this section and one dollar and fifty cents (\$1.50) per  
15 one thousand dollars (\$1,000) of the corporation's tax base as determined under subsection (d) of  
16 this section, its tax base that exceeds one million dollars (\$1,000,000). For an S Corporation, as  
17 defined in G.S. 105-130.2, the tax rate is two hundred dollars (\$200.00) for the first one million  
18 dollars (\$1,000,000) of the corporation's tax base as determined under subsection (d) of this  
19 section and one dollar and fifty cents (\$1.50) per one thousand dollars (\$1,000) of its tax base  
20 that exceeds one million dollars (\$1,000,000). In no event may the tax imposed by this section  
21 be less than two hundred dollars (\$200.00)."

22 **SECTION 42.6A.(b)** G.S. 105-120.2(b) reads as rewritten:

23 "(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the  
24 Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of five  
25 hundred dollars (\$500.00) for the first one million dollars (\$1,000,000) of the corporation's tax  
26 base as determined under subsection (a) of this section and one dollar and fifty cents (\$1.50) per  
27 one thousand dollars (\$1,000) of the amount determined under subsection (a) of this section, its  
28 tax base that exceeds one million dollars (\$1,000,000), but in no case shall the tax be more than  
29 one hundred fifty thousand dollars (\$150,000) nor less than two hundred dollars (\$200.00)."

30 **SECTION 42.6A.(c)** This section is effective for taxable years beginning on or after  
31 January 1, 2025, and applicable to the calculation of franchise tax reported on the 2024 and later  
32 corporate income tax return.

33  
34 **REPEAL STATE PRIVILEGE TAX ON PROFESSIONALS**

35 **SECTION 42.7.(a)** G.S. 105-41 and G.S. 93-12(12) are repealed.

36 **SECTION 42.7.(b)** G.S. 53-191 reads as rewritten:

37 "**§ 53-191. Businesses exempted.**

38 Nothing in this Article shall be construed to apply to any person, firm or corporation doing  
39 business under the authority of any law of this State or of the United States relating to banks,  
40 trust companies, savings and loan associations, cooperative credit unions, agricultural credit  
41 corporations or associations organized under the laws of North Carolina, production credit  
42 associations organized under the act of Congress known as the Farm Credit Act of 1933,  
43 pawnbrokers lending or advancing money on specific articles of personal property, industrial  
44 banks, the business of negotiating loans on real ~~estate as defined in G.S. 105-41, estate,~~ nor to  
45 installment paper dealers as defined in G.S. 105-83 other than persons, firms and corporations  
46 engaged in the business of accepting fees for endorsing or otherwise securing loans or contracts  
47 for repayment of loans."

48 **SECTION 42.7.(c)** G.S. 105-88(b) reads as rewritten:

49 "(b) This section does not apply to banks, industrial banks, trust companies, savings and  
50 loan associations, cooperative credit unions, the business of negotiating loans on real ~~estate as~~  
51 ~~described in G.S. 105-41, estate,~~ or insurance premium finance companies licensed under Article

35 of Chapter 58 of the General Statutes. This section applies to those persons or concerns operating what are commonly known as loan companies or finance companies and whose business is as hereinbefore described, and those persons, firms, or corporations pursuing the business of lending money and taking as security for the payment of the loan and interest an assignment of wages or an assignment of wages with power of attorney to collect the amount due, or other order or chattel mortgage or bill of sale upon household or kitchen furniture. No real estate mortgage broker is required to obtain a privilege license under this section merely because the broker advances the broker's own funds and takes a security interest in real estate to secure the advances and when, at the time of the advance, the broker has already made arrangements with others for the sale or discount of the obligation at a later date and does so sell or discount the obligation within the period specified in the arrangement or extensions thereof; or when, at the time of the advance the broker intends to sell the obligation to others at a later date and does, within 12 months from date of initial advance, make arrangements with others for the sale of the obligation and does sell the obligation within the period specified in the arrangement or extensions thereof; or because the broker advances the broker's own funds in temporary financing directly involved in the production of permanent-type loans for sale to others; and no real estate mortgage broker whose mortgage lending operations are essentially as described above is required to obtain a privilege license under this section."

**SECTION 42.7.(d)** This section is effective for taxes imposed for taxable years beginning on or after July 1, 2024.

**SALES TAX EXEMPTION FOR CONTINUING CARE RETIREMENT COMMUNITIES**

**SECTION 42.10.(a)** 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:

- ...
- (74) Sales of items by a provider of continuing care to its residents, other than sales of alcoholic beverages. A provider of continuing care must pay sales and use tax on the purchase price of an item that is exempt from tax under this subdivision as if the provider is the user of the item. As a result, the provider of continuing care is not required to pay sales or use tax if the purchase would be exempt if purchased for use, not resale, by the provider. The terms "provider," "continuing care," and "resident" have the same meanings as defined in G.S. 58-64-1. The term "alcoholic beverage" has the same meaning as defined in G.S. 18B-101.

**SECTION 42.10.(b)** This section becomes effective November 1, 2023, and applies to sales occurring on or after that date.

**EXTEND SUNSET ON EXEMPTIONS AND REFUNDS FOR PROFESSIONAL MOTORSPORTS**

**SECTION 42.11.(a)** 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:

- ...
- (65) This subdivision expires January 1, ~~2024~~-~~2028~~. Sales of the following to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series:
  - a. The sale, lease, or rental of an engine.

- b. The sales price of or gross receipts derived from a service contract on, or repair, maintenance, and installation services for, a transmission, an engine, rear-end gears, and any tangible personal property that is purchased, leased, or rented and that is exempt from tax under this subdivision or that is allowed a sales tax refund under G.S. 105-164.14A(a)(5).
- c. The gross receipts derived from an agreement to provide an engine to a professional motorsports racing team or related member of a team for use in competition in a sanctioned race series, where such agreement does not meet the definition of a "service contract" as defined in G.S. 105-164.3 but may meet the definition of the term "lease or rental" as defined in G.S. 105-164.3.

(65a) An engine or a part to build or rebuild an engine for the purpose of providing an engine under an agreement to a professional motorsports racing team or a related member of a team for use in competition in a sanctioned race series. This subdivision expires January 1, ~~2024~~2028.

...."

**SECTION 42.11.(b)** G.S. 105-164.14A(a) reads as rewritten:

**"§ 105-164.14A. Economic incentive refunds.**

(a) Refund. – The following taxpayers are allowed an annual refund of sales and use taxes paid under this Article:

...

- (4) Motorsports team or sanctioning body. – A professional motorsports racing team, a motorsports sanctioning body, or a related member of such a team or body is allowed a refund of the sales and use tax paid by it in this State on aviation gasoline or jet fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For purposes of this subdivision, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motorsports testing. This subdivision is repealed for purchases made on or after January 1, ~~2024~~2029.
- (5) Professional motorsports team. – A professional motorsports racing team or a related member of a team is allowed a refund of fifty percent (50%) of the sales and use tax paid by it in this State on tangible personal property, other than tires or accessories, that comprises any part of a professional motorsports vehicle. For purposes of this subdivision, "motorsports accessories" includes instrumentation, telemetry, consumables, and paint. This subdivision is repealed for purchases made on or after January 1, ~~2024~~2028.

...."

**SECTION 42.11.(c)** This section is effective when it becomes law.

**EXPAND AVIATION SALES TAX EXEMPTION SO THAT PARTS AND ACCESSORIES EXEMPTION ALIGNS WITH LABOR EXEMPTION FOR SAME TYPES OF AIRCRAFT**

**SECTION 42.12.(a)** G.S. 105-164.3(197) reads as rewritten:

"(197) Qualified aircraft. – An aircraft with a maximum take-off weight of ~~more than 9,000 pounds but not in excess of 15,000 pounds~~2,000 pounds and above."

**SECTION 42.12.(b)** G.S. 105-164.13(61a)m. reads as rewritten:

- "m. Any of the following:
  - 1. A qualified aircraft.
  - 2. A qualified jet engine.



3. ~~An aircraft with a gross take-off weight of more than 2,000 pounds."~~

**SECTION 42.12.(c)** This section becomes effective November 1, 2023, and applies to sales occurring on or after that date.

**EXTEND SUNSET FOR AVIATION GASOLINE AND JET FUEL FOR USE IN COMMERCIAL AIRCRAFT**

**SECTION 42.13.(a)** 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:

- ...
- (11b) Sales of aviation gasoline and jet fuel to an interstate air business for use in a commercial aircraft. For purposes of this subdivision, the term "commercial aircraft" has the same meaning as defined in subdivision (45a) of this section. This exemption also applies to aviation gasoline and jet fuel purchased for use in a commercial aircraft in interstate or foreign commerce by a person whose primary business is scheduled passenger air transportation. This subdivision expires January 1, ~~2024~~2029.

...."

**SECTION 42.13.(b)** This section is effective when it becomes law.

**EXPAND SALES TAX EXEMPTION FOR FUEL & CONSUMABLES USED BY BOATS TRANSPORTING FREIGHT ON INLAND AND INTRACOASTAL WATERWAYS**

**SECTION 42.14.(a)** 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:

- ...
- (24) Sales of fuel and other tangible personal property for use or consumption by or on ~~ocean going vessels which ply the high seas interstate or foreign commerce in the~~ a watergoing vessel when delivered to an officer or agent of the vessel for the use of the vessel engaged in either of the activities listed in this subdivision. Sales of fuel and other tangible personal property made to officers, agents, members of the crew, or passengers of these vessels for their personal use are not exempt from payment of the sales tax. The activities are:
  - a. The transport of freight and/or freight in intrastate, interstate, or foreign commerce, whether on the high seas, intracoastal waterways, 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**

1 SECTION 42.16.(a) G.S. 105-164.3 reads as rewritten:

2 "§ 105-164.3. Definitions.

3 The following definitions apply in this Article:

4 ...

5 (22) Breast pump. – An electrically or manually controlled pump device designed  
6 or marketed to be used to express milk from a human breast during lactation.  
7 The term includes the electrically or manually controlled pump device and  
8 any battery, AC adapter, or other power supply unit packaged and sold with  
9 the pump device at the time of sale to power the pump device.

10 (#) Breast pump collection and storage supplies. – Items of tangible personal  
11 property designed or marketed to be used in conjunction with a breast pump  
12 to collect milk expressed from a human breast and to store collected milk until  
13 it is ready for consumption. The term includes breast shields and breast shield  
14 connectors, breast pump tubes and tubing adapters, breast pump valves and  
15 membranes, backflow protectors and backflow protector adaptors, bottles and  
16 bottle caps specific to the operation of the breast pump, breast milk storage  
17 bags, and other items that may be useful to initiate, support, or sustain  
18 breast-feeding using a breast pump during lactation that may be sold  
19 separately, but are generally sold as part of a breast pump kit. The term does  
20 not include (i) bottles and bottle caps not specific to the operation of the breast  
21 pump, (ii) breast pump travel bags and other similar carrying accessories,  
22 including ice packs, labels, and other similar products, (iii) breast pump  
23 cleaning supplies, (iv) nursing bras, bra pads, breast shells, and other similar  
24 products, and (v) creams, ointments, and other similar products that relieve  
25 breastfeeding-related symptoms or conditions of the breasts or nipples, unless  
26 sold as part of a breast pump kit pre-packaged by the breast pump  
27 manufacturer or distributor.

28 (#) Breast pump kit. – A kit that contains a breast pump and one or more of the  
29 following items: breast pump collection and storage supplies and other taxable  
30 items of tangible personal property that may be useful to initiate, support, or  
31 sustain breast-feeding using a breast pump during lactation, so long as the  
32 other taxable items of tangible personal property sold with the breast pump kit  
33 at the time of sale are less than ten percent (10%) of the total sales price of the  
34 breast pump kit.

35 ...."

36 SECTION 42.16.(b) 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 breast pumps, including repair and replacement parts, breast pump  
42 kits, and breast pump collection and storage supplies."

43 SECTION 42.16.(c) The Revisor of Statutes is authorized to renumber the  
44 subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and  
45 in a manner that reduces the current use of alphanumeric designations, to make conforming  
46 changes, and to reserve sufficient space to accommodate future additions to the statutory section.

47 SECTION 42.16.(d) This section becomes effective November 1, 2023, and applies  
48 to sales occurring on or after that date.

49  
50 **CHANGE METHOD OF TAXING SNUFF FROM COST-BASED TO WEIGHT-BASED**  
51 **AND EXPAND BASE TO INCLUDE ALTERNATIVE NICOTINE PRODUCTS**

1           **SECTION 42.18.(a)** G.S. 105-113.4 reads as rewritten:

2   "**§ 105-113.4. Definitions.**

3       The following definitions apply in this Article:

4           (1) Affiliate. – A person who directly or indirectly controls, is controlled by, or is  
5           under common control with another person.

6           (1a) Affiliated manufacturer. – A manufacturer licensed under G.S. 105-113.12  
7           who is an affiliate of a manufacturer licensed under G.S. 105-113.12.

8           (1b) Alternative nicotine product. – A noncombustible product that contains  
9           nicotine, whether natural or synthetic, but does not contain tobacco and is  
10           intended for human consumption, whether chewed, absorbed, dissolved,  
11           ingested, or by other means. This term does not include a vapor product or any  
12           product regulated by the United States Food and Drug Administration under  
13           Chapter V of the federal Food, Drug, and Cosmetic Act.

14           (1c) Cigar. – A roll of tobacco wrapped in a substance that contains tobacco, other  
15           than a cigarette.

16           ~~(1e)~~(1d) Cigarette. – Any of the following:

17           a. A roll of tobacco wrapped in paper or in a substance that does not  
18           contain tobacco.

19           b. A roll of tobacco wrapped in a substance that contains tobacco and  
20           that, because of its appearance, the type of tobacco used in the filler,  
21           or its packaging and labeling, is likely to be offered to or purchased by  
22           a consumer as a cigarette described in subpart a. of this subdivision.

23       ...

24           (10d) Snuff. – A tobacco product consisting of finely cut, ground, or powdered  
25           tobacco that is not intended to be smoked.

26       ...

27           (11a) Tobacco product. – A cigarette, a cigar, a vapor product, an alternative  
28           nicotine product, or any other product that contains tobacco and is intended  
29           for inhalation or oral use. ~~The term includes a vapor product.~~

30       ...."

31           **SECTION 42.18.(b)** G.S. 105-113.36A reads as rewritten:

32   "**§ 105-113.36A. Tax rates; liability for tax.**

33       (a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or  
34       distribution of tobacco products at the following rates:

35           (1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable  
36           product. All invoices for vapor products issued by manufacturers must state  
37           the amount of consumable product in milliliters.

38           (2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price,  
39           subject to a cap of thirty cents (30¢) per cigar.

40           (3) On snuff, the rate of forty cents (40¢) per ounce and a proportionate rate on  
41           all fractional parts of an ounce. The tax shall be computed based on the net  
42           weight as listed by the manufacturer on the package in accordance with federal  
43           law.

44           (4) On alternative nicotine products, the rate of ten cents (10¢) per container  
45           containing up to 20 units, and at the rate of one-half cent (1/2¢) per unit for  
46           any amount in a container containing over 20 units.

47           (5) On all other tobacco products, the rate of twelve and eight-tenths percent  
48           (12.8%) of the cost price.

49       ...

50       (f) Documentation. – If a person liable for the tax imposed by this Part cannot produce  
51       to the Secretary's satisfaction documentation of the cost ~~price~~ price, weight, count, or volume of

1 the items subject to tax, based on the applicable tax imposed, the Secretary may determine a  
2 value based on the cost ~~price~~-price, weight, count, or volume of comparable items."

3 **SECTION 42.18.(c)** G.S. 105-113.38B reads as rewritten:

4 **"§ 105-113.38B. Records.**

5 In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must  
6 maintain the following:

- 7 (1) A list, updated annually, showing the cost price paid by the remote seller for  
8 each stock keeping unit of ~~tobacco products~~-cigars.
- 9 (2) Invoices documenting remote or delivery sales to consumers in this State.
- 10 (3) Records necessary to document the cost ~~price~~-price, weight, or count based on  
11 the applicable tax imposed, of purchases of all tobacco products sold to  
12 consumers in this State."

13 **SECTION 42.18.(d)** G.S. 105-113.4D reads as rewritten:

14 **"§ 105-113.4D. Tax with respect to inventory on effective date of tax increase.**

15 Every person subject to the taxes levied in this Article who, on the effective date of a tax  
16 increase under this Article, has on hand any tobacco products must file a complete inventory of  
17 the tobacco products within 20 days after the effective date of the increase, and must pay an  
18 additional tax to the Secretary when filing the inventory. The amount of tax due is the amount  
19 due based on the difference between the former tax rate and the increased tax rate. For purposes  
20 of this section, a "tax increase" includes a new tax or a change to the methodology for calculating  
21 a tax that results in additional tax being due."

22 **SECTION 42.18.(e)** This section becomes effective July 1, 2025, and applies to sales  
23 or purchases occurring on or after that date.

24  
25 **ENACT NEW TAX ON FOR-HIRE GROUND TRANSPORT SERVICES**

26 **SECTION 42.19.(a)** Subchapter I of Chapter 105 of the General Statutes is amended  
27 by adding a new Article to read:

28 "Article 5J.

29 "Transportation Commerce Tax.

30 **"§ 105-187.90. Definitions.**

31 The following definitions apply to this Article:

- 32 (1) Reserved for future codification purposes.
- 33 (2) Reserved for future codification purposes.
- 34 (3) Exclusive-ride service. – A for-hire ground transport service requested by a  
35 passenger who requests exclusive use of the vehicle.
- 36 (4) Reserved for future codification purposes.
- 37 (5) For-hire ground transport service. – Ground transportation in a passenger  
38 vehicle provided by a for-hire ground transport service provider for which a  
39 passenger is charged a fee.
- 40 (6) For-hire ground transport service provider. – A transportation network  
41 company as defined in G.S. 20-280.1 or a taxi service regulated under  
42 G.S. 160A-304.
- 43 (7) Reserved for future codification purposes.
- 44 (8) Reserved for future codification purposes.
- 45 (9) Shared for-hire ground transport service. – A for-hire ground transport service  
46 for which an individual has been matched with another individual by a for-hire  
47 ground transport service provider.
- 48 (10) Reserved for future codification purposes.

49 **"§ 105-187.91. Tax imposed.**

1       (a) Levy and Rates. – An excise tax at the rates listed in this subsection is imposed on the  
2 gross receipts derived from each for-hire ground transport service if the passenger boards the  
3 vehicle in this State and regardless of whether the service is completed. The rates are:

4           (1) For an exclusive-ride service, one and one-half percent (1.5%).

5           (2) For a shared-ride service, one percent (1%).

6       (b) Trust Tax. – The tax imposed by this Article is intended to be passed on to and borne  
7 by the purchaser of the for-hire ground transport service. The for-hire ground transport service  
8 provider, and not the vehicle driver, must collect the tax due. The tax is a debt from the purchaser  
9 to the for-hire ground transport service provider until paid and is recoverable at law by the  
10 for-hire ground transport service provider in the same manner as other debts. A for-hire ground  
11 transport service provider is considered to act as a trustee on behalf of the State when it collects  
12 tax from the purchaser on a taxable transaction. The tax must be stated and charged separately  
13 on any documentation provided to the purchaser by the for-hire ground transport service provider  
14 at the time of the transaction.

15 **"§ 105-187.92. Registration.**

16       (a) Requirement and Application. – A for-hire ground transport service provider that is  
17 not otherwise registered with the Department pursuant to G.S. 105-164.29 must register with the  
18 Department.

19       (b) Issuance. – A certificate of registration is not assignable and is valid only for the  
20 person in whose name it is issued. A copy of the certificate of registration must be displayed at  
21 each place of business.

22       (c) Term. – A certificate of registration is valid unless it is revoked for failure to comply  
23 with the provisions of this Article or becomes void. A certificate issued to a person who makes  
24 taxable sales or a person liable for tax under this Article becomes void if, for a period of 18  
25 months, the person files no returns or files returns showing no sales.

26       (d) Revocation. – The failure of a retailer to comply with this Article is grounds for  
27 revocation of the person's certificate of registration. Before the Secretary revokes a person's  
28 certificate of registration, the Secretary must notify the person that the Secretary proposes to  
29 revoke the certificate of registration and that the proposed revocation will become final unless  
30 the person objects to the proposed revocation and files a request for a Departmental review within  
31 the time set in G.S. 105-241.11 for requesting a Departmental review of a proposed assessment.  
32 The notice must be sent in accordance with the methods authorized in G.S. 105-241.20. The  
33 procedures in Article 9 of this Chapter for review of a proposed assessment apply to the review  
34 of a proposed revocation.

35 **"§ 105-187.93. Administration.**

36       Except as otherwise provided in this Article, the tax imposed by this Article shall be collected  
37 and administered in the same manner as the State sales and use taxes imposed by Article 5 of this  
38 Chapter. The provisions of Article 9 of this Chapter that are not inconsistent with this Article,  
39 including administration, auditing, making returns, promulgation of rules and regulations by the  
40 Secretary, additional taxes, assessments and assessment procedure, imposition and collection of  
41 taxes and the lien thereof, and penalties, are made a part of this Article and shall be applicable  
42 thereto.

43 **"§ 105-187.94. Exemptions and refunds.**

44       The exemptions and refunds allowed in Article 5 of this Chapter do not apply to sales that  
45 the State cannot constitutionally tax.

46 **"§ 105-187.95. Use of tax proceeds.**

47       Each quarter, the Secretary shall credit the net tax proceeds of the taxes collected under this  
48 Article to the Highway Fund. The Secretary may retain the cost of administering this Article as  
49 reimbursement to the Department."

50       **SECTION 42.19.(b)** This section becomes effective July 1, 2025, and applies to  
51 for-hire ground transport services occurring on or after that date.

1  
2 **PROHIBIT REGIONAL TRANSPORTATION AUTHORITIES FROM LEVYING**  
3 **SHORT-TERM CAR RENTAL TAX IN A COUNTY THAT HAS WITHDRAWN**  
4 **FROM AUTHORITY**

5 **SECTION 42.20.(a)** G.S. 105-551 reads as rewritten:

6 **"§ 105-551. Tax on gross receipts authorized.**

7 (a) Tax. – The board of trustees of an Authority may levy a privilege tax on a retailer  
8 who is engaged in the business of leasing or renting U-drive-it vehicles or motorcycles based on  
9 the gross receipts derived by the retailer from the short-term lease or rental of these vehicles. The  
10 tax rate must be a percentage and may not exceed five percent (5%). A tax levied under this  
11 section applies to short-term leases or rentals made by a retailer whose place of business or  
12 inventory is located within the territorial jurisdiction of the Authority. This tax is in addition to  
13 all other taxes.

14 ...

15 (d) Effect of Withdrawal. – The board of trustees of a regional transportation authority  
16 created under Article 27 of Chapter 160A of the General Statutes may not levy a tax in a special  
17 tax district created under subsection (c) of this section that consists solely of a county that has  
18 withdrawn from the Authority."

19 **SECTION 42.20.(b)** This section applies to Surry County only.

20 **SECTION 42.20.(c)** This section becomes effective November 1, 2023, and applies  
21 to the gross receipts derived from short-term leases or rentals billed on or after that date. This  
22 section does not affect the rights or liabilities of an Authority, a taxpayer, or another person  
23 arising in a county that has withdrawn from a regional transportation authority prior to the  
24 effective date of this section.

25  
26 **ALLOW CERTAIN TRUSTS AND CORPORATIONS TO BE PARTNERS OF A TAXED**  
27 **PARTNERSHIP**

28 **SECTION 42.21.(a)** G.S. 105-154.1(a), as amended by Section 1.5(b) of S.L.  
29 2023-12, reads as rewritten:

30 "(a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual  
31 return required under G.S. 105-154(c), to have the tax under this Article imposed on the  
32 partnership for any taxable period covered by the return. A partnership may not revoke the  
33 election after the due date of the return, including extensions. This election cannot be made by a  
34 publicly traded partnership that is described in section 7704(c) of the Code or by a partnership  
35 that has at any time during the taxable year a partner who is not one of the following:

36 (1) An individual.

37 (2) An estate.

38 (3) Any of the following:

39 a. A trust described in section 1361(c)(2) of the Code.

40 b. A trust if such trust does not have as a beneficiary any person other  
41 than an individual, an estate, a trust, or an organization described in  
42 section 1361(c)(6) of the Code.

43 (4) An organization described in section 1361(c)(6) of the Code.

44 (5) A partnership-partnership, including an entity that is classified as a partnership  
45 for federal income tax purposes, or an S Corporation as defined in  
46 G.S. 105-131(b)-an entity that is classified as a corporation for federal income  
47 tax purposes."

48 **SECTION 42.21.(b)** G.S. 105-154.1 is amended by adding a new subsection to read:

49 "(a1) Extension of Time to Make Election for 2022. – For the 2022 taxable year, a  
50 partnership that could not make the election under subsection (a) of this section on its timely filed  
51 tax return may make the election by filing an amended return on or before October 15, 2023. For

1 the purposes of this subsection, the 2022 taxable year means the taxable year beginning on or  
2 after January 1, 2022."

3 **SECTION 42.21.(c)** This section is effective for taxable years beginning on or after  
4 January 1, 2022.

#### 6 **CLARIFICATION OF MOTOR FUEL TAX FORMULA**

7 **SECTION 42.22.(a)** G.S. 105-449.80 reads as rewritten:

8 "**§ 105-449.80. Tax rate.**

9 (a) Rate. – For the period that begins on January 1, 2016, and ends on June 30, 2016, the  
10 motor fuel excise tax rate is a flat rate of thirty-five cents (35¢) per gallon. For the period that  
11 begins on July 1, 2016, and ends on December 31, 2016, the motor fuel excise tax rate is a flat  
12 rate of thirty-four cents (34¢) per gallon. For the calendar years beginning on January 1, 2017,  
13 the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon, multiplied by a  
14 percentage. For calendar years beginning on or after January 1, 2018, the motor fuel excise tax  
15 rate is the amount for the preceding calendar year, multiplied by a percentage. The percentage is  
16 one hundred percent (100%) plus or minus the sum of the following:

17 (1) The percentage change in population for the ~~applicable prior~~ calendar year, as  
18 estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

19 (2) The annual percentage change in the Consumer Price Index for All Urban  
20 Consumers, multiplied by twenty-five percent (25%). For purposes of this  
21 subdivision, "Consumer Price Index for All Urban Consumers" means the  
22 United States city average for energy index contained in the detailed report  
23 released in the ~~October-November~~ prior to the applicable calendar year by the  
24 Bureau of Labor Statistics of the United States Department of Labor, or data  
25 determined by the Secretary to be equivalent.

26 (b) Repealed by Session Laws 2015-2, s. 2.2(a), effective January 1, 2016.

27 (c) Notification. – The Secretary must notify affected taxpayers of the tax rate to be in  
28 effect for each calendar year beginning January 1."

29 **SECTION 42.22.(b)** This section is effective retroactively to January 1, 2017.

#### 31 **PROPERTY TAX EXCLUSION FOR PROPERTY LOCATED AT A LEGACY** 32 **AIRPORT**

33 **SECTION 42.23.(a)** G.S. 105-275 is amended by adding a new subdivision to read:

34 "(50) Fifty percent (50%) of the appraised value of real and personal property  
35 located at a qualifying airport that is customarily used for aviation purposes at  
36 the airport or for commercial activities typically located at and associated with  
37 airport activities. Aircraft located at the qualifying airport must be situated at  
38 the airport for purposes of G.S. 105-304. A qualifying airport is an airport that  
39 meets the following criteria:

40 a. Is designated as a legacy airport by the North Carolina Department of  
41 Transportation under G.S. 63-59.

42 b. Is a general aviation airport, as defined in 49 U.S.C. § 47102.

43 c. Is located within the corporate limits of a municipality.

44 d. Had an economic output of eight hundred fifty million dollars  
45 (\$850,000,000) or more, as published in the Division of Aviation of  
46 the North Carolina Department of Transportation's biennial economic  
47 impact study dated January 2023."

48 **SECTION 42.23.(b)** This section is effective for taxes imposed for taxable years  
49 beginning on or after July 1, 2024.

#### 51 **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 20, 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**

**SECTION 43.3.** The Fiscal Research Division shall issue a report on budget actions taken by the 2023 Regular Session of the General Assembly. The report shall be in the form of a revision of the Committee Report described in Section 43.2 of this act pursuant to G.S. 143C-5-5. The Director of the Fiscal Research Division shall send a copy of the report issued pursuant to this section to the Director of the Budget. The report shall be published on the General Assembly's internet website for public access.

**APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

**SECTION 43.4.** Except where expressly repealed or amended by this act, the provisions of any legislation enacted during the 2023 Regular Session of the General Assembly affecting the State budget shall remain in effect.



**MOST TEXT APPLIES ONLY TO THE 2023-2025 FISCAL BIENNIUM**

**SECTION 43.5.** Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2023-2025 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2023-2025 fiscal biennium.

**EFFECT OF HEADINGS**

**SECTION 43.6.** The headings to the Parts, Subparts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part or Subpart.

**SEVERABILITY CLAUSE**

**SECTION 43.7.** If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

**EFFECTIVE DATE**

**SECTION 43.8.** Except as otherwise provided, this act becomes effective July 1, 2023.