GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

HOUSE BILL 259
RATIFIED BILL

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE AGENCIES, DEPARTMENTS, AND INSTITUTIONS.

The General Assembly of North Carolina enacts:

PART I. TITLE AND INTRODUCTION

TITLE OF ACT

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

INTRODUCTION

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

GENERAL FUND APPROPRIATIONS

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

Current Operations - General Fund	**FY 2023-2024**	**FY 2024-2025**
EDUCATION		
North Carolina Community College System		
Requirements	1,877,925,960	1,902,511,556
Less: Receipts	403,685,353	388,408,799
Net Appropriation	**1,474,240,607**	**1,514,102,757**
Department of Public Instruction		
Requirements	13,492,320,541	13,699,714,749
Less: Receipts	1,927,760,615	1,750,698,621
Net Appropriation	**11,564,559,926**	**11,949,016,128**
THE UNIVERSITY OF NORTH CAROLINA		
East Carolina Univ. - Academic Affairs		
Requirements	431,788,788	432,957,458

Less: Receipts	167,185,795	168,350,410
Net Appropriation	**264,602,993**	**264,607,048**
East Carolina Univ. - Health Affairs		
Requirements	110,410,728	114,341,160
Less: Receipts	19,020,872	13,587,770
Net Appropriation	**91,389,856**	**100,753,390**
Elizabeth City State University		
Requirements	49,820,539	50,985,154
Less: Receipts	3,660,169	4,824,784
Net Appropriation	**46,160,370**	**46,160,370**
Fayetteville State University		
Requirements	90,646,751	91,811,366
Less: Receipts	11,935,205	13,099,820
Net Appropriation	**78,711,546**	**78,711,546**
Appalachian State University		
Requirements	311,994,580	313,413,598
Less: Receipts	124,504,307	124,504,786
Net Appropriation	**187,490,273**	**188,908,812**
NC A&T University		
Requirements	244,098,043	240,062,658
Less: Receipts	87,678,145	88,842,760
Net Appropriation	**156,419,898**	**151,219,898**
NC School of Science and Mathematics		
Requirements	45,595,072	45,331,072
Less: Receipts	3,555,677	3,291,677
Net Appropriation	**42,039,395**	**42,039,395**
NC State University - Academic Affairs		
Requirements	955,054,072	954,304,072
Less: Receipts	438,387,357	438,387,357
Net Appropriation	**516,666,715**	**515,916,715**
NC State University - Ag. Research		
Requirements	78,878,032	79,228,032
Less: Receipts	19,124,784	19,124,784
Net Appropriation	**59,753,248**	**60,103,248**
NC State University - Coop. Extension		
Requirements	64,983,558	64,983,558
Less: Receipts	18,874,550	18,874,550
Net Appropriation	**46,109,008**	**46,109,008**
North Carolina Central University		
Requirements	143,519,077	144,633,692
Less: Receipts	51,895,844	53,010,459

Net Appropriation	**91,623,233**	**91,623,233**
UNC at Asheville		
Requirements	72,301,113	73,465,728
Less: Receipts	21,876,242	23,040,857
Net Appropriation	**50,424,871**	**50,424,871**
UNC at Chapel Hill - Academic Affairs		
Requirements	762,333,122	723,833,122
Less: Receipts	376,959,533	376,959,533
Net Appropriation	**385,373,589**	**346,873,589**
UNC at Chapel Hill - Area Health Ed.		
Requirements	56,271,874	56,271,874
Less: Receipts	1,000,000	0
Net Appropriation	**55,271,874**	**56,271,874**
UNC at Chapel Hill - Health Affairs		
Requirements	371,568,724	369,568,724
Less: Receipts	140,758,876	138,758,876
Net Appropriation	**230,809,848**	**230,809,848**
UNC at Charlotte		
Requirements	485,592,624	486,757,239
Less: Receipts	178,652,793	179,817,408
Net Appropriation	**306,939,831**	**306,939,831**
UNC at Greensboro		
Requirements	313,725,257	314,889,872
Less: Receipts	116,192,973	117,357,588
Net Appropriation	**197,532,284**	**197,532,284**
UNC at Pembroke		
Requirements	124,344,011	125,508,626
Less: Receipts	26,162,155	27,326,770
Net Appropriation	**98,181,856**	**98,181,856**
UNC at Wilmington		
Requirements	313,631,547	314,796,162
Less: Receipts	114,684,281	115,848,896
Net Appropriation	**198,947,266**	**198,947,266**
UNC BOG - Aid to Private Institutions		
Requirements	2,709,300	1,209,300
Less: Receipts	1,500,000	0
Net Appropriation	**1,209,300**	**1,209,300**
UNC BOG - Institutional Programs		
Requirements	379,975,287	431,005,955
Less: Receipts	78,686,295	51,750,000
Net Appropriation	**301,288,992**	**379,255,955**

UNC BOG - Related Ed. Programs		
Requirements	699,765,350	810,451,818
Less: Receipts	153,888,975	167,855,939
Net Appropriation	**545,876,375**	**642,595,879**
UNC School of the Arts		
Requirements	56,488,236	56,488,236
Less: Receipts	17,148,612	17,148,612
Net Appropriation	**39,339,624**	**39,339,624**
UNC System Office		
Requirements	47,640,384	47,640,384
Less: Receipts	259,217	259,217
Net Appropriation	**47,381,167**	**47,381,167**
Western Carolina University		
Requirements	185,596,722	186,734,561
Less: Receipts	29,507,260	30,671,875
Net Appropriation	**156,089,462**	**156,062,686**
Winston-Salem State University		
Requirements	91,945,473	93,110,088
Less: Receipts	22,435,103	23,599,718
Net Appropriation	**69,510,370**	**69,510,370**
HEALTH AND HUMAN SERVICES		
Aging and Adult Services		
Requirements	163,902,299	163,989,332
Less: Receipts	110,387,749	110,359,697
Net Appropriation	**53,514,550**	**53,629,635**
Central Management and Support		
Requirements	455,836,489	516,342,065
Less: Receipts	237,329,668	290,358,595
Net Appropriation	**218,506,821**	**225,983,470**
Child and Family Well-Being		
Requirements	598,235,409	598,865,804
Less: Receipts	538,497,331	538,307,550
Net Appropriation	**59,738,078**	**60,558,254**
Child Development and Early Education		
Requirements	895,306,625	893,346,831
Less: Receipts	640,981,831	638,948,539
Net Appropriation	**254,324,794**	**254,398,292**
Emp. & Indep. for People with Disabilities		
Requirements	186,405,070	184,426,242
Less: Receipts	142,882,705	140,253,360
Net Appropriation	**43,522,365**	**44,172,882**

Health Benefits		
Requirements	28,737,477,319	31,608,353,002
Less: Receipts	23,269,219,375	25,823,717,053
Net Appropriation	**5,468,257,944**	**5,784,635,949**
Health Services Regulation		
Requirements	81,765,736	82,341,123
Less: Receipts	56,854,010	56,649,546
Net Appropriation	**24,911,726**	**25,691,577**
Mental Hlth./Dev. Disabl./Subs. Use Serv.		
Requirements	1,913,498,634	1,955,920,868
Less: Receipts	1,070,836,251	1,102,274,961
Net Appropriation	**842,662,383**	**853,645,907**
Public Health		
Requirements	490,574,984	497,375,103
Less: Receipts	361,050,412	362,909,576
Net Appropriation	**129,524,572**	**134,465,527**
Services for the Blind/Deaf/Hard of Hearing		
Requirements	45,351,158	45,470,847
Less: Receipts	36,012,108	35,981,255
Net Appropriation	**9,339,050**	**9,489,592**
Social Services		
Requirements	2,205,426,974	2,214,193,327
Less: Receipts	1,983,851,401	1,993,537,351
Net Appropriation	**221,575,573**	**220,655,976**
AGRICULTURE, NATURAL, AND ECONOMIC RESOURCES		
Agriculture and Consumer Services		
Requirements	276,985,638	274,102,971
Less: Receipts	96,058,772	91,858,909
Net Appropriation	**180,926,866**	**182,244,062**
Commerce		
Requirements	544,903,642	642,797,732
Less: Receipts	370,622,400	439,193,455
Net Appropriation	**174,281,242**	**203,604,277**
Environmental Quality		
Requirements	312,486,149	299,399,902
Less: Receipts	203,784,374	189,844,998
Net Appropriation	**108,701,775**	**109,554,904**
Labor		
Requirements	43,902,629	44,468,963
Less: Receipts	18,291,651	18,112,941
Net Appropriation	**25,610,978**	**26,356,022**

Natural and Cultural Resources		
Requirements	351,947,543	336,533,868
Less: Receipts	63,129,682	54,842,950
Net Appropriation	**288,817,861**	**281,690,918**
Wildlife Resources Commission		
Requirements	114,715,321	98,586,402
Less: Receipts	96,502,052	81,855,762
Net Appropriation	**18,213,269**	**16,730,640**
JUSTICE AND PUBLIC SAFETY		
Indigent Defense Services		
Requirements	164,439,200	170,714,444
Less: Receipts	14,589,207	13,962,679
Net Appropriation	**149,849,993**	**156,751,765**
Department of Public Safety		
Requirements	931,448,939	932,942,136
Less: Receipts	245,702,873	237,764,523
Net Appropriation	**685,746,066**	**695,177,613**
Department of Adult Correction		
Requirements	2,032,822,259	2,070,615,156
Less: Receipts	36,165,743	24,612,230
Net Appropriation	**1,996,656,516**	**2,046,002,926**
Administrative Office of the Courts		
Requirements	763,146,146	785,128,108
Less: Receipts	12,441,730	6,210,166
Net Appropriation	**750,704,416**	**778,917,942**
Department of Justice		
Requirements	111,302,130	112,115,754
Less: Receipts	45,605,802	45,147,562
Net Appropriation	**65,696,328**	**66,968,192**
GENERAL GOVERNMENT		
Administration		
Requirements	78,838,024	80,145,616
Less: Receipts	12,893,084	12,636,055
Net Appropriation	**65,944,940**	**67,509,561**
Administrative Hearings		
Requirements	9,280,684	9,449,343
Less: Receipts	1,268,311	1,216,625
Net Appropriation	**8,012,373**	**8,232,718**
Auditor		
Requirements	25,780,581	26,171,092
Less: Receipts	7,029,524	6,899,163

Net Appropriation	**18,751,057**	**19,271,929**
Budget and Management		
Requirements	22,353,628	12,567,620
Less: Receipts	11,110,708	1,036,517
Net Appropriation	**11,242,920**	**11,531,103**
Budget and Management - Special Approp.		
Requirements	1,384,305,000	57,275,000
Less: Receipts	1,344,205,000	46,725,000
Net Appropriation	**40,100,000**	**10,550,000**
Controller		
Requirements	36,259,940	36,837,536
Less: Receipts	1,071,185	875,957
Net Appropriation	**35,188,755**	**35,961,579**
Elections		
Requirements	17,841,169	9,861,207
Less: Receipts	5,763,121	102,000
Net Appropriation	**12,078,048**	**9,759,207**
General Assembly		
Requirements	100,869,872	100,286,556
Less: Receipts	1,180,928	561,000
Net Appropriation	**99,688,944**	**99,725,556**
Governor		
Requirements	7,638,436	7,771,765
Less: Receipts	1,045,683	1,000,730
Net Appropriation	**6,592,753**	**6,771,035**
Housing Finance Agency		
Requirements	55,660,000	55,660,000
Less: Receipts	45,000,000	45,000,000
Net Appropriation	**10,660,000**	**10,660,000**
Human Resources		
Requirements	16,653,363	11,252,211
Less: Receipts	5,767,638	100,888
Net Appropriation	**10,885,725**	**11,151,323**
Industrial Commission		
Requirements	24,334,029	24,516,649
Less: Receipts	20,556,516	20,739,136
Net Appropriation	**3,777,513**	**3,777,513**
Insurance		
Requirements	57,332,708	58,428,398
Less: Receipts	5,493,452	5,140,347
Net Appropriation	**51,839,256**	**53,288,051**

Lieutenant Governor		
Requirements	1,322,435	1,343,471
Less: Receipts	9,756	0
Net Appropriation	**1,312,679**	**1,343,471**
Military and Veterans Affairs		
Requirements	14,131,285	11,642,217
Less: Receipts	54,662	0
Net Appropriation	**14,076,623**	**11,642,217**
Revenue		
Requirements	189,349,897	189,810,136
Less: Receipts	70,984,788	68,697,348
Net Appropriation	**118,365,109**	**121,112,788**
Secretary of State		
Requirements	19,301,082	19,574,159
Less: Receipts	457,008	330,036
Net Appropriation	**18,844,074**	**19,244,123**
Treasurer		
Requirements	74,082,340	74,099,682
Less: Receipts	73,873,266	73,890,608
Net Appropriation	**209,074**	**209,074**
Treasurer - Other Retirement Plans/Benefits		
Requirements	22,773,708	22,923,708
Less: Receipts	0	0
Net Appropriation	**22,773,708**	**22,923,708**
INFORMATION TECHNOLOGY		
Department of Information Technology		
Requirements	141,695,168	110,450,423
Less: Receipts	60,392,638	31,479,233
Net Appropriation	**81,302,530**	**78,971,190**
RESERVES AND LOTTERY		
General Fund Reserve		
Requirements	450,000	117,743,582
Less: Receipts	0	0
Net Appropriation	**450,000**	**117,743,582**
Total Requirements	**65,583,058,407**	**67,791,850,165**
Less: Total Receipts	**35,875,935,383**	**36,968,536,167**
Total Net Appropriation	**29,707,123,024**	**30,823,313,998**

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

GENERAL FUND AVAILABILITY

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

	FY 2023-2024	FY 2024-2025
Unappropriated Balance Remaining FY 2022-23	**818,331,123**	**1,564,437,931**
Actual/Anticipated Reversions	1,021,600,829	300,000,000
Actual FY 2022-23 Overcollections	3,025,504,013	-
S.L. 2023-11, 2022 Budget Technical Corrections	(26,207,523)	-
Tech. Adj., FY 2022-23 Unfunded Liability Solvency Reserve	10,000,000	-
Total, Prior Year-End Fund Balance	**4,849,228,442**	**1,864,437,931**
Revised Consensus Revenue Forecast		
Tax Revenue	32,115,800,000	32,395,200,000
Non-Tax Revenue	1,723,100,000	1,480,100,000
Total, Tax and Non-Tax Revenue	**33,838,900,000**	**33,875,300,000**
Revenue Adjustments		
Adjustments to Tax Revenue	(193,077,000)	(606,540,000)
Adjustments to Non-Tax Revenue	(3,379,984)	(1,931,189)
S.L. 2023-7, Access to Healthcare Options	79,775,000	67,674,000
S.L. 2023-42, Sport Wagering/Horse Racing Wagering	8,500,000	36,100,000
S.L. 2023-93, Treasury Administrative Changes Act	(5,056,718)	(5,056,718)
Total, Revenue Adjustments	**(113,238,702)**	**(509,753,907)**
Reservations of Revenue, Statutory* and Discretionary		
State Capital and Infrastructure Fund (SCIF)*	(1,412,592,500)	(1,461,333,238)
Additional Transfer to SCIF	(1,050,000,000)	(700,000,000)
Savings Reserve	-	(125,000,000)
Clean Water and Drinking Water Reserve	(1,000,000,000)	(1,000,000,000)
Regional Economic Development Reserve	(1,250,000,000)	-
Economic Development Project Reserve	(630,000,000)	(100,000,000)
Medicaid Contingency Reserve	(400,000,000)	(250,000,000)
Medicaid Transformation Reserve	(5,000,000)	-
State Emergency Response and Disaster Relief Fund	(75,000,000)	(75,000,000)
Information Technology Reserve	(450,000,000)	-
Federal Infrastructure Match Reserve	(50,000,000)	-
Housing Reserve	(45,000,000)	(45,000,000)
Retiree Supplement Reserve	(145,600,000)	-
Transportation Reserve	(450,000,000)	(100,000,000)
NCInnovation Reserve	(250,000,000)	(250,000,000)
Tech. Adj., Unfunded Liability Solvency Reserve	(10,000,000)	-
Total, All Reservations of Revenue	**(7,223,192,500)**	**(4,106,333,238)**
Revised Total General Fund Availability	**31,351,697,240**	**31,123,650,786**
General Fund Net Appropriations		
S.L. 2023-14, Care for Women, Children, and Families Act	(80,136,285)	(79,336,285)
H.B. 259, 2023 Appropriations Act	(29,707,123,024)	(30,823,313,998)

Total, General Fund Net Appropriations	**(29,787,259,309)**	**(30,902,650,283)**
Unappropriated Balance Remaining	**1,564,437,931**	**221,000,503**

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

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

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

	State Agency or Department	**2023-2024**	**2024-2025**
(1)	Department of Information Technology (Budget Code: 14660)	$43,546,653	$14,806,653
(2)	Department of Environmental Quality (Budget Code: 14300)	7,500,000	2,500,000
(3)	Department of Environmental Quality-Spec. Rev. (Budget Code: 24317)	5,510,000	5,510,000
(4)	General Assembly (Budget Code: 21000)	15,000,000	0
(5)	Department of Public Safety (Budget Code: 14550)	3,000,000	0
(6)	Department of Health and Human Services (Budget Code: 14440)	8,180,000	680,000
(7)	Department of Health and Human Services (Budget Code: 14410)	14,177,000	0
(8)	University of North Carolina – BOG Instit. Pgms. (Budget Code: 16011)	3,250,000	0
(9)	University of North Carolina – BOG Related Ed. Pgms. (Budget Code: 16012)	22,622,000	25,518,000
(10)	State Board of Elections (Budget Code: 18025)	5,600,000	0
(11)	Office of State Human Resources (Budget Code: 14111)	5,600,000	0
(12)	NC Community College System (Budget Code: 26802)	0	15,000,000
(13)	State Capital and Infrastructure Fund (Budget Code: 24001)	8,000,000	0
(14)	Revenue		

	(Budget Code: 14700)	1,650,000	0
(15)	Administrative Office of the Courts (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.

	State Agency or Department	**2023-2024**	**2024-2025**
(1)	Emergency Management (Budget Code: 24552)	$174,601,092	$0
(2)	Office of State Budget and Management – Special Appropriations (Budget Code: 13085)	22,255,000	0
(3)	DACS–Soil & Water Conservation (Budget Code: 23704)	20,000,000	0
(4)	Department of Insurance (Budget Code: 63903)	20,000,000	0
(5)	Department of Environmental Quality (Budget Code: 14300)	7,500,000	0
(6)	Department of Environmental Quality – Disaster (Budget Code: 24310)	10,493,953	987,906
(7)	Wildlife Resources Commission (Budget Code: 14350)	11,000,000	0
(8)	DEQ – Special Revenue (Budget Code: 24317)	10,000,000	10,000,000
(9)	UNC at Chapel Hill – Academic Affairs (Budget Code: 16020)	330,000	330,000
(10)	NC School of Science & Math (Budget Code: 16094)	264,000	0
(11)	North Carolina Central University (Budget Code: 16090)	50,000	0

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

SECTION 2.2.(g) Clean Water and Drinking Water Reserve. – The State Controller shall reserve to the Clean Water and Drinking Water Reserve established in Section 2.2(p) of S.L. 2022-74 from funds available in the General Fund the sum of one billion dollars ($1,000,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one billion

dollars ($1,000,000,000) in nonrecurring funds for the 2024-2025 fiscal year. The State Controller shall transfer to the Department of Environmental Quality the funds needed for clean water and drinking water projects in accordance with Section 12.2 of this act, and the funds transferred are appropriated for the fiscal year in which they are transferred.

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

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

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

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

(1) Two hundred fifty million dollars ($250,000,000) upon the Department certifying to the State Controller that NCInnovation has met the requirements

set out in Article 76B of Chapter 143 of the General Statutes, as enacted by Section 11.9 of this act.

(2) Two hundred fifty million dollars ($250,000,000) upon the later of July 1, 2024, or the Department certifying to the State Controller that NCInnovation has met the following requirements:

a. NCInnovation has established a network of regional innovation hubs with at least four regional innovation hubs.

b. NCInnovation has completed (i) research, technology, and innovation studies of the four regional innovation hubs to maximize local educational research efforts and the commercialization of those efforts to meet regional needs and (ii) a statewide strategic technology development plan.

c. NCInnovation has produced and provided to the Joint Legislative Commission on Governmental Operations detailed spending plans and performance management programs for awarding funds.

d. NCInnovation has received written commitments for private contributions totaling at least twenty-five million dollars ($25,000,000) to be received within four years of receipt of the endowment.

e. NCInnovation has reported, at least semiannually, to the Joint Legislative Commission on Governmental Operations on the progress of meeting the requirements of this subdivision.

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

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

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

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

State Agency or Department	**2023-2024**	**2024-2025**
(1) Office of State Budget and Management – Spec. Approp.		

	(Budget Code: 13085)	$1,245,350,000	$4,650,000

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

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

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

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

SECTION 2.2.(s) Golden LEAF. – G.S. 143C-9-3(a1) reads as rewritten:

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

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

section, the State Controller shall prioritize transfers to Reserves that support expenditures occurring in the 2023-2025 fiscal biennium.

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

PART III. HIGHWAY FUND AND HIGHWAY TRUST FUND

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

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

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

HIGHWAY FUND AVAILABILITY

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

	FY 2023-2024	**FY 2024-2025**
Beginning Balance	**$0**	**$0**
Consensus Revenue Forecast		
Motor Fuels Tax	1,805,200,000	1,827,700,000
Licenses and Fees	895,100,000	1,053,300,000
Short-Term Lease	116,700,000	121,500,000
Investment Income	40,700,000	35,700,000
Sales Tax Transfer	106,300,000	163,000,000
Adjustments to Availability		
Aviation Fuels Tax Changes	0	(11,100,000)
Sales Tax Changes	(100,000)	(300,000)
Title Fees – Transfer from Highway Trust Fund	1,500,000	1,954,000

Electric Vehicle Registration Fee Increase	500,000	2,000,000
Plug-In Hybrid Registration Fee	700,000	1,800,000
Total Highway Fund Availability	**$2,966,600,000**	**$3,195,554,000**

HIGHWAY TRUST FUND APPROPRIATIONS

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

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

HIGHWAY TRUST FUND AVAILABILITY

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

	FY 2023-2024	**FY 2024-2025**
Beginning Balance	**$0**	**$0**
Unspent Advance Acquisition Hardship Funds	109,834,972	0
Consensus Revenue Forecast		
Highway Use Tax	1,112,400,000	1,160,800,000
Motor Fuels Tax	598,900,000	602,500,000
Fees	142,100,000	170,900,000
Investment Income	28,900,000	25,300,000
Sales Tax Transfer	318,800,000	489,200,000
Adjustments to Availability		
Sales Tax Changes	(400,000)	(1,000,000)
Title Fees – Transfer to Highway Fund	(1,500,0000)	(1,954,000)
Total Highway Trust Fund Availability	**$2,309,034,972**	**$2,445,746,000**

PART IV. OTHER AVAILABILITY AND APPROPRIATIONS

OTHER APPROPRIATIONS

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

(1) All budget codes listed in the Governor's Recommended Base Budget for the 2023-2025 fiscal biennium, submitted pursuant to G.S. 143C-3-5, are appropriated up to the amounts specified, as adjusted by the General Assembly in this act and as delineated in the Committee Report described in Section 43.2 of this act, or in another act of the General Assembly.

(2) Agency receipts up to the amounts needed to implement the legislatively mandated salary increases and employee benefit increases provided in this act for each year of the 2023-2025 fiscal biennium.

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

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

OTHER RECEIPTS FROM PENDING AWARD GRANTS

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

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

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

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

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

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

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

	FY 2023-2024	**FY 2024-2025**
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
TOTAL ALLOCATION	**$931,000,000**	**$935,000,000**

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**
$0	$2 billion	0%
$2 billion	$10 billion	5%
$10 billion	$20 billion	15%
$20 billion	$30 billion	25%
$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~~ forty-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.

(5) A provision requiring repayment in full of awarded grant funds in the event the grant recipient declines the grant award or the grant is forfeited.

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

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

(1) Project construction is not initiated on time.

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

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

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

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

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

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

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

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

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

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

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

"**§ 115C-546.14. Reporting.**

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

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

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

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

(3) Projections for local school administrative unit capital needs for the next 30 years based upon present conditions and estimated demographic changes.

(4) Any legislative recommendations for improving the Needs-Based Public School Capital Fund program."

SECTION 4.3.(c) The Department of Public Instruction may award additional grant funds for new construction, up to the maximum amounts provided in subsection (a) of this section, to a county that received an award for new construction under G.S. 115C-546.11(c) during the 2022-2023 fiscal year, provided that the county has not yet begun construction on the project. A county seeking additional funding pursuant to this subsection shall request additional

funds from the Department in an amount not exceeding twelve million dollars ($12,000,000) by June 30, 2024, and shall provide actual bids or other documentation of cost increases satisfactory to the Department based upon the original project scope outlined in the grant agreement to support the requested additional funding. The additional grant awards provided pursuant to this subsection shall be subject to the same local matching requirement applicable when the previous grant was awarded. The Department may amend any existing agreements entered into with grant recipients from the initial grant award to accommodate the increased grant funding provided in this subsection. The Department may award additional grant funds under this subsection outside of the regular application process and time line; provided, however, all additional grant funds shall be awarded no later than June 30, 2025.

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

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

LIMIT ONLINE LOTTERY GAMES

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

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

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

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

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

CIVIL PENALTY AND FORFEITURE FUND

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

	FY 2023-2024	**FY 2024-2025**
School Technology Fund	$18,000,000	$18,000,000
Drivers Education	31,493,768	31,493,768

State Public School Fund	226,041,640	166,041,640
Total Appropriation	**$275,535,408**	**$215,535,408**

CORONAVIRUS CAPITAL PROJECTS FUND RESERVE TRANSFER ADJUSTMENT

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

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

GENERAL PROVISIONS FOR AMERICAN RESCUE PLAN ACT OF 2021 FUNDING

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

(1) American Rescue Plan Act or ARPA. – The American Rescue Plan Act of 2021, as defined in S.L. 2021-25.

(2) ARPA Temporary Savings Fund. – As established in Section 1.3 of S.L. 2023-7.

(3) State Fiscal Recovery Fund. – As established in Section 2.2 of S.L. 2021-25.

(4) State Fiscal Recovery Reserve. – As established in Section 2.1 of S.L. 2021-25.

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

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

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

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

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

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

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

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

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

TRANSFER OF STATE FISCAL RECOVERY FUNDS FROM STATE FISCAL RECOVERY RESERVE

SECTION 4.8. The State Controller shall transfer the sum of twenty million one hundred two thousand two hundred fifty-three dollars ($20,102,253) for the 2023-2024 fiscal year and ten million three hundred ninety-seven thousand seven hundred forty-seven dollars ($10,397,747) for the 2024-2025 fiscal year from the State Fiscal Recovery Reserve to the State Fiscal Recovery Fund and shall transfer funds from the State Fiscal Recovery Fund to State 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

TRANSFER OF INTEREST EARNED FROM STATE FISCAL RECOVERY RESERVE

SECTION 4.8A.(a) The State Controller shall transfer interest earned from State Fiscal Recovery Funds in the State Fiscal Recovery Reserve to State 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)	$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

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

(12) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, (Budget Code 14460) for State Facility Workforce Investment.

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

(14) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Rates for Skilled Nursing Facilities.

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

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

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

SECTION 4.9.(d) Priority of Disbursement of Funds in the 2024-2025 Fiscal Year. – For the 2024-2025 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) East Carolina University – Health Affairs (Budget Code 16066) for ECU Primary Care Programs Expansion.
(2) The Department of Public Instruction (Budget Code 13510) for Health Career Promotion.
(3) UNC BOG – Institutional Programs (Budget Code 16011) for Rural Residency Medical Education and Training Fund.
(4) The Department of Health and Human Services, Division of Health Benefits, (Budget Code 14445) for Federally Qualified Health Centers and Rural Health Clinics.
(5) UNC BOG – Related Education Programs (Budget Code 16012) for Primary Care Providers and Psychiatrists Forgivable Loan Program.
(6) UNC at Pembroke (Budget Code 16082) for UNCP Health Sciences.
(7) NC Community College System (Budget Code 16800) for Nursing and Health-Related Workforce Programs Start-up Funds.
(8) The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, (Budget Code 14460) for State Facility Workforce Investment.
(9) The Department of Health and Human Services, Central Management and Support, Office of Rural Health (Budget Code 14410) for Incentives for Health Providers in Rural and Underserved Areas.
(10) In order of least to most, all remaining allocations that are not allocations made through funds appropriated to the State Capital and Infrastructure Fund.
(11) In order of least to most, allocations made through funds appropriated to the State Capital and Infrastructure Fund.

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

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

(1) Up to five percent (5%) of the amount of funds allocated specifically to that designated purpose.
(2) One million dollars ($1,000,000).

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

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

STATEWIDE MENTAL HEALTH LEGISLATIVE BUDGET PRIORITIES

SECTION 4.9C. The General Assembly finds that prioritizing mental healthcare in this State offers significant benefits to North Carolina's citizens of all ages and has positive impacts on a multitude of factors impacting those citizens, including overall health and well-being, education, business, workforce development, and the justice system. The General Assembly supports the comprehensive plan to strengthen North Carolina's mental health and substance use disorder treatment system developed by the Department of Health and Human Services and is providing funding for initiatives contained within that plan. Further demonstrating a commitment to mental healthcare in this State, the General Assembly is also providing funding for additional mental and behavioral healthcare facilities, projects, programs, and services that will impact a diverse array of State departments and agencies, as well as local entities and enterprises in this State, thereby benefitting citizens statewide.

TRANSFORMATIONAL INVESTMENTS IN NORTH CAROLINA HEALTH

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

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

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

"Article 38.

"University of North Carolina Health Care System.

"Part 1. Health Care System.

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

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

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

(1) Five ex officio members as follows:

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

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

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

d. Two individuals designated by the Chief Executive Officer who meet the following criteria:
    1. Both designees must be members of the executive staff of the University of North Carolina Health Care System.
    2. At least one of the two designees must be a permanent member of the faculty of the School of Medicine of the University of North Carolina at Chapel Hill.
    3. One of the designees must have primary responsibility for hospital leadership.
    4. One of the designees must have primary responsibility for physician leadership.

(2) Eight members at large shall be appointed by the General Assembly as follows:
    a. One member shall be appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives annually.
    b. One member shall be appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate annually.

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

(4) All at-large positions shall serve four-year terms beginning November 1 of the year of appointment. At-large positions shall be filled by the appointment of persons from the business and professional public at large who have special competence in business management, hospital administration, health care delivery, or medical practice or who otherwise have demonstrated dedication to the improvement of health care in North Carolina. At-large positions shall not be filled by any of the following:
    a. Members of the Board of Governors.
    b. Members of the board of trustees of a constituent institution of The University of North Carolina.
    c. Officers or employees of the State.
    d. Individuals required by Chapter 120C of the General Statutes to register as lobbyists on or during any of the following:
        1. The two years immediately preceding the effective date of appointment.
        2. The effective date of the appointment.
        3. At any point during the term of appointment.

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

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

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

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

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

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

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

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

(1) All members of the Board of Directors shall be considered fiduciaries of the University of North Carolina Health Care System and shall be responsible for the following:
   a. Discharging their duties to the System with care, skill, prudence, and diligence.
   b. Acting in good faith and in the best interests of the System.
   c. Conducting themselves, at all times, in furtherance of the System's organizational goals and not the member's personal or business interests.
   d. Providing oversight to ensure that the System's resources are dedicated to the fulfillment of its mission.
   e. Becoming knowledgeable about issues that affect the System.

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

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

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

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

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

(c) General Powers and Duties. – The Board is authorized to exercise such authority and responsibility and adopt such policies, rules, and regulations as it deems necessary or convenient,

not inconsistent with the provisions of this Article, to carry out the patient care, education, research, and public service mission of the System, including, but not limited to, authority to do the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**§ 116-350.30. Personnel.**

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

State Teachers' and State Employees' Retirement System if the employee was enrolled in the Retirement System immediately prior to January 1, 2024, and maintains State employee status.

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

"**§ 116-350.35. Finances.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**§ 116-350.45. Purchases.**

Notwithstanding the provisions of Articles 3, 3A, and 3C of Chapter 143 of the General Statutes and G.S. 143-341(8)(i) of the General Statutes, the Board shall establish policies and

regulations governing the purchasing requirements of the System. These policies and regulations shall provide for requests for proposals, competitive bidding or purchasing by means other than competitive bidding, contract negotiations, and contract awards for purchasing supplies, materials, equipment, and services which are necessary and appropriate to fulfill the clinical, educational, research, and community service missions of the System.

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

"**§ 116-350.50. Real property.**

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

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

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

"**§ 116-350.55. Bonds and notes.**

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

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

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

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

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

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

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

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

"**§ 116-350.65. Public records.**

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

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

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

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

"Part 2. Liability Insurance or Self-Insurance.

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

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

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

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

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

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

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

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

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

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

(a) If the Board elects to establish a self-insurance trust fund, the initial contribution to the fund shall be determined by an independent actuary but shall be no less than three hundred thousand dollars ($300,000). Annual contributions to said fund shall be made in an amount to be

determined each year by the UNC Health Liability Insurance Trust Fund Council upon the advice of an independent actuary and shall include amounts necessary to pay all costs of administration of the self-insurance program and claims adjustment, including litigation in addition to amounts necessary to pay claims. Contributions shall be no less than one hundred fifty percent (150%) of the amounts actually paid each year on medical malpractice claims until such time as the UNC Health Liability Insurance Trust Fund Council, with the advice of an independent actuary and the approval of the Board, determines that an annual contribution in a lesser amount will not impair the adequacy of the fund to satisfy existing and potential health care malpractice claims for a period of one year.

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

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

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

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

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

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

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

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

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

"**§ 116-350.130. Further action.**

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

"**§ 116-350.135. Appropriation.**

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

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

"Article 39.

"East Carolina University Health Care Operations.

"**§ 116-360.5. Definitions.**

The following definitions apply in this Article:

(1) Board of Trustees. – The Board of Trustees of East Carolina University.

(2) Career State employee status. – As defined in G.S. 126-1.1.

(3) Chancellor. – The Chancellor of East Carolina University.

(4) ECU Dental School Clinical Operations. – A division of the School of Dental Medicine at East Carolina University that operates clinical programs and facilities in Greenville, North Carolina, and across the State for the purpose of providing medical care to the general public and training dentists and other health care professionals.

(5) Medical Faculty Practice Plan. – A division of the School of Medicine of East Carolina University that operates clinical programs and facilities for the purpose of providing medical care to the general public and training physicians and other health care professionals.

(6) President. – The President of The University of North Carolina.

(7) School of Medicine. – The Brody School of Medicine of East Carolina University.

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

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

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

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

(a) Employment Authority. – East Carolina University School of Medicine may employ a workforce to conduct its operations of the Medical Faculty Practice Plan and the ECU Dental School Clinical Operations. Employees who are employed directly by Medical Faculty Practice Plan and the ECU Dental School Clinical Operations, and not by an affiliated hospital or health system, are State employees whose terms and conditions of employment, including benefit plans and programs, are determined by the Chancellor, subject to the direction of the President. Only Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the State Human Resources Act, apply to these State employees. Subject to the approval of the President, the Chancellor may authorize East Carolina University to employ the faculty and staff of the School of Medicine and other health affairs schools and components of East Carolina University, subject to the provisions of this section. All employees who are faculty members shall remain subject to the faculty policies of East Carolina University, as established or adopted pursuant to delegation from the

Board of Governors of The University of North Carolina. A State employee employed by East Carolina University as part of the Medical Faculty Practice Plan or ECU Dental School Clinical Operations prior to January 1, 2024, has the right to (i) continued State employment if the employee remains in the employee's current role or position, unless terminated in accordance with the terms of employment that existed immediately prior to January 1, 2024, subject to all relevant provisions of State and federal law and (ii) continued participation in the State Teachers' and State Employees' Retirement System if the employee was enrolled in the Retirement System immediately prior to January 1, 2024, and maintains State employee status.

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

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

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

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

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

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

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

"**§ 116-360.20. Finances.**

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

goals of the Medical Faculty Practice Plan and School of Medicine as determined or approved by the Chancellor.

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

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

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

"**§ 116-360.25. Purchases.**

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

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

"**§ 116-360.30. Public records.**

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

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

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

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

"**§ 116-360.35. Real property.**

(a) Acquisition and Disposition. – The Chancellor of East Carolina University shall establish rules and regulations for acquiring or disposing of any interest in real property for the use of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School

Clinical Operations. These rules and regulations shall include provisions for development of specifications, advertisement, and negotiations with owners for acquisition of an interest in real property by purchase, gift, lease, or rental, but not by condemnation or exercise of eminent domain, on behalf of the School of Medicine, the Medical Faculty Practice Plan, and ECU Dental School Clinical Operations. Acquisitions and dispositions of interests in real property pursuant to this section shall not be subject to State laws applicable to the acquisition or disposition of interest in real property by or on behalf of State agencies, including, without limitation, the provisions of Article 36 of Chapter 143 of the General Statutes or the provisions of Chapter 146 of the General Statutes.

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

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

CONFORMING AND OTHER CHANGES

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

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

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

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

…

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

…

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

e1. The University of North Carolina Health Care System.

…."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

…."

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

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

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

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

…

~~(8a)~~(b) Notwithstanding the provisions of ~~paragraphs c and d~~ sub-subdivsions c. and d. of subdivision (8) of this section to the contrary, a beneficiary who was a beneficiary retired on an early or service retirement with the Law Enforcement Officers' Retirement System at the time of the transfer of law enforcement officers employed by the State and beneficiaries last employed by the State to this Retirement System on January 1, 1985, and who also was a contributing member of this Retirement System on January 1, 1985, shall continue to be paid his or her

retirement allowance without restriction and may continue as a member of this Retirement System with all the rights and privileges appendant to membership.

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

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

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

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

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

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

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

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

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

(2) The President and employees of The University of North Carolina who are appointed by the Board of Governors on recommendation of the President pursuant to G.S. 116-11(4), 116-11(5), and 116-14 or who are appointed by the Board of Trustees of a constituent institution of The University of North

Carolina upon the recommendation of the Chancellor pursuant to ~~G.S. 116-40.22(b);~~G.S. 116-40.22(b).

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

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

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

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

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

(1) Those participating in the Optional Retirement Program immediately prior to July 1, 1985, under the provisions of Chapter 338, Session Laws of 1971, are deemed automatically enrolled in the Program as established by this section.

(2) Eligible ~~employees~~ University personnel initially appointed on or after July 1, 1985, shall at the same time of entering upon eligible employment elect (i) to join the Retirement System in accordance with the provisions of law applicable thereto or (ii) to participate in the Optional Retirement Program. This election shall be in writing and filed with the Retirement System and with the employing institution and shall be effective ~~as of~~ on the date of entry into eligible service. For purposes of this provision, the Optional Retirement Program shall be permitted to file individual election forms with the Retirement System using electronic transmission.

(3) ~~An~~ Except as provided under G.S. 135-5.6 and G.S. 135-5.7, an election to participate in the Optional Retirement Program shall be irrevocable. An eligible employee failing to elect to participate in the Optional Retirement Program at the time of entry into eligible service shall automatically be enrolled as a member of the Retirement System.

…

(c) Each employing institution shall contribute on behalf of each participant in the Optional Retirement Program an amount equal to a percentage of the participant's compensation as established from time to time by the General Assembly. Each participant shall contribute the amount which he or she would be required to contribute if a member of the Retirement System. Contributions authorized or required by the provisions of this subsection on behalf of each participant shall be made, consistent with Section 414(h) of the Internal Revenue Code, by salary reduction according to rules and regulations established by The University of North Carolina. Additional personal contributions may also be made by a participant by payroll deduction or salary reduction to an annuity or retirement income plan established pursuant to G.S. 116-17. Payment of contributions shall be made by the employing institution to the designated company

or companies underwriting the annuities or the trustees for the benefit of each participant, and this employer contribution shall not be subject to any State tax if made under the Optional Retirement Program or, otherwise, by salary reduction.

…

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

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

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

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

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

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

(1) Membership in the Optional Retirement System.

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

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

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

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

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

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

(b) All employees of the Medical Faculty Practice Plan and the ECU Dental School Clinical Operations who are (i) employed before January 1, 2024, and (ii) are members of either the Retirement System or the Optional Retirement Program before January 1, 2024, shall retain membership in that Retirement System or that Optional Retirement Program unless the member

makes a one-time, irrevocable election to cease membership in the Retirement System or the Optional Retirement Program in favor of a similar benefit offered by the East Carolina University School of Medicine, the Medical Faculty Practice Plan, or the ECU Dental School Clinical Operations pursuant to G.S. 116-360.15.

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

(1) Membership in the Optional Retirement System.

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

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

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

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

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

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

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

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

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

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

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

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

This subdivision shall not apply to employees enrolled in a comprehensive health benefit plan offered by East Carolina University pursuant to

G.S. 116-360.15 or the University of North Carolina Health Care System pursuant to G.S. 116-350.30.

…."

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

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

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

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

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

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

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

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

"**§ 143-596. Definitions.**

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

…

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

…

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

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

"**§ 143C-1-3. Fund types.**

…

(c) Notwithstanding subsections (a) and (b) of this section, funds established for The University of North Carolina and its constituent institutions pursuant to the following statutes are exempt from Chapter 143C of the General Statutes and shall be accounted for as provided by those statutes, except that the provisions of Article 8 of Chapter 143C of the General Statutes 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,~~ 116-44.4, 116-68, 116-220, 116-235.

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

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

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

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

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

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

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

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

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

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

APPROPRIATIONS AND REPORTING REQUIREMENTS FOR THE NC CARE INITIATIVE

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

(1) North Carolina's rural population is among the largest in the United States and is in need of dedicated effort and investment to help improve health outcomes in many of the State's rural communities.

(2) The East Carolina University Brody School of Medicine, the University of North Carolina School of Medicine, University Health Systems of Eastern Carolina, Inc., a nonprofit corporation doing business as ECU Health (ECU Health), and the University of North Carolina Health Care System are dedicated to extending and improving health care services and health provider education for the benefit of North Carolina citizens and communities; delivering care close to where citizens live and work; and transforming rural health care for the benefit of North Carolina.

SECTION 4.10.(aa) It is the intent of the General Assembly that ECU Health, UNC Health Care System, and their affiliated schools of medicine (East Carolina University Brody School of Medicine and the University of North Carolina School of Medicine) will collaborate to establish a new initiative to be known as NC Care. The purpose of the NC Care initiative is to

improve access to high quality health care for citizens and communities located in rural areas of North Carolina by establishing outcome driven regional systems of care, beginning in eastern North Carolina. To that end, of the funds authorized in this act or appropriated in this act to the Board of Governors of The University of North Carolina over the 2023-2025 fiscal biennium, a total of four hundred twenty million dollars ($420,000,000) is provided for investment in the NC Care initiative as follows:

(1) The sum of ten million dollars ($10,000,000) for Clinically Integrated Network.

(2) The sum of two hundred ten million dollars ($210,000,000) for three health clinics, of which the sum of one hundred five million dollars ($105,000,000) has been appropriated.

(3) The sum of one hundred fifty million dollars ($150,000,000) for hospital investment.

(4) The sum of fifty million dollars ($50,000,000) for a regional behavioral health hospital.

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

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

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

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

(1) Progress on the development and implementation of the NC Care initiative.

(2) Plans developed through the NC Care initiative for the establishment of new regional systems of care, new rural care centers, or both. The report shall include the location and projected cost of any new regional systems of care, new rural care centers, or both; and the location and projected cost for each.

(3) Plans developed through the NC Care initiative for investments in strengthening and providing operational support for community hospitals affiliated with the University of North Carolina Health Care System and ECU Health. The report shall include the amount of funds appropriated by this act that are used for these purposes, broken down by hospital name, hospital location, and the purpose of the investment; and information about how these community hospitals will be integrated into the new regional systems of care developed through the NC Care initiative.

(4) The implementation status of the UNC Health and ECU Health Clinically Integrated Network funded by this act.

(5) Progress on capital projects and grant projects funded by the State Capital Infrastructure Fund pursuant to Section 40.1 of this act.

(6) Any other information the University of North Carolina Health Care System and ECU Health deem necessary for the General Assembly to evaluate the effectiveness of the NC Care initiative.

EFFECTIVE DATE OF SECTION

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

PART V. GENERAL PROVISIONS

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

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

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

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

UNEXPENDED DIRECTED GRANTS APPROPRIATED IN 2021-2022

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

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

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

ESTABLISHING OR INCREASING FEES

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

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

DIRECTED GRANTS TO NON-STATE ENTITIES

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

(1) Directed grant. – Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly.

(2) Non-State entity. – As defined in G.S. 143C-1-1.

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

(1) Directed grants are subject to the provisions of subsections (b) through (k), except for subdivision (1) of (f1), of G.S. 143C-6-23.

(2) Directed grants of one hundred thousand dollars ($100,000) or less may be made in a single annual payment in the discretion of the Director of the Budget. Directed grants of more than one hundred thousand dollars ($100,000) shall be made in quarterly or monthly payments in the discretion of the Director of the Budget. A State agency administering a directed grant shall begin disbursement of funds to a non-State entity that meets all applicable requirements as soon as practicable, but no later than 100 days after the date this act becomes law. Full disbursement of funds to a non-State entity that meets all applicable requirements shall be completed no later than nine months after the date this act becomes law.

(3) Beginning on the first day of a quarter following the deadline provided in subdivision (2) of this subsection and quarterly thereafter, State agencies administering directed grants shall report to the Fiscal Research Division on the status of funds disbursed for each directed grant until all funds are fully disbursed. At a minimum, the report required under this subdivision shall include updates on (i) the date of the initial contact, (ii) the date the contract was sent to the entity receiving the funds, (iii) the date the disbursing agency received the fully executed contract back from the entity, (iv) the contract execution date, and (v) the payment date.

(4) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, nonrecurring funds appropriated in this act for the 2023-2024 fiscal year as directed grants shall not revert until two years after this act becomes law, and nonrecurring funds appropriated in this act for the 2024-2025 fiscal year as directed grants shall not revert until June 30, 2026.

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

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

CAP STATE-FUNDED PORTION OF NONPROFIT SALARIES

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

RECOMMENDATION ON PEN-AND-INK SIGNATURES

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

DISASTER RELIEF AND RECOVERY/MITIGATION/RESILIENCY

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

(1) Forty-four million three hundred forty-six thousand two hundred forty-nine dollars ($44,346,249) for the Department of Agriculture and Consumer Services:

a. Section 4.1(10) of S.L. 2016-124.

b. Funds remaining in Item 23 of the Committee Report referenced in Section 6.1 of S.L. 2018-136.

c. Section 1.3(3) of S.L. 2018-138.

d. Section 5.9A(c)(2) of S.L. 2021-180.

(2) Three million three hundred ninety-nine thousand four dollars ($3,399,004) for the North Carolina Community College System:
   a. Section 5.3(f) of S.L. 2018-136.
   b. Funds remaining in Items 8, 9, and 10 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.
   c. Section 2.1(1) of S.L. 2019-224.

(3) Two million two hundred forty-nine thousand two hundred forty-five dollars ($2,249,245) for the Department of Health and Human Services from funds remaining in Items 16 and 17 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(4) One million nine hundred eighty-four thousand four hundred ninety-nine dollars ($1,984,499) for The University of North Carolina System from funds remaining in Item 7 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(5) Six hundred seventy-three thousand six hundred thirteen dollars ($673,613) for the Department of Insurance from funds remaining in Item 26 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.

(6) One hundred twenty-seven thousand six hundred thirty-four dollars ($127,634) for the Department of Environmental Quality:
   a. Section 7 of S.L. 2005-1.
   b. Funds remaining in Item 19 of the Committee Report as referenced in Section 6.1 of S.L. 2018-136.
   c. Section 1.3(5) of S.L. 2018-138.

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

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

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

…

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

…."

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

SECTION 5.6.(d) Stoney Creek Allocation Transfer. – The State Controller shall transfer the allocation of five million dollars ($5,000,000) under Section 5.9(a)(23) of S.L. 2021-180 for Stoney Creek acquisitions from the North Carolina Office of Recovery and

Resiliency to the Department of Environmental Quality to expand the Stoney Creek pilot project effort authorized in Section 5.9(a)(9) of S.L. 2021-180.

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

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

(1) Thirty million seventy thousand two hundred fifty dollars ($30,070,250) to the Department of Public Safety, Division of Emergency Management, for long-term recovery and mitigation grants. The Division of Emergency Management shall combine the Disaster Relief and Mitigation Fund established in subsection 5.9(f) of S.L. 2021-180 and the Transportation Infrastructure Resiliency Fund established in subsection 5.9(g) of S.L. 2021-180 and use the remaining unencumbered balances of both funds as well as the funds allocated by this subdivision to provide disaster mitigation grants and local matching grants to State agencies, units of local government, nonprofit organizations, and public authorities, as defined in G.S. 159-7. These funds shall be used for (i) the purposes set forth in subsections 5.9(f) and 5.9(h) of S.L. 2021-180 and (ii) local matching grants to draw down federal funds for mitigation projects. At least five million dollars ($5,000,000) of the funds allocated in this subdivision shall be used for transportation resiliency projects.

(2) Twenty million dollars ($20,000,000) to the Department of Insurance for the State Property Fire Insurance Fund to help cover the budget gap from increases in expenditures related to recent natural disasters.

(3) Twenty million dollars ($20,000,000) to the Department of Agriculture and Consumer Services to be used for the Streamflow Rehabilitation Assistance Program for purposes consistent with Article 6 of Chapter 139 of the General Statutes.

(4) Twenty million dollars ($20,000,000) to the Department of Environmental Quality for the Coastal Storm Damage Mitigation Fund. These funds shall be allocated in equal amounts each year of the 2023-2025 fiscal biennium and used for the purposes set forth in G.S. 143-215.73M.

(5) Ten million dollars ($10,000,000) to the Department of Environmental Quality, Division of Coastal Management, for the Resilient Coastal Communities Program to provide funding for the implementation or construction of planned, prioritized, and engineered resilience projects in the 20 coastal counties of the State. These counties are listed in G.S. 113A-103(2).

(6) Ten million dollars ($10,000,000) to the Wildlife Resources Commission for the Lake Mattamuskeet outfall canal.

(7) Five million dollars ($5,000,000) to the Department of Public Safety, Division of Emergency Management, for the Local Disaster Shelter Capacity Grant Program in accordance with subsection (g) of this section.

(8) Five million dollars ($5,000,000) to the Department of Public Safety, Division of Emergency Management, to conduct flood studies, risk assessment, and building mitigation strategies through the State Floodplain Mapping Program. Funds will be prioritized to map non-encroachment areas of the State and to

provide for information sharing through the State's Flood Risk Information System.

(9) Three million three hundred twenty-seven thousand five hundred dollars ($3,327,500) to the Department of Public Safety, Division of Emergency Management, for detailed mapping and risk impact studies for 250 existing flood gauges to provide baseline information on those gauges for use in the Division's Flood Inundation Mapping and Alert Network.

(10) One million four hundred eighty-one thousand eight hundred fifty-nine dollars ($1,481,859) to the Department of Environmental Quality to provide funding for six time-limited positions beginning on January 1, 2024, to continue implementation of the Flood Resiliency Blueprint described in Section 5.9(c) of S.L. 2021-180, as amended. Four hundred ninety-three thousand nine hundred fifty-three dollars ($493,953) of these funds are allocated for the 2023-2024 fiscal year, and the remaining funds for the 2024-2025 fiscal year. Notwithstanding any provision of law to the contrary, the Office of State Human Resources shall allow the Department to post these positions up to 180 days prior to their starting date.

(11) One million dollars ($1,000,000) to the Wildlife Resources Commission to provide a grant to the Nature Conservancy, a nonprofit corporation, for a pilot project to protect and restore critically important peatlands in eastern North Carolina for the purpose of increasing community flood resilience, improving water quality and wildlife habitat, and reducing wildfire risk.

(12) Three hundred forty thousand dollars ($340,000) to the North Carolina Collaboratory at the University of North Carolina at Chapel Hill (Collaboratory) for the FerryMon program. These funds will be allocated in equal amounts to each year of the 2023-2025 fiscal biennium.

(13) Three hundred twenty thousand dollars ($320,000) to the Collaboratory for the ModMon program. These funds will be allocated in equal amounts to each year of the 2023-2025 fiscal biennium.

(14) Two hundred sixty-four thousand dollars ($264,000) to The University of North Carolina Board of Governors for North Carolina School of Science and Math storm damage.

(15) Fifty thousand dollars ($50,000) to The University of North Carolina Board of Governors for North Carolina Central University storm damage funding.

(16) Twenty-two million two hundred fifty-five thousand dollars ($22,255,000) to the Office of State Budget and Management to provide directed grants to the following entities for the following purposes:

a. Seven million dollars ($7,000,000) to Pilot View Resource Conservation and Development, Inc., a nonprofit corporation, for stormwater and stream rehabilitation.

b. Five million dollars ($5,000,000) to Baptists on Mission, a nonprofit corporation, to respond to natural disasters. These funds shall be expended only for natural disaster response in this State. The recipient of these funds shall report to the chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division on the expenditure of these funds annually beginning on October 1, 2024, until October 1, 2028, or until the entirety of the funds are expended, whichever is earlier.

c. Three million dollars ($3,000,000) to Blue Ridge Resource Conservation and Development Council, a nonprofit corporation, for stormwater and stream rehabilitation.

d. Two million dollars ($2,000,000) to the North Carolina Insurance Underwriting Association for the Coastal Resilient Roof Grant Pilot Program, consistent with the purposes set forth in Section 5.9(i) of S.L. 2021-180.

e. One million five hundred thousand dollars ($1,500,000) to Southwestern North Carolina Resource Conservation and Development Council, Inc., a nonprofit corporation, for dam removal and stream restoration.

f. One million dollars ($1,000,000) to North Carolina Resource Conservation and Development Association for flood mitigation projects.

g. One million dollars ($1,000,000) to Montreat Conference Center Development Foundation, Inc., a nonprofit corporation, for Lake Susan dredging and flood control.

h. One million dollars ($1,000,000) to The Methodist University, Inc., for resilience.

i. Seven hundred fifty-five thousand dollars ($755,000) to United Way of Coastal Carolina, Inc., a nonprofit corporation, to support the Pamlico County Disaster Recovery Coalition.

(17) Seven million five hundred thousand dollars ($7,500,000) to the Department of Environmental Quality to provide directed grants to North Carolina Coastal Federation, Inc. (Federation), a nonprofit corporation, for the following purposes:

a. Five million dollars ($5,000,000) for the Stormwater Retrofit Pilot Cost-Share Program, in accordance with subsection (h) of this section.

b. Two million dollars ($2,000,000) to provide up to a fifty percent (50%) match for federal, State, or private funds for living shoreline projects in coastal counties. Private residents applying for funds for these purposes shall demonstrate a public purpose and benefit for the requested project prior to the Federation committing the funds.

c. Five hundred thousand dollars ($500,000) for (i) the Federation's Lost Fishery Gear Recovery Program, which employs coastal fishermen and other private partners to remove debris from coastal waters, and (ii) the investigation, removal, and disposal of abandoned and derelict vessels in public trust waters of the State located in coastal counties. For purposes of this sub-subdivision, the phrase "abandoned and derelict vessel" has the meaning set forth in subdivision 2.1(10) of S.L. 2019-224, as rewritten by Section 4 of S.L. 2020-74. The Federation may use these funds to contract with any federal or State agency or unit of local government or to match federal grant funds.

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

performance of the deployed system and lessons learned for broader deployment of the system in other parts of the State to the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division.

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

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

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

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

SECTION 5.6.(j) Allocation Reporting Requirements. – The Office of State Budget and Management shall report to the chairs of the House and Senate Appropriations Committees and to the Fiscal Research Division of the General Assembly on the implementation of this section on a quarterly basis and shall also provide any additional reports or information requested by the Fiscal Research Division. Each report required by this section shall include information about all funds expended or encumbered pursuant to this section as of the date of the report, regardless of which State agency, federal agency, or non-State entity administers the funds. Non-State entities that administer or receive any funds appropriated in this section shall assist

and fully cooperate with the Office of State Budget and Management in meeting the Office's obligations under this section.

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

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

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

STATE BUDGET ACT/FUNDS CARRYFORWARD

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

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

…

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

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

…

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

…

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

…."

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

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

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

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

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

MEDICAL FREEDOM/COVID-19 VACCINATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. The Department or any of its divisions.

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

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

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

a. The Secretary or a designee.
b. The State Health Director or a designee.
c. The head of any State or local public health agency or a designee.

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

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

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

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

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

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

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

(1) Applicant for employment. – Any person who seeks to be permitted, required, or directed by a county or any person employed by a county to engage in employment in consideration of direct or indirect gain or profit.

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

(3) Employee. – As defined in G.S. 153A-99(b)(1).

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

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

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

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

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

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

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

(1) Applicant for employment. – Any person who seeks to be permitted, required, or directed by a city or any person employed by a city to engage in employment in consideration of direct or indirect gain or profit.

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

(3) Employee. – As defined in G.S. 160A-169(b)(1).

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

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

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

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

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

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

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

…

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

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

PREEMPTION OF CERTAIN LOCAL GOVERNMENT ACTIONS

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

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

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

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

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

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

(1) A local government regulating, compensating, or controlling its own employees.
(2) Economic development incentives awarded under Chapter 143B of the General Statutes.
(3) Economic development incentives awarded under Article 1 of Chapter 158 of the General Statutes.
(4) A requirement of federal community development block grants.
(5) Programs established under G.S. 160D-1311."

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

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

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

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

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

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

(a) Except as provided under subsection (b) of this section, no county may adopt an ordinance, resolution, regulation, or rule to:
(1) Restrict, tax, charge a fee, prohibit, or otherwise regulate the use, disposition, or sale of an auxiliary container.
(2) Regulate the use of shopping carts, including the imposition of a fee or fine on a business for failure to take possession of a shopping cart that was removed from the premises of the business.

(b) A county is authorized to:
(1) Operate a recycling program, a composting program, and a solid waste disposal program as authorized by law.
(2) Regulate the use of auxiliary containers on property owned or maintained by the county.

(c) The following definitions shall apply in this section:
(1) Auxiliary container. – A bag, cup, package, container, bottle, device, or other packaging made of cloth, paper, plastic, foamed plastic, fiber, expanded plastic, cardboard, corrugated material, aluminum, glass, post-consumer recycled material, or similar coated or laminated material that is designed for the consumption, transportation, or protection of merchandise, food, or beverage at a food service facility, manufacturing facility, distribution facility, processing facility, or retail facility.
(2) Shopping cart. – As defined in G.S. 14-72.3(a)(1)."

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

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

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

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

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

(b) A city is authorized to:

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

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

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

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

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

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

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

PART VI. COMMUNITY COLLEGE SYSTEM

SURRY COMMUNITY COLLEGE NORTHERN REGIONAL HOSPITAL MOU

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

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

HIGH-COST HEALTHCARE WORKFORCE PROGRAMS START-UP FUNDS

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

SECTION 6.2.(b) Applications. – The System Office shall establish an application process for community colleges to apply for awards from the Fund no later than the beginning of each fiscal year of the 2023-2025 fiscal biennium. To be eligible to receive funds, colleges shall

submit to the System Office a completed application, which shall include at least the following information:

(1) A description of the proposed new program requiring start-up funds.

(2) Documentation of industry demand for the program or documentation of future local, regional, or statewide employment needs that will be met by the program.

(3) Total cash cost to start the program and maintain the program over two fiscal years.

(4) A plan for the fiscal sustainability of the new program.

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

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

(1) Community colleges with a total FTE greater than 6,500 shall be required to match fifteen percent (15%) of the cost.

(2) Community colleges with a total FTE between 2,500 and 6,500 shall be required to match ten percent (10%) of the cost.

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

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

(1) The community colleges that received funds, the amount of funds, and the types of healthcare programs started.

(2) The use of funds by community colleges receiving awards, including costs associated with student instruction, faculty salaries, instructional supplies, related instructional equipment, and accreditation costs.

(3) Evaluation of the success of the new community college healthcare programs receiving funds.

REPORT ON CERTAIN RECURRING PROGRAMS

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

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

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

(1) Minority male mentoring programs, including the Minority Male Success Initiative.

(2) The Rowan-Cabarrus Community College Biotechnology Training Center and Greenhouse at the North Carolina Research Campus in Kannapolis.

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

(1) Program activities, objectives, and accomplishments.

(2) Itemized expenditures and fund sources.

(3) The impact of the program on its intended purpose."

NC COMMUNITY COLLEGE SHORT-TERM WORKFORCE DEVELOPMENT GRANTS

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

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

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

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

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

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

EXTEND RISE UP TRAINING AND CREDENTIALING PROGRAM

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

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

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

(1) Retail Industry Fundamentals.

(2) Customer Service & Sales.
(3) Operations and Profit.
(4) Supply Chain: Warehouse, Inventory, & Logistics.

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

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

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

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

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

COMMUNITY COLLEGE PROGRAMS SERVING IDD STUDENTS

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

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

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

(1) Establishing best practices for providing vocational training for individuals with IDD.
(2) Providing financial and benefits counseling.
(3) Developing strategies on integrating assistive technology.

(4) Maximizing access, with supports, to credential and degree programs, including micro-credentials that are established by the State Board.

(5) Identifying methods to increase orientation and integration of individuals with IDD into the college community to the greatest extent possible.

(6) Determining a needs assessment, marketing, and evaluation to serve a broad array of individuals with developmental and other similar disabilities or learning challenges to assure adequate demand for new or existing programs.

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

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

CAREER ACADEMIES FOR AT-RISK STUDENTS

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

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

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

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

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

COMMUNITY COLLEGE SYSTEM GOVERNANCE AND AUTHORITY CHANGES

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

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

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

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

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

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

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

(a3) The President shall be assisted by such professional staff members as may be deemed necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on nomination of the President. The compensation of the staff members elected by the Board shall be fixed by the State Board of Community Colleges, upon recommendation of the President of the Community ~~College~~ Colleges System, from funds provided in the Current Operations Appropriations Act. These staff members shall include such officers as may be deemed desirable by the President and State Board. Provision shall be made for persons of high competence and strong professional experience in such areas as academic affairs, public service programs, business and financial affairs, institutional studies and long-range planning, student affairs, research, legal affairs, health affairs and institutional development, and for State and federal programs administered by the State Board. In addition, the President shall be assisted by such other employees as may be needed to carry out the provisions of this Chapter, who shall be subject to the provisions of Chapter 126 of the General Statutes. The staff complement shall be established by the State Board on recommendation of the President to insure that there are persons on the staff who have the professional competence and experience to carry out the duties assigned and to insure that there are persons on the staff who are familiar with the problems and capabilities of all of the principal types of institutions represented in the system. ~~The State Board of Community Colleges shall have all other powers, duties, and responsibilities delegated to the~~

~~State Board of Education affecting the Community Colleges System Office not otherwise stated in this Chapter.~~

…."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

…."

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

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

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

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

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

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

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

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

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

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

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

…

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

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

the State Board may be set at any regular meeting or may be called by the chair. A majority of the qualified members of the State Board shall constitute a quorum for the transaction of business.

…."

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

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

…

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

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

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

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

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

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

…

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

…

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

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

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

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

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

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

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

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

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

(2) The Senate shall elect five members.

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

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

(2) The Senate shall elect four members.

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

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

"**§ 115D-79. Open meetings.**

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

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

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

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

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

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

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

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

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

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

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

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

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

~~Group Three – four trustees, appointed by the Governor.~~

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

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

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

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

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

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

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

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

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

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

(1) The name and address of each trustee.

(2) The county of residence of each trustee.
(3) The appointing or electing entity of each trustee.
(4) If a trustee is filling a vacancy, the name of the trustee replaced.
(5) The date each trustee's term begins.
(6) The date each trustee's term ends."

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

(1) If the vacancy occurs in a term expiring in an odd-numbered year, and the General Assembly is not in a regular or extra session at the time of the vacancy, the Governor shall consult with the Speaker of the House of Representatives before making the appointment as required by G.S. 120-122.
(2) If the vacancy occurs in a term expiring in an even-numbered year, and the General Assembly is not in a regular or extra session at the time of the vacancy, the Governor shall consult with the President Pro Tempore of the Senate before making the appointment as required by G.S. 120-122.
(3) Notwithstanding G.S. 120-122, after receiving the written recommendation for the appointment to fill the vacancy, the Governor shall appoint the person recommended within 30 days and shall not reject the recommendation. Upon the expiration of the term, the seat shall be filled in accordance with G.S. 115D-12, as amended by this section.

SECTION 6.10.(q) The following are repealed:

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

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

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

SECTION 6.10.(t) Notwithstanding G.S. 115D-12(a)(2), as amended by this section, for the Vance-Granville Community College Board of Trustees, the following shall be

the trustees elected by the boards of county commissioners in the administrative area of the institution:

(1) Four trustees elected by the Vance County Board of Commissioners, one of whom may be a county commissioner.

(2) Three trustees elected by the Granville County Board of Commissioners, one of whom may be a county commissioner.

(3) Two trustees elected by the Franklin County Board of Commissioners, one of whom may be a county commissioner.

(4) One trustee elected by the Warren County Board of Commissioners, who may be a county commissioner.

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

VOCATIONAL REHABILITATION PILOT PROGRAM

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

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

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

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

(2) Job placements of participants.

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

REVISE MULTICAMPUS CENTER REQUIREMENTS

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

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

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

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

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

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

(1) Fannin County.
(2) Rabun County.
(3) Towns County.
(4) Union County.

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

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

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

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

PART VII. PUBLIC INSTRUCTION

CODIFY FUNDING FOR CHILDREN WITH DISABILITIES

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

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

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

CODIFY FUNDING FOR ACADEMICALLY OR INTELLECTUALLY GIFTED STUDENTS

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

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

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

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

CODIFY BOILERPLATE

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

"Article 32F.

"Supplemental School Funding.

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

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

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

(1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.

(2) Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.

(3) Anticipated total county revenue availability. – The sum of the following:

a. Anticipated county property tax revenue availability.

b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.

c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

(4) Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.

(5) Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

(6) County-adjusted property tax base. – Computed as follows:

a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.

b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.

c. Add to the resulting amount the following:

1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.

2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
3. Personal property value for the county.

(7) County-adjusted property tax base per square mile. – The county-adjusted property tax base divided by the number of square miles of land area in the county.

(8) County wealth as a percentage of State average wealth. – Computed as follows:
a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

(9) Effective county tax rate. – The actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.

(10) Effective State average tax rate. – The average of effective county tax rates for all counties.

(11) Local current expense funds. – The most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(12) Per capita income. – The average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.

(13) Sales assessment ratio studies. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(14) State average adjusted property tax base per square mile. – The sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.

(15) State average current expense appropriations per student. – The most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(16) Supplant. – To decrease local per student current expense appropriations from one fiscal year to the next fiscal year.

(17) Weighted average of the three most recent annual sales assessment ratio studies. – The weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales

assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

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

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

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

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

(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. The State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for 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:

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

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

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

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

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

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

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

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

(1) Provide instructional positions or instructional support positions.

(2) Provide professional development.

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

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

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

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

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

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

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

(3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.

(4) For local school administrative units that received DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

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

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

RECLASSIFY DPI POSITIONS

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

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

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

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

REQUIRED TRAINING TO COUNT TOWARD CONTINUING EDUCATION UNITS

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

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

…

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

(1) For all teachers, at least eight continuing education credits with at least three credits required in a teacher's academic subject area.
(2) For elementary school teachers, at least three continuing education credits related to literacy. Literacy renewal credits shall include evidence-based assessment, diagnosis, and intervention strategies for students not

demonstrating reading proficiency. Oral language, phonemic and phonological awareness, phonics, vocabulary, fluency, and comprehension shall be addressed in literacy-related activities leading to license renewal for elementary school teachers.

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

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

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

…

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

…

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

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

WEIGHTED FUNDING FOR EC STUDENTS

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

ABOLISH CERTAIN UNFILLED POSITIONS

SECTION 7.12. The following positions vacant for longer than two years are abolished as of July 1, 2023:

(1) 60009659.
(2) 60009654.
(3) 60009651.
(4) 60009667.

The Department may reestablish these or create substantially similar positions as needed within funds available pursuant to G.S. 115C-546.2(e).

CAREER EXPLORATION AND DEVELOPMENT PLANS

SECTION 7.13.(a) Part 1 of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-81.12. Career pathways course.**

The State Board shall develop standards for an elective middle school course in which students investigate and learn about career pathways. The standards shall align with the

requirements for career development plans under G.S. 115C-158.10(c) and include a focus on experiential and hands-on learning."

SECTION 7.13.(b) Article 10 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1A. Career Development Plans.

"**§ 115C-158.10. Career development plans.**

(a) All middle and high school students enrolled in a local school administrative unit shall complete a career development plan that meets the requirements of this section. The local board of education shall ensure that students are provided assistance in completion of the plan as well as instruction on how to access that plan throughout the student's enrollment. A student shall not be promoted from seventh grade until a career development plan is created and shall not be promoted from tenth grade until the career development plan is revised. Local boards of education are encouraged to require more frequent revisions as appropriate. Charter schools are encouraged to require participation in career development plans for students in accordance with this section.

(b) Local boards of education shall ensure that career development plans are easily accessible to students and parents and shall provide parents written notice of the initial creation of a career development plan and information on how to access the plan.

(c) The State Board of Education shall adopt rules establishing minimum requirements for career development plans and shall require local boards of education to provide access to all career development plans through a designated electronic application. Career development plans shall include at least the following:

(1) Self-assessment of the student's aptitudes, skills, values, personality, and career interests.

(2) Exploration and identification of pathways for careers aligned with the student's self-assessment that include the following for each career:

a. Identification of needed education, training, and certifications.

b. Information on the most cost-efficient path to entry.

c. Opportunities within the school setting to explore and prepare for the career.

(3) Alignment of academic courses and extracurricular activities with the student's identified career interests, including the following:

a. Inventory of aligned courses in middle and high school in grades six through 10, and development of best strategies for course selection in grades 11 and 12 to achieve identified career interests, including courses that may lead to college credit.

b. Available record of the following:

1. Completed Advanced Placement, International Baccalaureate, Cambridge Advanced International Certificate of Education (AICE), and dual-enrollment courses that may lead to college credit in high school.

2. Extracurricular activities.

3. Awards and recognitions.

(4) Creation of a career portfolio, which may include items such as the following:

a. Documentation of postsecondary plans.

b. Completion of the Free Application for Federal Student Aid with parental consent.

c. Résumé.

d. Occupational outlook for identified career interests."

SECTION 7.13.(c) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(k) Career Development Plans. – A charter school is encouraged to adopt a policy to require all middle and high school students to complete a career development plan in accordance with G.S. 115C-158.10."

SECTION 7.13.(d) The State Board of Education shall establish a pilot of at least 20 local school administrative units during the 2023-2024 school year to develop the plan requirements and professional development necessary for successful statewide implementation of career development plans in the 2024-2025 school year. The State Board of Education shall direct the Department of Public Instruction to develop and provide a career development plan electronic application to local boards of education and participating charter schools no later than the 2024-2025 school year that will provide access for all students and parents to the student's career development plan and will integrate with career information available through other State agencies.

SECTION 7.13.(e) The Department of Public Instruction and the local boards of education, as appropriate, shall provide or cause to be provided, prior to the start of the 2024-2025 school year, curriculum content for the course required in subsection (a) of this section and professional development to ensure that the intent and provisions of this section are carried out.

SECTION 7.13.(f) Subsections (a), (b), (c), and (e) of this section become effective beginning with the 2024-2025 school year. The remainder of this section becomes effective July 1, 2023.

REMAINING ESSER FUNDS FOR VARIOUS PROGRAMS

SECTION 7.15.(a) Section 2.1 of S.L. 2023-11 is repealed.

SECTION 7.15.(b) Notwithstanding any provision of law to the contrary, the Department of Public Instruction shall use funds provided pursuant to Section 3.5(a)(10) of S.L. 2021-25, as amended by S.L. 2021-180, for the following purposes in response to the COVID-19 pandemic:

(1) Up to four hundred thousand dollars ($400,000) and any remaining available funds appropriated for the purpose provided in Section 3.5(a)(23) of S.L. 2021-25, as amended by S.L. 2021-180, to continue to provide options for students outside traditional classroom instruction through the 2024-2025 fiscal year. The Department shall transfer these funds to the North Carolina Hospitality Education Foundation (Foundation) to develop or continue programs in CTE with a focus on developing critical skills necessary for students to succeed in the hospitality sector that received funds pursuant to Section 3.5(a)(23) of S.L. 2021-25, as amended by S.L. 2021-180. The Foundation shall use the funds to support instructor and student training and testing in public school units and increase the State's skilled workforce in the hospitality sectors.

(2) Up to three hundred thousand dollars ($300,000) to contract with JFL ENTERPRISES, INC., to continue the Failure Free Reading program created by Section 3.5(a)(26) of S.L. 2021-25, as enacted by S.L. 2021-180, to address learning loss due to the COVID-19 pandemic. Of the funds appropriated from the General Fund to the Department of Public Instruction, the sum of one million seven hundred thousand dollars ($1,700,000) shall be used to assist in continuing this program. Any school that was eligible to receive funds to participate in the Failure Free Reading program under Section 3.5(a)(26) of S.L. 2021-25, as enacted by S.L. 2021-180, shall be eligible to receive funds pursuant to this subdivision.

(3) Up to two million one hundred thousand dollars ($2,100,000) for the Department to contract with Liminex, Inc., d/b/a GoGuardian, to provide

technology and services to mitigate cyberbullying, monitor student internet activity, and assist with suicide prevention services.

(4) Up to two million two hundred thousand dollars ($2,200,000) for the Department to contract with Gaggle.Net, Inc., to provide technology and services to mitigate cyberbullying, monitor student internet activity, and assist with suicide prevention services.

(5) Up to one million dollars ($1,000,000) to provide funds for the Educational and Competitive After-School Robotics Grant Program established in Section 7.23 of this act.

(6) Up to one million dollars ($1,000,000) to continue to contract with Betabox, Inc., to mitigate learning loss in the areas of science, technology, engineering, and mathematics by providing students in public school units with experiences, curriculum, instructional coaching, hands-on equipment, and other needed resources.

(7) Up to one million dollars ($1,000,000) to Communities in Schools of North Carolina, Inc., to continue to provide services, expand services, or provide for the extension of nine-month contracts for its employees for the purpose of providing assistance and enrichment activities over the summers for students in kindergarten through grade 12 experiencing learning loss and negative impacts from the COVID-19 pandemic.

(8) Up to one million dollars ($1,000,000) to provide funds for the 2023-2024 fiscal year for the National Board for Professional Teaching Standards certification participation fee grant program established pursuant to G.S. 115C-296.2A.

ONLINE DIGITAL INSTRUCTION

SECTION 7.17. Subsection (c) of Section 7.23K of S.L. 2017-57 reads as rewritten:

"**SECTION 7.23K.(c)** Of the ~~six million four hundred twenty thousand dollars ($6,420,000) in recurring~~ funds appropriated to the Department of Public Instruction to accelerate implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94, beginning with the ~~2017-2018~~ 2023-2024 fiscal year, the Department shall use up to ~~one million eight hundred thousand dollars ($1,800,000)~~ four million dollars ($4,000,000) to continue to contract with Learning.com to implement the requirements of this section."

CTE GRANTS FOR HOMEBUILDING PROGRAMS

SECTION 7.19.(a) Of the funds appropriated to the Department of Public Instruction in this act from the General Fund, the Department shall use up to two hundred thousand dollars ($200,000) in recurring funds to provide grants to assist public school units with program costs associated with CTE programs related to homebuilding. The Department of Public Instruction shall permit high schools within public school units to use the U.S. Department of Labor approved Pre-Apprenticeship Certificate Training (PACT) program, developed by the Home Builders Institute as an approved curriculum for CTE programs. A public school unit or a regional partnership of more than one public school unit may apply to receive funds. When awarding grants under this subsection, the Department shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities.

SECTION 7.19.(b) The Department shall create and make available an application for grants under this section no later than 30 days after this bill becomes law. The Department shall make the application available for both years of the 2023-2025 fiscal biennium. Applicants shall submit their application to receive grant funds to the Department no later than 60 days after

the application is made available for submission for each school year of the 2023-2025 fiscal biennium. The Department shall approve or deny each application within 30 days of receipt.

SECTION 7.19.(c) All recipients of grants under this section for each school year of the biennium shall submit a report to the Department no later than October 15 of each year of the biennium on the outcomes of any programs funded by grants received under this section, including data collection methods for reporting on student outcomes, impacts of the program, and use of State funds. The Department shall then submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the grant programs no later than December 15 of each year of the 2023-2025 fiscal biennium.

DPI FUNDING IN ARREARS

SECTION 7.20.(a) The Department of Public Instruction shall develop a model to fund public school units whose funding is based on average daily membership (ADM) to be based on the actual ADM from the prior school year instead of projections for the upcoming school year. The Department shall include in the model a method to account for newly formed charter schools to ensure the charter schools receive adequate funding to operate before prior year ADM data is available or representative of the student population. The Department shall propose technical adjustments for public school funding to the State Board of Education for approval before submitting the model to the Director of the Budget, pursuant to G.S. 143C-3-3. The Department shall also submit the model to the Fiscal Research Division no later than February 15, 2024. The technical adjustments shall include a list of any laws that would need to be adjusted or repealed to allow for the new funding model to be implemented as well as a comparison of funding received under the old model and the recommended new model, sorted by public school unit.

SECTION 7.20.(b) Beginning with the 2024-2025 school year, the Department of Public Instruction shall distribute funds to public school units whose funding is based on ADM based on the actual ADM from the prior school year in accordance with the model developed pursuant to subsection (a) of this section. The Department shall provide funds from the ADM Contingency Reserve to fund public school units whose actual ADM for the current school year is higher than the actual ADM from the prior school year.

SECTION 7.20.(c) Section 7.15(b) of S.L. 2007-323 is repealed.

SECTION 7.20.(d) Subsections (b) and (c) of this section become effective July 1, 2024. The remainder of this section is effective when it becomes law.

INCREASING ENGAGEMENT IN STEM

SECTION 7.22.(a) Program; Purpose. – The Superintendent of Public Instruction shall establish the Increasing Engagement in STEM Program (Program) for the 2023-2024 fiscal year. The purpose of the Program is to provide grant funds to public school units to engage in experiential science, technology, engineering, and math (STEM) education programs.

SECTION 7.22.(b) Grant Application Time Line. – The Superintendent shall develop and publish an application for the Program on or before November 15, 2023. Public school units may submit applications for this grant until January 15, 2024. The Superintendent shall select recipients of the grants by February 15, 2024.

SECTION 7.22.(c) Grant Applications. – The application created by the Superintendent shall require a plan of how the public school unit would use grant funds to increase STEM engagement of sixth, seventh, and eighth grade students. Applicant plans shall include the following:

(1) Evidence that the plan uses high-quality instruction methods and includes research-based best practices in the area of STEM education to further the purpose of the Program.

(2) How grant funds will be used to further the purpose of the Program. Allowable uses of funds include, but are not limited to, the following:
    a. Stipends for teachers who participate with the Program.
    b. Partnering with third-party vendors to provide services or host competitions that further the purpose of the Program.
(3) How the public school unit would sustain their plan beyond the end of the grant period.
(4) Any other factors or criteria the Superintendent deems appropriate to advance the purpose of the Program.

SECTION 7.22.(d) Grant Recipients. – After reviewing the submitted applications, the Superintendent shall select applicants to receive grants for the Program. The Superintendent shall determine the size of grants awarded to each public school unit while ensuring a distribution of grant funds to each of the various sizes of public school units referenced in subdivision (3) of this subsection. When selecting applicants to receive grants, the Superintendent shall adhere to the following criteria:

(1) The total number of recipients shall not exceed 20 public school units.
(2) Recipients shall reflect the geographic diversity of the State.
(3) Recipients shall reflect the population diversity of public school units in the State by selecting recipients from the following:
    a. Up to five public school units consisting of no more than one school.
    b. Up to five units with an average daily membership from the previous school year of 4,000 students or fewer.
    c. Up to five units with an average daily membership from the previous school year of between 4,001 and 20,000 students.
    d. Up to five units with an average daily membership from the previous school year of 20,001 students or greater.

If there are fewer than five applicants in any of the categories listed in subdivision (3) of this subsection, the Superintendent may, in the Superintendent's discretion, award additional grants to applicants from other categories.

SECTION 7.22.(e) Initial Report. – The Superintendent of Public Instruction shall submit a report on the Program to the Joint Legislative Education Oversight Committee by December 15, 2024. The report shall include the following:

(1) A list of public school units that applied for grants.
(2) A list of public school units that received grants.
(3) A summary of how the grant funds were spent on Program activities.
(4) The number and percentage of students enrolled in the school who participated in the Program, including demographic data for participating students.
(5) Student performance data in STEM-related courses.
(6) How public school units would continue to use grant funds in the future if the Program were to continue beyond the 2023-2024 school year.
(7) Any recommendations by the Superintendent to modify the Program to be more effective at furthering the purpose of the Program.

SECTION 7.22.(f) Evaluation. – As a condition of receipt of grant funds, a public school unit shall designate both students who complete the grant-funded activities in the Common Education Data Analysis and Reporting System and a matched set of students with similar demographic characteristics who did not complete the grant-funded activities, when possible, in a manner directed by the Department of Public Instruction that will allow future analysis of outcomes for these students related to all of the following:

(1) Enrollment in STEM-related elective clusters in high school.
(2) Graduation from high school within four years of entry.

(3) Enrollment in a postsecondary STEM-related major, degree program, or certificate program within three years of high school graduation.
(4) Completion of a postsecondary STEM-related major, degree program, or certificate program within six years of high school graduation.
(5) Employment in a STEM-related field within eight years of high school graduation.

The North Carolina Longitudinal Data System shall, in cooperation with all agencies with relevant data, report annually to the Joint Legislative Education Oversight Committee on the outcomes for both groups of students on each available data point beginning December 15, 2028, and ending December 15, 2039.

AFTER-SCHOOL ROBOTICS GRANT PROGRAM

SECTION 7.23.(a) Program; Purpose. – There is established the Educational and Competitive After-School Robotics Grant Program (Program). The purpose of the Program shall be to (i) promote evidence-based, after-school programs for robotics education and competition and (ii) motivate students to pursue education and career opportunities in science, technology, engineering, and mathematics while building critical life and work-related skills.

SECTION 7.23.(b) Eligibility. – Any public school unit is eligible to apply to the Department of Public Instruction for a grant to develop an educational and competitive after-school robotics program with a robotics partner. As used in this subsection, the term "robotics partner" shall refer to a third-party entity, such as a nonprofit organization or institution of higher education, approved by the Department of Public Instruction that is able to provide adequate support for an after-school robotics program. In order to provide adequate support, a robotics partner must meet at least all of the following criteria:

(1) Have a national presence in robotics education and competition.
(2) Provide adequate instruction and programming for students and adult volunteers in (i) robotics education, (ii) project-based learning, and (iii) competitive robotics.
(3) Promote a safe and equitable social environment.

SECTION 7.23.(c) Applications; Criteria and Guidelines. – No later than November 1, 2023, for the 2023-2024 fiscal year, and August 1, 2024, for the 2024-2025 fiscal year, the Department shall develop and publish criteria and guidelines for the application process for the Program in the upcoming school year, including any documentation required to be submitted by the applicants. The Department shall accept applications until December 31, 2023, for the 2023-2024 fiscal year and September 30, 2024, for the 2024-2025 fiscal year. Applications shall include, at a minimum, the following information:

(1) Evidence that the applicant has or will be able to establish a relationship with a robotics partner.
(2) A proposed budget for the educational and competitive after-school robotics program.

SECTION 7.23.(d) Award and Use of Funds. – The Department shall award grants to the selected applicants by January 31, 2024, for the 2023-2024 fiscal year, and October 31, 2024, for the 2024-2025 fiscal year. Funds may be used for any of the following purposes:

(1) Establish a relationship with a robotics partner.
(2) Purchase robotics kits.
(3) Provide stipends for coaches.
(4) Make payments associated with participation in a robotics league or robotics competition.
(5) Pay fees incurred as part of the administration of a robotics team.

SECTION 7.23.(e) Reporting. – No later than February 15, 2024, for the 2023-2024 fiscal year, and October 15, 2024, for the 2024-2025 fiscal year, the Department shall report the

following information from the prior school year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) Number and amounts of grants awarded.
(2) Identities of the public school units receiving grants.
(3) Identities of public school units that applied for grants but did not receive one.
(4) The extent to which students participating in after-school robotics programs funded by the Program experienced measurable improvement in academic performance, if any.

REMOTE CHARTER ACADEMIES

SECTION 7.26.(a) Article 14A of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 7. Remote Charter Academies.

"**§ 115C-218.120. Remote charter academies.**

(a) As part of an application or modification of a charter, a nonprofit may apply to the Review Board for approval to include a remote charter academy that meets the requirements of this Part as part of the nonprofit's charter. A charter that includes a remote charter academy may do any of the following:

(1) Provide only remote instruction to enrolled students served by the charter in accordance with this Part.
(2) Provide remote instruction to students enrolled in the remote charter academy and provide in-person instruction to other students served by the charter.
(3) Provide enrolled students both remote instruction and in-person instruction. A student who receives more than half of the student's instruction through remote instruction shall be classified as enrolled in the charter's remote charter academy.

(b) As part of the application or modification of a charter, the nonprofit shall designate which of the following enrollment areas the remote charter academy will use to enroll students:

(1) A statewide remote charter academy that admits students in accordance with G.S. 115C-218.45.
(2) A regional remote charter academy that, notwithstanding G.S. 115C-218.45(a), admits students only from the county in which the charter school facility is located and the counties of the State geographically contiguous to that county.

(c) A remote charter academy provides instruction primarily online through a combination of synchronous and asynchronous instruction delivered to students in a remote location outside of the charter school facility. A remote charter academy may include any combination of grade levels.

(d) Notwithstanding G.S. 115C-84.3, an approved remote charter academy may satisfy the minimum required number of instructional days or hours for the school calendar through remote instruction.

"**§ 115C-218.121. Remote charter academy enrollment.**

(a) A student shall not be assigned to attend a remote charter academy without parental consent. A board of directors shall require an application to secure parental consent prior to enrollment of a student in a remote charter academy.

(b) A remote charter academy shall identify characteristics for successful remote learning and establish criteria for admittance to a remote charter academy and shall make that information available to parents.

(c) A student may not be denied admission to the remote charter academy solely on the basis that the student is a child with a disability. If a student is admitted to a remote charter academy, that student's IEP team, as defined in G.S. 115C-106.3, or section 504 team, 29 U.S.C.

§ 794, must plan for a successful student entry and accommodations necessary to provide for a free appropriate public education in the remote charter academy.

(d) A charter that provides in-person instruction may reassign a student to in-person instruction during the school year if the board of directors determines that in-person instruction would better ensure academic success for that student. The board of directors may delegate this authority to the chief administrator.

"**§ 115C-218.122. Remote charter academy requirements.**

(a) Except as provided in this Part, a remote charter academy shall meet the same requirements as for other charter schools established by this Article.

(b) A remote charter academy shall provide all of the following to enrolled students:

(1) Any hardware and software needed to participate in the remote charter academy. Students may not be charged rental fees but may be charged damage fees for abuse or loss of hardware or software under rules adopted by the State Board of Education.

(2) Access to a learning management platform that enables monitoring of student performance and school-owned devices, as well as allows video conferencing and supervised text-based chat for synchronous communication.

(3) Access to the internet that is available during instructional hours, evenings, and weekends.

(4) Technical support that is available during instructional hours.

(5) For children with an individualized education program (IEP), as defined in G.S. 115C-106.3, or a section 504 plan, 29 U.S.C. § 794, adaptive or assistive devices, transportation, and in-person services as required by that program or plan.

(c) A remote charter academy may require students to attend in person to fulfill State-mandated student assessments. A remote charter academy may conduct optional in-person meetings between students and instructors or parents and instructors at a charter school facility.

(d) The employees of a remote charter academy shall meet the same licensure and evaluation requirements as required by G.S. 115C-218.90. The remote charter academy shall ensure sufficient digital teaching and learning support staff, including, at a minimum, the following:

(1) An instructional technology facilitator.

(2) A school library media coordinator.

(3) A data manager.

(4) Sufficient remote technicians to ensure technical support throughout the instructional day for staff and students.

"**§ 115C-218.123. Remote charter academy approval process.**

(a) A nonprofit seeking to provide a remote charter academy shall submit to the Review Board as part of the application for approval or modification of a charter a plan that provides for the following:

(1) Whether the enrollment area of the remote charter academy will be statewide or regional.

(2) The range of grades for which the remote charter academy will offer courses.

(3) The method by which the remote charter academy will monitor calendar compliance, enrollment, daily attendance, course credit accrual, progress toward graduation, and course completion.

(4) Hardware, software, and learning management platforms that support online learning.

(5) The measures used to ensure that both synchronous and asynchronous remote instruction time, practice, and application components support learning

growth that continues toward mastery of student achievement goals for the charter's educational program.

(6) The professional development that will be provided to those teaching in the remote charter academy related to the pedagogy of providing remote instruction.

(7) The identified characteristics for successful remote learning and criteria for admission to the remote charter academy. The board of directors shall identify the means by which information will be communicated to the parents and legal guardians of prospective applicants and current enrollees about the remote charter academy and those characteristics and criteria to allow for informed decisions about enrollment.

(8) Any school nutrition services or transportation services that will be provided to students.

(b) The Review Board shall review and approve a charter or charter modification for the creation of a remote charter academy that meets the requirements established in this Part for a term of five years. The Review Board shall approve a minimum of two statewide remote charter academies that meet the qualifications of this Part for operation beginning with the 2026-2027 school year and thereafter.

"**§ 115C-218.124. Operation and renewal of remote charter academies.**

(a) Each approved remote charter academy shall adhere to the plan submitted to and approved by the Review Board or the State Board of Education as part of the approved charter unless the board of trustees obtains a charter modification.

(b) Each approved remote charter academy shall receive a school code. A nonprofit that has a school code for in-person instruction in addition to a school code for a remote charter academy may provide all financial reporting for both school codes jointly in a form directed by the Department of Public Instruction.

(c) A nonprofit may apply for renewal of the remote charter academy for additional terms of five years. The Review Board shall consider compliance with the requirements of this Part and success of the remote charter academy in the prior five years in determining whether to approve a request for renewal of a remote charter academy.

"**§ 115C-218.125. Evaluation.**

The State Board of Education shall evaluate the success of remote charter academies approved under this Part. Success shall be measured by school performance scores and grades, retention rates, attendance rates, and, for grades nine through 12, high school completion and dropout rates. The Board shall report by November 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of these academies and on any recommended statutory changes."

SECTION 7.26.(b) G.S. 115C-84.3(c) reads as rewritten:

"(c) Except as provided in Part 7 of Article 14A or Part 3A of Article 16 of this Chapter or subsection (b) of this section, a public school unit shall not use remote instruction to satisfy the minimum required number of instructional days or hours for the school calendar."

SECTION 7.26.(c) G.S. 115C-218, 115C-218.1, 115C-218.2, 115C-218.3, 115C-218.5, 115C-218.6, 115C-218.7, 115C-218.8, and 115C-218.9 are codified into Part 1 of Article 14A of Chapter 115C of the General Statutes, Governance and Applications for Charter Schools. G.S. 115C-218.10, 115C-218.15, 115C-218.20, 115C-218.25, 115C-218.30, 115C-218.35, 115C-218.37, 115C-218.40, 115C-218.42, 115C-218.45, 115C-218.50, 115C-218.55, 115C-218.60, 115C-218.65, 115C-218.70, 115C-218.75, 115C-218.80, 115C-218.85, and 115C-218.90 are codified into Part 2 of Article 14A of Chapter 115C of the General Statutes, Operation of Charter Schools. G.S. 115C-218.94, 115C-218.95, and 115C-218.100 are codified into Part 3 of Article 14A of Chapter 115C of the General Statutes, Evaluation of Charter Schools. G.S. 115C-218.105 is codified into Part 4 of Article 14A of

Chapter 115C of the General Statutes, Funding of Charter Schools. G.S. 115C-218.110 is codified into Part 5 of Article 14A of Chapter 115C of the General Statutes, Reporting on Charter Schools. G.S. 115C-218.115 is codified into Part 6 of Article 14A of Chapter 115C of the General Statutes, Charter Schools Pre-K Programs.

SECTION 7.26.(d) Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, and Section 7.13 of S.L. 2022-74, reads as rewritten:

"**SECTION 8.35.(a)** Notwithstanding G.S. 115C-218.5 or any other provision of law to the contrary, the State Board of Education shall establish a pilot program to authorize the operation of two virtual charter schools serving students in kindergarten through twelfth grade. The State Board shall establish an application process to allow student enrollment in the selected virtual charter schools beginning with the 2015-2016 school year. A virtual charter school participating in the pilot may serve any grade span of students in kindergarten through twelfth grade. The pilot program shall continue for a period of ~~10~~ 11 school years and shall end with the ~~2024-2025~~ 2025-2026 school year.

"**SECTION 8.35.(b)** The virtual charter schools participating in the pilot program authorized by this section shall be subject to the statutes and rules applicable to charter schools pursuant to Article 14A of Chapter 115C of the General Statutes, except as follows:

(1) The maximum student enrollment in any participating school ~~shall be no greater than 1,500 in its first year of operation and may increase by twenty percent (20%) for each participating school up to a maximum student enrollment of 2,592 in the fourth year of the pilot. The State Board of Education may waive this maximum student enrollment threshold, beginning in the fourth year of the school's operation, if the State Board determines that doing so would be in the best interest of North Carolina students.~~for the 2023-2024 school year shall be the authorized student enrollment for that participating school for the 2021-2022 school year plus enrollment growth of up to twenty percent (20%) of that enrollment. For the remaining years of the pilot, the participating schools may increase enrollment in accordance with G.S. 115C-218.7(b).

…

"**SECTION 8.35.(e)** The State Board of Education shall provide State funding to a virtual charter school participating in the pilot program as provided in G.S. 115C-218.105(a) and G.S. 115C-218.105(b). ~~The amount allocated pursuant to G.S. 115C-218.105(a)(1) shall not, however, include the allocation for low-wealth counties supplemental funding and the allocation for small county supplemental funding.~~ Virtual charter schools participating in the pilot program shall also be subject to the requirements in G.S. 115C-218.105(c) through G.S. 115C-218.105(e). ~~The amount of local funds provided to participating schools pursuant to G.S. 115C-218.105(c) shall be the lesser of seven hundred ninety dollars ($790.00) per pupil or the amount computed in accordance with G.S. 115C-218.105(c).~~

…."

SECTION 7.26.(e) A virtual charter school that participated in the pilot program authorized by Section 8.35 of S.L. 2014-100, as amended by Section 8.13 of S.L. 2016-94, Section 7.13 of S.L. 2018-5, Section 7.13 of S.L. 2022-74, and this section, shall be eligible to apply for a charter renewal as a remote charter academy as provided in Article 14A of Chapter 115C of the General Statutes.

SECTION 7.26.(f) This section is effective when it becomes law and applies beginning with the 2023-2024 school year.

SCHOOL HEALTH PERSONNEL ALLOTMENT

SECTION 7.27.(a) G.S. 115C-47(67) reads as rewritten:

"(67) To Provide ~~at Least One School Psychologist.~~ School Health Services. – Local boards of education shall ~~ensure that each local school administrative unit employs at least one full-time, permanent school psychologist.~~ provide school health support services in accordance with G.S. 115C-316.5."

SECTION 7.27.(b) G.S. 115C-105.25(b)(13) reads as rewritten:

"(13) No positions shall be transferred out of the allocation for school ~~psychologists~~ health personnel except as provided in this subdivision. Positions allocated for school ~~psychologists~~ health personnel may be converted to dollar equivalents for contracted services directly related to school ~~psychology.~~ psychology, school counseling, school nursing, and school social work. These positions shall be converted at the minimum salary for ~~school psychologists~~ the position on the "A" Teachers Salary Schedule."

SECTION 7.27.(c) G.S. 115C-315 is amended by adding a new subsection to read:

"(d2) School Nurses. – The State Board of Education, in accordance with subsection (d) of this section, may adopt rules to establish the qualifications and training required to be hired or contracted for as a certified school nurse except the Board may not require or impose a requirement that would require a nurse to obtain a four-year degree as a condition of employment."

SECTION 7.27.(d) G.S. 115C-315(d1) is repealed.

SECTION 7.27.(e) G.S. 115C-316.1 reads as rewritten:

"**§ 115C-316.1. Duties of school counselors.**

(a) School counselors shall implement a comprehensive developmental school counseling program in their schools. Counselors shall spend at least eighty percent (80%) of their work time providing direct services to students. ~~Direct services do not include the coordination of standardized testing.~~ Direct services shall consist of:

(1) Delivering the school guidance curriculum through large group guidance, interdisciplinary curriculum development, group activities, and parent workshops.

(2) Guiding individual student planning through individual or small group assistance and individual or small group advisement.

(3) Providing responsive services through consultation with students, families, and staff; individual and small group counseling; crisis counseling; referrals; and peer facilitation.

(4) Performing other student services listed in the Department of Public Instruction school counselor job description that has been approved by the State Board of Education.

(b) ~~School counseling program support activities do not include the coordination of standardized testing. During the remainder of their work time, school counselors may assist other staff with the coordination of standardized testing.~~ School counselors shall not assist with the coordination or administration of standardized testing."

SECTION 7.27.(f) G.S. 115C-316.2 reads as rewritten:

"**§ 115C-316.2. School ~~mental~~ health ~~support~~ personnel reports.**

(a) Definition. – For purposes of this section, the term "school ~~mental~~ health ~~support~~ personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

…."

SECTION 7.27.(g) G.S. 115C-316.5 reads as rewritten:

"**§ 115C-316.5. School ~~psychologists~~ health personnel allotment.**

(a) For the purposes of this section, the term "school health personnel" refers to the same positions listed in G.S. 115C-316.2(a).

(b) To the extent funds are made available, the State Board of Education shall establish a funding allotment for school ~~psychologist~~ health personnel positions. The State Board is authorized to adopt rules for the allocation of school ~~psychologist~~ health personnel positions pursuant to this allotment. Rules adopted by the State Board pursuant to this section shall include, at a minimum, the following requirements:

(1) School ~~psychologist~~ health personnel positions are allocated on the basis of average daily membership.

(2) Each local school administrative unit receives sufficient funding for at least one school psychologist ~~position in accordance with G.S. 115C-47(67).~~position.

(3) Local school administrative units are encouraged to fill positions under this allotment with full-time, permanent employees. If the local school administrative unit is unable to fill these positions by hiring a full-time, permanent employee, the allocation for the position may be converted to a dollar equivalent for the unit to contract with a third party to provide the relevant services for an amount of hours equivalent to the hours a full-time position employee would provide."

SECTION 7.27.(h) The State Board of Education has authority to adopt temporary rules to enact the provisions of this section until such a time as permanent rules can be adopted. The State Board shall also develop and distribute guidelines to all local school administrative units to assist with the implementation of this section. Each local board of education shall develop a transition plan for implementing this section within existing resources.

SUPPORT PROGRAM REPORTING

SECTION 7.28.(a) No later than December 31, 2023, Communities in Schools of North Carolina, Inc., shall report to the Joint Legislative Education Oversight Committee at least the following information from the prior fiscal year:

(1) A detailed accounting of how State funds were spent by the program.

(2) An accounting of any other funding received from other sources.

(3) Any planned expenditures or future uses of received funds not reflected in the accounting required by subdivision (1) of this subsection.

(4) The number of students served by the program, including generalized data on the age, grade level, and location of students served.

(5) A description of how the program evaluates the effectiveness of the program or student success.

(6) Outcomes achieved by the program.

(7) Any other information the program deems relevant for the Committee to know.

SECTION 7.28.(b) No later than December 31, 2023, Beginnings for Parents of Children Who are Deaf or Hard of Hearing, Inc., shall report to the Joint Legislative Education Oversight Committee at least the following information from the prior fiscal year:

(1) A detailed accounting of how State funds were spent by the program.

(2) An accounting of any other funding received from other sources.

(3) Any planned expenditures or future uses of received funds not reflected in the accounting required by subdivision (1) of this subsection.

(4) The number of students served by the program, including generalized data on the age, grade level, and location of students served.

(5) A description of how the program evaluates the effectiveness of the program or student success.

(6) Outcomes achieved by the program.

(7) Any other information the program deems relevant for the Committee to know.

CODIFY USE OF SPECIAL STATE RESERVE FUND FOR TRANSPORTATION/TRANSPORTATION RESERVE FUND FOR HOMELESS AND FOSTER STUDENTS

SECTION 7.30.(a) Part 1 of Article 17 of Chapter 115C of the General Statutes is amended by adding two new sections to read:

"**§ 115C-250.3. Extraordinary Transportation Costs Grant.**

(a) There is established the Extraordinary Transportation Costs Grant Program (Program). The Program shall use funds from the Special State Reserve Fund (SSRF) to cover extraordinary costs associated with the transportation of high-needs students with disabilities.

(b) The Department of Public Instruction shall provide an application for local school administrative units and charter schools to apply for extraordinary transportation funds and may provide additional eligibility guidelines not inconsistent with this section. SSRF transportation funds shall be awarded to qualifying local school administrative units or charter schools consistent with the following:

(1) In determining extraordinary transportation costs, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.

(3) Funds may be awarded during the initial year of a high-needs student's enrollment in the local school administrative unit or charter school or in subsequent years of the student's enrollment.

"**§ 115C-250.5. Homeless and foster student transportation grant.**

(a) There is established the Transportation Reserve Fund for Homeless and Foster Students to provide for a grant program to cover extraordinary school transportation costs for homeless and foster students. For the purposes of this section, "homeless" is defined in accordance with the definition in the federal McKinney-Vento Homeless Assistance Act.

(b) The Department of Public Instruction shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

(1) In determining extraordinary transportation costs, the Department shall consider total prior-year transportation expenditures for homeless and foster children, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.

(2) Priority shall be given to applicants in proportion to the extent that their applications and prior-year expenditures demonstrate use of available federal funds to cover the cost of transporting homeless and foster children.

(3) Awards shall not exceed fifty percent (50%) of extraordinary transportation costs as determined pursuant to this subsection.

(4) Awards shall not be issued on a pro rata basis to each eligible applicant."

SECTION 7.30.(b) Section 7.12(b) of S.L. 2021-180 is repealed.

SCHOOL HEALTH PERSONNEL PROFESSION ENTRY REPORT

SECTION 7.31.(a) No later than January 15, 2024, the State Superintendent shall study and report the following to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) Policies, practices, standards, and curriculum adopted or implemented, as appropriate, by the State Board of Education, the Department of Public Instruction, educator preparation programs, and public school units for persons to receive training, licensure, and employment as school health support personnel in public school units.

(2) Barriers persons face when entering each school health support profession because of the policies, practices, standards, and curriculum identified in subdivision (1) of this subsection.

(3) Recommendations and any actions already taken to (i) reduce and eliminate the barriers to entry identified in subdivision (2) of this subsection and (ii) improve the number and quality of school health support personnel employed in public school units.

SECTION 7.31.(b) For purposes of this section, the term "school health personnel" refers to school psychologists, school counselors, school nurses, and school social workers.

MEDICAID REIMBURSEMENT REQUIRED FOR RESIDENTIAL SCHOOLS

SECTION 7.32. Section 7.16(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 7.16.(a)** The Department of Public Instruction shall enter into a contract with a third-party entity for any administrative services necessary to receive maximum reimbursement for medically necessary health care services for which payment is available under the North Carolina Medicaid Program provided to eligible students attending the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. The provisions of the contract shall ensure that the residential schools receive reimbursement for these services in a timely manner. If the Department of Public Instruction has not executed the contract required by this section by January 1, 2024, then the estimated amount that would have been reimbursed on a monthly basis had the contract been executed shall be deducted from the Department's budget and shall be appropriated directly to the residential schools until the contract is executed. Funds shall be deducted from Budget Code 13510, Fund Code 1000 of the Department's budget, except any funds appropriated for the Center for Safer Schools shall not be reduced, deducted, or transferred under this section."

DRIVER EDUCATION ADMINISTRATION FUNDS

SECTION 7.33. G.S. 115C-215(g) reads as rewritten:

"(g) ~~The Department of Public Instruction shall have a full-time director and other professional, administrative, technical, and clerical personnel as may be necessary for the statewide administration of the driver education program.~~ Of the funds appropriated to the Department of Public Instruction each fiscal year pursuant to subsection (f) of this section, the Department may use up to ~~two percent (2%) of those funds~~ one hundred sixty-four thousand six hundred ninety dollars ($164,690), as adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit adjustments, for the direct costs for the statewide administration of the program, including any necessary positions."

SCHOOL SAFETY GRANTS

SECTION 7.36.(a) Definitions. – For the purposes of this section, the following definitions shall apply:

(1) Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.

(2) School health support personnel. – School psychologists, school counselors, school nurses, and school social workers.

SECTION 7.36.(b) Program; Purpose. – The Superintendent of Public Instruction shall establish the School Safety Grants Program (Program) for the 2023-2025 fiscal biennium. The purpose of the Program shall be to improve safety in public school units by providing grants in each fiscal year of the 2023-2025 fiscal biennium for (i) services for students in crisis, (ii) school safety training, (iii) safety equipment in schools, and (iv) subsidizing the School Resource Officer Grants Program.

SECTION 7.36.(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section in each year of the 2023-2025 fiscal biennium. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.

SECTION 7.36.(d) Criteria and Guidelines. – By January 15, 2024, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

(1) The level of resources available to the public school unit that would receive the funding.
(2) Whether the public school unit has received other grants for school safety.
(3) The overall impact on student safety in the public school unit if the identified needs are funded.

SECTION 7.36.(e) Grants for Students in Crisis. – 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, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:

(1) Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
(2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
    a. Cognitive or behavioral problems.
    b. Developmental delays.
    c. Aggressive behavior.
(3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
    a. Parent-child interaction therapy.
    b. Trauma-focused cognitive behavioral therapy.
    c. Dialectical behavior therapy.
    d. Child-parent psychotherapy.
(4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2023-2025 fiscal biennium for the services identified in this subdivision.

SECTION 7.36.(f) Grants for Training to Increase School Safety. – 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, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:

(1) Counseling on Access to Lethal Means (CALM) training for school health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.

(2) Training for school health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
   a. Parent-child interaction therapy.
   b. Trauma-focused cognitive behavioral therapy.
   c. Behavioral therapy.
   d. Dialectical behavior therapy.
   e. Child-parent psychotherapy.

(3) Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.

(4) Training for school health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
   a. Trauma-focused cognitive behavioral therapy.
   b. Parent and student coping skills.
   c. Problem solving.
   d. Safety planning.

(5) Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section, the Superintendent shall use no more than three hundred fifty thousand dollars ($350,000) in each year of the 2023-2025 fiscal biennium for the services identified in this subdivision.

SECTION 7.36.(g) Grants for Safety Equipment. – 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 shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.

SECTION 7.36.(h) Artificial Intelligence (AI) Pilot. – Of the funds appropriated to the Department of Public Instruction by this act for the grants provided in this section for the 2023-2024 fiscal year, the Department shall allocate (i) three million two hundred thousand dollars ($3,200,000) as a directed grant to New Hanover County Schools and (ii) two million dollars ($2,000,000) as a directed grant to Davidson County Schools for an AI School Safety Pilot Program. In conducting the Pilot Program, participating public school units shall comply with the following:

(1) Funds allocated for the Pilot Program shall be used for the implementation of a school safety system that integrates AI technology into existing access controls, alerting protocols, and intercom systems.

(2) No later than January 15, 2025, the participating public school units, in coordination with the Department of Public Instruction, shall report to the Joint Legislative Education Oversight Committee the following information:
   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

shall be operated and administered for students in grades six through 11 in at least the following local school administrative units: Cleveland County Schools, Greene County Schools, Lenoir County Public Schools, Lincoln County Schools, McDowell County Schools, Mitchell County Schools, and Pitt County Schools. The Department may select one or more additional local school administrative units to participate in the Project if the funds are sufficient to support additional units. These contract funds shall not be used for any purpose other than to implement the Project in the local school administrative units, which consists of interactive, holistic, and evidence-based multimedia education programs that are screened via in-person school assemblies, internet-based and synchronized remote access, or a combination of the two. The Project shall include theme-specific programs and certain additional follow-up applications that address dangerous life- and community-threatening activities that negatively impact teenagers, including alcohol and other drugs, dangerous driving, violence, and bullying. The goal of these programs is to increase positive intentions and behavioral outcomes by teaching students the techniques and skills that empower them to reach meaningful life goals, employ positive behaviors, and start businesses and social enterprises.

SECTION 7.37.(b) The Children and Parent Resource Group, Inc., in consultation with the Department of Public Instruction, shall submit a report on the Project authorized by subsection (a) of this section by March 15, 2024, to the Joint Legislative Education Oversight Committee and the Fiscal Research Division. The report shall include an accounting of expenditures and student outcome data related to the operation of the Project.

NBPTS PARTICIPATION FEE GRANT PROGRAM

SECTION 7.40. Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-296.2A. National Board for Professional Teaching Standards certification participation fee grant program.**

(a) Notwithstanding G.S. 115C-296.2, to the extent the General Assembly provides funds for this purpose, the Department of Public Instruction shall establish a grant program for qualifying public schools to improve teacher quality and mitigate learning loss by reimbursing teachers for the cost of the participation fee for National Board for Professional Teaching Standards (NBPTS) certification.

(b) Definitions. – The following definitions shall apply in this section:

(1) Public school. – Any of the following:

a. A school in a public school unit.

b. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 4 or Article 29 of Chapter 116 of the General Statutes.

(2) Qualifying public school. – A public school that meets any of the following criteria:

a. Is identified as a low-performing school pursuant to G.S. 115C-105.37 or G.S. 115C-218.94.

b. Enrolled a student body in the school year prior to the application for reimbursement consisting of at least ten percent (10%) of students identified by the Department as at-risk students.

(c) Grant Applications and Approval. – The governing board of a qualifying public school may apply to the Department of Public Instruction for grant funds to reimburse teachers employed in the qualifying public school for the cost of the participation fee for NBPTS certification. The Department shall develop criteria and guidelines for governing bodies of public schools that receive grant funds to follow when administering the reimbursements. The criteria 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.

COMBINING OF THE EDUCATION AND WORKFORCE INNOVATION COMMISSION GRANT PROGRAMS

SECTION 7.43. Article 6C of Chapter 115C of the General Statutes reads as rewritten:

"Article 6C.

"Education and Workforce Innovation and CTE Grade Expansion Program.

"**§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.**

(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed powers independently of the Department of Public Instruction. Of the funds appropriated for the Education and Workforce Innovation and CTE Grade Expansion Program established under G.S. 115C-64.16, up to ten percent (10%) of those funds each fiscal year may be used by the Department of Public Instruction to provide technical assistance and administrative assistance, including staff, to the Commission and for reimbursements and expenses for the Commission for the Education and Workforce Innovation ~~Program and the Career and Technical Education Grade Expansion~~ and CTE Grade Expansion Program.

(b) The Commission shall consist of the following 14 members:

(1) The Secretary of Commerce or his or her designee.

(2) The State Superintendent of Public Instruction or his or her designee.

(3) The Chair of the State Board of Education or his or her designee.

(4) The President of The University of North Carolina or his or her designee.

(5) The President of the North Carolina Community College System or his or her designee.

(6) Three members appointed by the Governor who have experience in education.

(7) Three members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(8) Three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, as provided in G.S. 120-121, who have experience in businesses operating in North Carolina.

(b1) Members appointed by the Governor or the General Assembly shall serve for three-year terms commencing July 1 of the year of appointment and may serve successive terms.

(c) The Commission members shall elect a chair from the membership of the Commission. The Commission shall meet at least three times annually on the call of the Chair or as additionally provided by the Commission. A quorum is six members of the Commission. Members may not ~~send designees to Commission meetings nor may they~~ vote by proxy.

(d) The Commission shall develop and administer the Education and Workforce Innovation and CTE Grade Expansion Program, as established under G.S. 115C-64.16, in collaboration with the North Carolina Career and Technical Education Foundation, Inc., and make awards of grants under the Program.

~~(d1) The Commission shall develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, and in collaboration with the North Carolina Career and Technical Education Foundation, Inc., the Career and Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.~~

(d2) The North Carolina Career and Technical Education Foundation, Inc., shall ~~serve as a grant administrator by providing~~ provide assistance and support to grantees for initiating, 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.

c. Development of systems, infrastructure, capacity, and culture to enable teachers and school leaders to continuously focus on improving individual student achievement.

(2) Local school administrative units. – Local school administrative units must demonstrate all of the following in their applications:

a. Implementation of comprehensive reform and innovation.

b. Appointment of a senior leader to manage and sustain the change process with a specific focus on providing parents with a portfolio of meaningful options among schools.

(3) Regional partnerships of two or more local school administrative units. – Partnerships of two or more local school administrative units must demonstrate all of the following in their applications:

a. Implementation of resources of partnered local school administrative units in creating a tailored workforce development system for the regional economy and fostering innovation in each of the partnered local school administrative units.

b. Promotion of the development of knowledge and skills in career clusters of critical importance to the region.

c. Benefits of the shared strengths of local businesses and higher education.

d. Usage of technology to deliver instruction over large geographic regions and build networks with industry.

e. Implementation of comprehensive reform and innovation that can be replicated in other local school administrative units.

(c) Consideration of Factors in Awarding of Innovation Grants. – All applications must include information on at least the following in order to be considered for ~~a~~ an innovation grant:

(1) Describe the aligned pathways from school to high-growth careers in regional economies.

(2) Leverage technology to efficiently and effectively drive teacher and principal development, connect students and teachers to online courses and resources, and foster virtual learning communities among faculty, higher education partners, and business partners.

(3) Establish a comprehensive approach to enhancing the knowledge and skills of teachers and administrators to successfully implement the proposed innovative program and to graduate all students ready for work and college.

(4) Link to a proven provider of professional development services for teachers and administrators capable of providing evidence-based training and tools aligned with the goals of the proposed innovative program.

(5) Form explicit partnerships with businesses and industry, which may include business advisory councils, internship programs, and other customized projects aligned with relevant workforce skills.

(6) Partner with community colleges or public or private universities to enable communities to challenge every student to graduate with workplace credentials or college credit.

(7) Align K-12 and postsecondary instruction and performance expectations to reduce the need for college remediation courses.

(8) Secure input from parents to foster broad ownership for school choice options and to foster greater understanding of the need for continued education beyond high school.

(9) Provide a description of the funds that will be used and a proposed budget for ~~five years.~~each of the grant years.

(10) Describe the source of matching funds required in subsection (d) of this section.

(11) Establish a strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(d) Matching Private and Local ~~Funds.~~ Funds for Innovation Grants. – All innovation grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds may include in-kind contributions.

(e) Awards for Innovation Grants. – Any innovation grants awarded by the Commission may be spent over a five-year period from the initial award. Grants may be awarded for new or existing projects. Grant funds shall not revert but shall be available until expended.

(f) Innovation Grant Recipient Reporting Requirements. – No later than September 1 of each year, ~~a~~ an innovation grant recipient shall submit to the Commission an annual report for the preceding grant year that describes the academic progress made by the students and the implementation of program initiatives.

"**§ 115C-64.17. ~~The~~ Career and Technical Education Grade Expansion ~~Program.~~Grants.**

(a) ~~Program Establishment.~~ CTE Grade Expansion Grants. – ~~There is established the Career and Technical Education Grade Expansion Program (Program) to expand~~ Career and Technical Education Grade Expansion grants shall be awarded under the Program for the purpose of expanding career and technical education (CTE) programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units and charter schools for up to seven years. ~~Funds appropriated for the Program~~ Grant funds shall be allocated to selected local school administrative units and charter schools as competitive ~~grants of (i) up to seven hundred thousand dollars ($700,000) for the 2017-2018 fiscal year and (ii)~~ grants, to the extent funds are available, of up to one million dollars ($1,000,000) for the 2018-2019 fiscal year and subsequent fiscal years. Grant funds shall be used only for employing additional licensed personnel in career and technical education areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. ~~The funds may be used for CTE programs at one or more schools in the local school administrative unit.~~ For a local school administrative unit, the funds may be used for CTE programs at one or more schools in the unit. Grant funds allocated to the local school administrative unit or charter school each fiscal year ~~under the Program~~ shall not revert but shall be available for the purpose of the grant program until expended.

(b) Consideration of Factors in Awarding of CTE Grade Expansion Grants. – Local school administrative units and charter schools applying for ~~the Program~~ CTE grade expansion grants shall submit an application that includes at least the following information:

(1) A plan for expansion of the CTE program to sixth and seventh grade students, including the specific programs that will be expanded, the significance of CTE in the local school administrative ~~unit,~~ unit or charter school, and how a grade expansion would enhance the education program and the community.

(2) A request for the amount of funds, a description of how the funds will be used, and any other sources of funds available to accomplish the purposes of this program.

(3) A proposed budget for seven years that provides detail on the use of the amount of funds to add personnel, increase career development efforts, and provide support services.

(4) A strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(c) Selection of CTE Grade Expansion Grant Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November 30, 2017. For subsequent fiscal years that funds are made available for the ~~Program,~~ CTE grade expansion grants, the Commission shall accept applications for a grant until August 1 of each year. The Commission

shall consult with the North Carolina Career and Technical Education Foundation, Inc., to select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit or charter school is located, and the size of the student population served by the unit, or charter school, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards.

(d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the Commission shall first allocate funds to applicants who received CTE grade expansion grant funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year grant recipients, any remaining funds may be used by the Commission to select new grant ~~recipients.~~ recipients, as provided in G.S. 115C-64.16(a1). The ~~Commission, in consultation with the Superintendent of Public Instruction,~~ Commission shall establish rules regarding any requirements for grant recipients to continue eligibility to receive funds each fiscal year, including timely and accurate reporting as required under subsection (e) of this section.

(e) Reporting Requirements. – No later than August 1 of each year, for up to seven years after the initial grant award, a grant recipient shall submit to the Department of Public Instruction, Local Planning Systems Regional Services staff within the Division of Career and Technical Education, an annual report for the preceding year in which CTE grade expansion grant funds were expended that provides at least the following information on the program for sixth and seventh grade students:

(1) The use of grant funds, including the CTE programs and courses that have been expanded in the local school administrative unit or charter school to include sixth and seventh grade students.
(2) The number of students enrolled in CTE courses as part of the expansion.
(3) The number of students who subsequently enrolled in CTE courses in high school.
(4) The number of students who subsequently participated in internships, cooperative education, or apprenticeship programs.
(5) The number of students who subsequently earned (i) college credit and (ii) approved industry certification and credentials.
(6) Any other information the Division of Career and Technical Education deems necessary.

The Superintendent of Public Instruction shall provide a report to the Commission by October 15 of each year based on the information reported to the Local Planning Systems Regional Services staff under this subsection, including how the grant recipients compare to CTE programs statewide and whether the programs are aligned with the Master Plan for Career and Technical Education adopted by the State Board."

TEACHER ASSISTANT TUITION REIMBURSEMENT PROGRAM

SECTION 7.44.(a) Article 17D of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-269.31. Teacher Assistant Tuition Reimbursement Grant Program.**

(a) Purpose. – The Department of Public Instruction shall establish the Teacher Assistant Tuition Reimbursement Grant Program (Program). The purpose of the Program is to provide tuition assistance to part-time or full-time teacher assistants working in local school administrative units to pursue a college degree that will result in teacher licensure.

(b) Applications; Grant Priority. – Local school administrative units may apply to participate in the Program pursuant to a process to be established by the Department of Public Instruction. The application shall identify current and ongoing needs for licensed teachers and

the expected number of eligible teacher assistants that would participate in the Program. In evaluating applications, the Department shall prioritize local school administrative units according to the following order:

(1) Local school administrative units that received funds under the Teacher Assistant Tuition Reimbursement Pilot Program established in Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5.

(2) Local school administrative units located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year.

(3) All other local school administrative units.

(c) Award of Funds. – To the extent funds are made available for the Program, a local school administrative unit receiving funds under the Program shall provide a teacher assistant participating in the program an award of up to four thousand six hundred dollars ($4,600) per academic year per teacher assistant, up to four academic years to defray the costs of tuition and fees at an educator preparation program at an institution of higher education while employed in the local school administrative unit as a teacher assistant.

(d) Additional Criteria. – The following additional criteria shall apply under the Program:

(1) Tuition assistance awards granted under the Program may be provided for part-time or full-time coursework.

(2) A local board of education may grant a teacher assistant academic leave to pursue coursework that may only be taken during working hours.

(3) A teacher assistant shall fulfill the student teaching requirements of an educator preparation program by working as a teacher assistant at his or her employing local school administrative unit.

(4) A teacher assistant shall continue to receive salary and benefits while student teaching in the local school administrative unit as provided for teacher assistants in G.S. 115C-269.30(c).

(e) Selection of Teacher Assistants. – The Department shall establish criteria for initial and continuing eligibility to participate in the Program. The Department shall adopt standards to ensure that only qualified, potential recipients receive an award of funds for tuition and fees under the Program. The standards shall include satisfactory academic progress toward achieving teacher licensure. Local school administrative units receiving grants pursuant to the Program shall select teacher assistants to receive funds under the Program and prioritize teacher assistants who received an award in the prior academic year and who are making satisfactory academic progress towards achieving teacher licensure. The Department of Public Instruction shall set criteria for the application and selection of teacher assistants to receive tuition assistance awards that includes at least the following:

(1) The teacher assistant shall be employed by the local board of education in the local school administrative unit.

(2) The teacher assistant shall be enrolled or provide a statement of intent to enroll in an accredited institution of higher education in North Carolina with an educator preparation program approved by the State Board of Education to pursue teacher licensure.

(3) The teacher assistant qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(f) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of education participating in the Program shall enter into a memorandum of understanding with the institution of higher education in which an award recipient under the Program is enrolled that includes procedures for at least the following:

(1) Remittance of the award from the local board of education to the institution of higher education.

(2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.

(3) Return of a pro rata share of funds to the local board of education in the event a recipient (i) withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.

(g) Local Report. – No later than September 1 of each school year following at least six months of participation in the Program for that year, local boards of education participating in the Program shall report at least the following information to the Department of Public Instruction:

(1) The number and amount of funds in tuition assistance awards provided to teacher assistants.

(2) The number of teacher assistant recipients who achieved teacher licensure, including the period of time from the issue of an initial tuition assistance award to the time of achieving licensure.

(3) The number of recipients who remained employed in the local school administrative unit after achieving teacher licensure.

(h) State Report. – No later than December 1, 2024, and annually thereafter for each year funds are awarded pursuant to the Program, the Department of Public Instruction shall aggregate the information provided pursuant to subsection (g) of this section and report that information to the Joint Legislative Education Oversight Committee."

SECTION 7.44.(b) Section 8.29 of S.L. 2016-94, as amended by Section 7.20 of S.L. 2017-57, Section 6(m) of S.L. 2017-189, and Section 7.21 of S.L. 2018-5, is repealed. Notwithstanding this subsection, the local boards of education identified in Section 8.29(d) of 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, shall continue to provide the information identified in that subsection to the Joint Legislative Education Oversight Committee by September 1, 2023.

SECTION 7.44.(c) This section applies beginning with the 2023-2024 school year.

TEACHER APPRENTICE GRANT PROGRAM

SECTION 7.44A. Article 17D of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-269.32. Teacher Apprentice Grant Program.**

(a) Definitions. – The following definitions shall apply in this section:

(1) Eligible high school graduate. – A graduate of a high school in a local school administrative unit who was enrolled in a Career and College Promise Transfer Pathway Program leading to an associate degree in teacher preparation and earned one or more credits toward that degree.

(2) Eligible teacher apprentice. – An eligible high school graduate who meets the following criteria:

a. Is employed as a teacher apprentice in an elementary school in the same local school administrative unit where he or she graduated high school.

b. Is enrolled part time or full time in a recognized educator preparation program pursuing coursework toward a college degree that will result in teacher licensure.

c. Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and

centralized residency determination process administered by the Authority.

(3) Program. – The Teacher Apprentice Grant Program.

(4) Teacher apprentice. – A teacher assistant who works with a teacher of record to develop an expertise in teaching by observing best education practices and gaining classroom experience with the goal of becoming a licensed teacher.

(b) Program Established. – The Department of Public Instruction shall establish the Teacher Apprentice Grant Program. The purpose of the Program is to provide grants to local school administrative units to award funds for (i) the cost of tuition at an educator preparation program for eligible teacher apprentices and (ii) salary supplements for teacher apprentices who become teachers in the unit.

(c) Applications. – Local school administrative units may submit applications to participate in the Program each year pursuant to a process to be established by the Department of Public Instruction. The application shall identify current and ongoing needs for licensed teachers and the expected number of eligible teacher apprentices that would participate in the Program.

(d) Award of Funds. – To the extent funds are made available for the Program, funds shall be awarded as follows:

(1) Funds for tuition. – Eligible teacher apprentices shall receive awards of up to four thousand six hundred dollars ($4,600) per academic semester, per eligible teacher apprentice, up to four academic years to defray the costs of tuition and fees for part-time or full-time coursework taken while employed in the local school administrative unit as an eligible teacher apprentice.

(2) Funds for salary supplements. – Notwithstanding any other provision of law, any eligible teacher apprentice who becomes a licensed teacher and accepts employment in the same local school administrative unit shall receive a salary supplement each month during his or her first four years of employment as a teacher, without a break in service, equivalent to the difference between the State-funded salary of the graduate and the State-funded salary of a similarly situated teacher with four years of experience on the "A" Teachers Salary Schedule, as long as the teacher remains teaching in the same local school administrative unit.

(e) Additional Criteria. – The following additional criteria shall apply to funds awarded under the Program:

(1) A local board of education may grant an eligible teacher apprentice academic leave to pursue coursework that may only be taken during working hours.

(2) An eligible teacher apprentice shall fulfill the student teaching requirements of an educator preparation program by working as a teacher apprentice at his or her employing local school administrative unit.

(3) An eligible teacher apprentice shall continue to receive salary and benefits while student teaching in the local school administrative unit as provided for teacher assistants in G.S. 115C-269.30(c).

(4) Local boards of education receiving grants under the Program shall make efforts to promote the Program to high school students enrolled in a Career and College Promise Transfer Pathway Program.

(f) Selection of Teacher Apprentices. – The Department shall establish criteria for initial and continuing eligibility to participate in the Program. The Department shall adopt standards to ensure that only qualified, potential recipients receive an award of funds for tuition and fees under the Program. The standards shall include satisfactory academic progress toward achieving teacher licensure. Local school administrative units receiving grants pursuant to the Program

shall prioritize for the award of funds for eligible teacher apprentices who received an award in the prior academic year.

(g) Endorsement of Tuition Assistance Awards for Recipients. – Each local board of education participating in the Program shall enter into a memorandum of understanding with the institution of higher education in which an award recipient under the Program is enrolled that includes procedures for at least the following:

(1) Remittance of the award from the local board of education to the institution of higher education.

(2) Endorsement of the funds awarded to the recipient to the institution of higher education for deposit into the account of the institution.

(3) Return of a pro rata share of funds to the local board of education in the event (i) a recipient withdraws from the institution of higher education prior to the end of a term or (ii) the recipient's employment with the local board of education is terminated. The return of funds shall be consistent with procedures used by the institution under federal Title IV programs.

(h) Report to the General Assembly. – The Department shall report no later than May 15, 2024, and annually thereafter while funds are awarded under the Program, to the Joint Legislative Education Oversight Committee regarding the Program, including at least the following information:

(1) Funds awarded under the Program, including the following:

a. Demographic information regarding eligible teacher apprentices.

b. Number of award recipients by local school administrative unit and educator preparation program.

(2) Placement rates, including the number of award recipients who have been employed as licensed teachers in the same local school administrative unit in which they worked as a teacher apprentice and the time frame from the issuance of the initial award of funds to the time of achieving licensure.

(3) Recommendations to improve the Program and increase the number of teachers in North Carolina."

ECONOMICALLY DISADVANTAGED PUBLIC SCHOOL SUPPORT FUNDS

SECTION 7.45. Part 2 of Article 8B of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-105.34. Economically disadvantaged public school support funds.**

(a) For purposes of this section, the following definitions shall apply:

(1) Curriculum. – Materials or programs related to courses offered by an economically disadvantaged public school.

(2) Economically disadvantaged public school. – A school in a local school administrative unit or a charter school with a student population that is composed of at least eighty percent (80%) of students identified by the Department of Public Instruction as economically disadvantaged students.

(3) Eligible employee. – Any full-time or part-time employee of a qualifying economically disadvantaged public school.

(4) Qualifying economically disadvantaged public school. – An economically disadvantaged public school that exceeded expected growth in the prior school year, as determined by the State Board of Education pursuant to G.S. 115C-83.15(c).

(b) The Department of Public Instruction shall establish the Economically Disadvantaged Public Schools Support Program (Program) to provide funds to support the efforts of qualifying economically disadvantaged public schools to continue to exceed growth in subsequent school years. To the extent funds are provided to the Department for this purpose, the Department shall

allocate these funds annually to each governing body of an economically disadvantaged public school based on the relative proportion of students in each qualifying economically disadvantaged public school governed by that body. The governing body shall allocate those funds to each qualifying economically disadvantaged public school based on the relative proportion of students in each school. The funds shall be used for curriculum, activities necessary to support students and instructional support personnel, and bonuses and retention programs for eligible employees, in the discretion of the governing body of the charter school or the school in the local school administrative unit, as appropriate.

(c) It is the intent of the General Assembly that funds provided pursuant to this section will supplement and not supplant local funds."

REVISE SCHOOL TRANSPORTATION FUNDS REQUIREMENTS

SECTION 7.47. G.S. 115C-240(e) reads as rewritten:

"(e) The State Board of Education shall allocate to the respective local boards of education funds appropriated from time to time by the General Assembly for the purpose of providing transportation to the pupils enrolled in the public schools within this State. Such funds shall be allocated by the State Board of Education ~~in accordance with~~ based on the efficiency of the local school administrative units in transporting pupils. The efficiency of the units shall be calculated using the number of pupils to be transported, the length of bus routes, road conditions and all other circumstances affecting the cost of the transportation of pupils by school bus to the end that the funds so appropriated may be allocated on a fair and equitable basis, according to the needs of the respective local school administrative ~~units and so as to provide the most efficient use of such funds.~~ units. Such allocation shall be made by the State Board of Education at the beginning of each fiscal ~~year, except that the~~ year, based on the most recently available data from a prior school year. The State Board may reserve for future allocation ~~from time to time within such fiscal year as the need therefor shall be found to exist,~~ a reasonable amount not to exceed ~~ten percent (10%)~~ five percent (5%) of the total funds available for transportation in such fiscal year from such appropriation. Prior to April 1 of the fiscal year in which the funds are reserved, the reserved funds shall be allocated only in the event of an emergency need of a local school administrative unit. In the event reserved funds remain by April 1 of that fiscal year, the State Board shall allocate the remaining funds to all local school administrative units based on the efficiency of the units in transporting pupils. If there is evidence of inequitable or inefficient use of funds, the State Board of Education shall be empowered to review school bus routes established by local boards pursuant to G.S. 115C-246 as well as other factors affecting the cost of the transportation of pupils by school bus."

TWELFTH GRADE TRANSITION PROGRAM/SCHOLARPATH

SECTION 7.48. Of funds appropriated to the Department of Public Instruction by this act, the Department shall use up to two million five hundred thousand dollars ($2,500,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium to contract with MyScholar, LLC, to use the ScholarPath platform to create the Twelfth Grade Transition Program for all high school students. The Program shall consist of an education planning and communication platform that helps students and parents prepare for transition to twelfth grade, regardless of public school unit participation. The platform shall utilize O*NET data and additional student surveys to connect and match students to pathways that meet the interests of the students, current workforce initiatives, and opportunities in high-demand careers. The platform shall give students the ability to be connected to colleges, the workforce, and the military, while protecting student data through de-individualized and encrypted methods. The platform shall be accessible by single sign-on through any North Carolina school-provided email. The data collected shall be able to be housed in the State and shall be used to help identify the workforce needs in the State. MyScholar, LLC,

shall provide requested information to the Economic Development Partnership of North Carolina, Department of Labor, and the Department of Public Instruction.

STUDY FOR STUDENTS WITH EXTRAORDINARY COSTS/REPORT

SECTION 7.49. As used in this section, "Approved School" means a private school with approved nonpublic education programs providing special education for students with intensive needs. The Department of Public Instruction shall study the following and report any legislative recommendations based on the outcomes of the study to the House Appropriations Committee on Education, the Senate Appropriations Committee on Education/Higher Education, and the Joint Legislative Education Oversight Committee by January 15, 2024:

(1) A method of improving options for children with disabilities with intensive needs which require private placement in an Approved School consistent with the student's individualized education program (IEP).

(2) A method of determining that placement in an Approved School is the means that most appropriately suits the child's individual needs.

(3) Extraordinary costs incurred by the public school unit by student placement in Approved Schools.

(4) Methods of creating a network of Approved Schools into which a child with disabilities with intensive needs may be placed consistent with the student's IEP.

(5) A method of prioritizing dispersal of funds to public school units to assist with the cost associated with enrolling in an Approved School in early grades to incentivize public school units to enroll students in the Approved Schools at the earliest appropriate age.

(6) Recommendations on the proportion of a student's extraordinary cost to be paid from local, State, and federal sources, respectively, and to identify existing funds at each level that may be available for the purposes studied pursuant to this section.

(7) A method to monitor overidentification of children with disabilities with intensive needs.

(8) Methods to allow for Medicaid reimbursement for additional services, such as transportation, and expanding the eligible age range to receive reimbursement for services.

(9) An estimated range of costs associated with implementing the studied methods.

(10) The advisability of one or more pilot programs with one or more Approved Schools.

LEADERSHIP DASHBOARD AND LEARNING RECOVERY/SAS

SECTION 7.52.(a) Of the funds appropriated to the Department of Public Instruction by this act, the sum of four hundred sixty-five thousand dollars ($465,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to continue partnering with SAS Institute, Inc. (SAS), to continue funding the North Carolina Leadership Dashboard and to support SAS as it expands analytics work in cooperation with the Department.

SECTION 7.52.(b) Of the funds appropriated to the Department of Public Instruction by this act, the sum of five hundred fifty thousand dollars ($550,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to continue to partner with SAS to fund learning recovery analysis, student projections to pre-pandemic expected performance, and web reporting on year-over-year modeling for learning recovery.

SPECIAL NEEDS PILOT PROGRAM

SECTION 7.53. Of the funds appropriated to the Department of Public Instruction, the sum of nine hundred seventy-five thousand dollars ($975,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to contract with Amplio Learning Technologies, Inc., to create a new pilot program (Program) for a special education digital intervention software platform in Alamance County Schools, Catawba County Schools, and Nash County Schools to increase opportunities for students with special needs. The Program shall focus primarily on students receiving interventions for speech language and reading development, including English language learners, to provide more optimized progress for the interventions. To provide more effective and efficient opportunities for Medicaid billing for speech language pathologists (SLP) services and dyslexia-related services, the platform chosen should include digital evidence-based curricula specifically aligned to speech, language, and literacy intervention goals. The chosen solution should include real-time automatic measurements, data collection, and documentation, as well as goal tracking and administrative dashboards. The platform chosen should be a web-based application accessible on multiple devices allowing flexible application across classroom-based, small group, and individual intervention models and utilized by a variety of intervention team members, including special educators, SLPs, Reading Interventionists, SLP assistants, and educational aides. The Department of Public Instruction shall report on the results of the Program to the Joint Legislative Oversight Committee and the Fiscal Research Division by October 15, 2025. The report shall include at least (i) a comparison of Medicaid reimbursements paid out to participating public school units compared against public school units that did not participate in the Program and (ii) a comparison of Medicaid reimbursements paid out to public school units after participating in the Program compared against Medicaid reimbursements paid out to participating public school units prior to their participation in the Program.

INCREASE AMOUNT FOR DEVELOPMENTAL DAY CENTERS/CARRY FORWARD GRANT RESERVE/REPORT

SECTION 7.54.(a) From funds available to the Developmental Day Center program, the Department of Public Instruction shall set the funding rate for each eligible student enrolled in a Center at up to a maximum of one thousand three hundred fifty dollars ($1,350) per month.

SECTION 7.54.(b) Any unexpended and unencumbered funds at the end of each fiscal year from the funds available to the Developmental Day Center program shall not revert to the General Fund but shall be transferred by the Department to a reserve to establish a grant program for Developmental Day Centers to be administered in accordance with subsection (c) of this section.

SECTION 7.54.(c) Beginning with the 2023-2024 fiscal year, when the balance of the reserve provided for in subsection (b) of this section reaches the sum of at least fifty thousand dollars ($50,000) in a fiscal year, then the Department of Public Instruction shall solicit applications from licensed, community-based Developmental Day Centers approved by the Department of Public Instruction, Exceptional Children Division, for grants to the Developmental Day Center. The grant application shall require documentation of the expenditures for which the grant is being requested and any other information requested by the Department. Local school administrative units shall not be eligible for the receipt of grant funds under this section. Any unexpended funds in the reserve shall be carried forward each fiscal year to be used for the purposes of subsections (b) and (c) of this section.

SECTION 7.54.(d) By March 15 of each fiscal year in which grants are awarded pursuant to subsection (c) of this section, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on at least the following:

(1) The Developmental Day Centers that received an award of a grant.
(2) The balance of the reserve.
(3) The number of grant recipients.

(4) The dollar amount of each grant.
(5) The type of expenditure covered by each grant.

SECTION 7.54.(e) Regardless of whether the Department awards any grants pursuant to subsection (c) of this section, the Department shall report by October 15 of each year funds are received for Developmental Day Centers to the Joint Legislative Education Oversight Committee on at least the following related to Developmental Day Centers:

(1) The number of students enrolled in Developmental Day Centers.
(2) The average funding rate for each eligible student enrolled in a Center.
(3) The percentage of eligible students enrolled in Centers that warranted dispersal of the maximum funding amount per month.
(4) The number of staffing vacancies in Centers, disaggregated by each Center.
(5) Any other information the Department deems relevant.

SECTION 7.54.(f) Subsection (b) of this section becomes effective June 30, 2023.

CTE MODERNIZATION AND EXPANSION

SECTION 7.55. Of the funds appropriated to the Department of Public Instruction by this act, up to two million dollars ($2,000,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to create a grant program for modernization of Career and Technical Education (CTE) programming, materials, training, and professional development for courses conducted in grades six through 12. The Department shall establish a grant program for each school year of the 2023-2025 fiscal biennium to which a public school unit or regional partnership of more than one public school unit may apply to receive funds if a school within the unit or partnership has an existing CTE program. Grant recipients shall use the funds distributed to them under this section to procure and implement an online digital CTE learning platform containing comprehensive courses with lesson plans, media-rich content and activities, and interactive assessments that align with the North Carolina Career and Technical Education Standards. The platform shall have modules that assist teachers in preparing students for high-wage, high-growth career areas. By December 15, 2023, the Department shall select approved providers to guarantee consistency throughout the State. Any selected digital CTE learning platform shall include at least all of the following components:

(1) Instructional strategies and guided lesson plans to assist teachers with classroom implementation and instructional differentiation.
(2) Media-based instructional content for providing demonstrations and instruction on skills required for applicable career areas.
(3) Multiple methods of delivery of instruction, including at least face-to-face, self-paced, and distance or hybrid learning.
(4) Guided projects and activities to incorporate hands-on application of skills.
(5) A focus on mastery-based learning.
(6) Reporting features to provide data on student progress.
(7) Guidance for students to obtain industry-recognized certifications.
(8) Career connections to provide examples of career opportunities following graduation from high school.

DPI FUND CODE FLEXIBILITY

SECTION 7.56. As part of the certification of the budget for the 2023-2025 fiscal biennium, the Department of Public Instruction, in consultation with the Office of State Budget and Management and the Fiscal Research Division, shall redefine the fund codes composing the State Public School Fund as necessary to facilitate effective public school unit budgeting and cash management in preparation for the implementation of the North Carolina Financial System. The Department, in consultation with the Office of State Budget and Management and the Fiscal Research Division, may also move the State Textbook Fund to Budget Code 23510 as necessary

to facilitate effective public school unit budgeting and cash management in preparation for the implementation of the North Carolina Financial System.

ENHANCED SCHOOL BUS STOP ARM GRANTS

SECTION 7.57.(a) For the purposes of this section, the following definitions apply:

(1) Extended mechanical stop signal. – A mechanical stop signal that is a minimum of 60 inches away from the side of the school bus when extended, whether operated independently or in conjunction with a shorter mechanical stop signal.

(2) Illuminated mechanical stop signal. – A mechanical stop signal that is illuminated with a light-emitting diode (LED) light source.

(3) Mechanical stop signal. – A retractable mechanical arm with a stop sign and red flashing lights attached to the end of the arm that is mounted to the driver side of a school bus and used to stop traffic while students disembark the bus, as referenced in G.S. 20-217, and in conformity with Standard No. 131 of Part 571 of the Federal Motor Vehicle Safety Standards.

(4) School bus. – As defined in G.S. 20-4.01(27).

SECTION 7.57.(b) With the funds appropriated to the Department of Public Instruction by this act for this purpose, the Superintendent of Public Instruction shall establish the Enhanced School Bus Stop Arm Grant Program (Program) for the 2023-2024 fiscal year to administer funds to public school units to add, upgrade, or replace mechanical stop signals on school buses with either illuminated mechanical stop signals or extended mechanical stop signals to increase the safety of students when disembarking or boarding the bus.

SECTION 7.57.(c) The Superintendent shall develop the application process for the Program and inform public school units how to apply. At a minimum, the Superintendent shall consider the type and number of stop signal additions, upgrades, or replacements the public school unit proposes to complete and the number of bus routes or stops that are known to pose a significant safety risk.

SECTION 7.57.(d) No later than April 15, 2024, the Superintendent shall submit a report to the Joint Legislative Education Oversight Committee containing at least the following information:

(1) Which public school units received grants and in what amounts.

(2) Whether the public school unit purchased (i) extended mechanical stop signals, (ii) illuminated mechanical stop signals, or (iii) both.

(3) What outstanding need remains, if any, including the amount needed to fulfill remaining grant requests.

(4) The impact of the program on student safety.

(5) Recommendations for additional school bus mechanical stop signal technology or implementation.

ELIMINATE STUDENT COPAY FOR REDUCED-PRICE MEALS

SECTION 7.58. Funds appropriated from the General Fund to the Department of Public Instruction by this act for reduced-price school meal copays shall be used to provide school breakfasts and lunches at no cost to students of all grade levels that qualify for reduced-price meals under the National School Lunch Program in the current school year. If the funds are insufficient to provide school meals at no cost to students qualifying for reduced-price meals, the Department of Public Instruction may use funds appropriated to the State Aid for Public Schools fund for this purpose.

CEP MEAL PROGRAM INCENTIVE

SECTION 7.59.(a) Program; Purpose. – The Department of Public Instruction shall establish the CEP Meal Program Incentive for the 2023-2025 fiscal biennium to expand public school participation in the federal Community Eligibility Provision (CEP) program to increase the number of students with access to healthy, cost-free school breakfast and lunch. The incentive program shall be available to public school units for the 2024-2025 fiscal year.

SECTION 7.59.(b) Eligibility. – A public school unit or school within a public school unit is eligible for the incentive program if the public school unit or a school within a public school unit qualifies for the CEP program and the qualifying public school unit or school did not participate in the CEP program in the 2023-2024 fiscal year.

SECTION 7.59.(c) Application. – By January 15, 2024, the Department shall develop the application for the incentive program and make it available to public school units. Public school units or individual schools shall submit their applications by March 1, 2024. At a minimum, the application shall include the following information:

(1) The school or schools that will participate in the CEP program.

(2) The Identified Student Percentage (ISP) for the school or schools for the 2024-2025 school year.

(3) The number of students enrolled in the school or schools for the 2024-2025 school year.

(4) Participation rates in the National School Breakfast and Lunch programs for the 2023-2024 school year for the schools requesting to receive the incentive.

SECTION 7.59.(d) Selection. – By April 30, 2024, the Department shall determine whether each applicant is eligible to participate in the incentive program. The Department shall then award grants to all eligible public school units and schools. If there are insufficient funds to award grants to all eligible public school units or schools, the Department shall first prioritize awarding grants to public school units and schools with an Identified Student Percentage (ISP) of greater than or equal to fifty-five percent (55%) and then prioritize awarding grants to those schools that will draw the greatest federal match.

SECTION 7.59.(e) Grants. – The Department shall issue State reimbursements to participating public school units and schools to supplement federal reimbursements of school meals. State reimbursement shall equal the difference between the federal free rate and the federal paid rate for the number of meals served at the participating schools equal to a 0.2 multiplier of the ISP for the participating schools. State and federal reimbursements shall not exceed one hundred percent (100%) of the federal free rate of meals served. Schools utilizing the incentive shall offer breakfast after the bell and in the classroom.

SECTION 7.59.(f) Nonsupplant Requirement. – A public school unit or school that receives incentive funds shall use the funds to supplement and not supplant local current expense funds.

SECTION 7.59.(g) Report. – No later than January 1, 2025, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division at least the following information:

(1) The number of schools that utilized the incentive.

(2) The number of students that received free meals that would not have otherwise received free meals had the school not utilized the incentive.

(3) The amount of federal and State money participating public school units and schools received.

(4) Any increase on student success due to the school's utilization of the incentive and participation in the program.

SECTION 7.59.(h) Administration. – The Department may use up to five hundred thousand dollars ($500,000) of the funds appropriated to the Department for the administrative costs of running the incentive program.

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.

(5) Identified advantages to using the pilot calendar and additional remote learning.

(6) Identified disadvantages to using the pilot calendar and additional remote learning.

SECTION 7.61.(d) The Superintendent of Public Instruction shall annually summarize the information provided by the participating local boards of education and provide a report of that information, including a copy of each participating local board of education's report, to the Joint Legislative Education Oversight Committee beginning September 15, 2024, and ending September 15, 2028.

SPARKNC PILOT FOR HIGH-TECH LEARNING ACCELERATOR CREDIT

SECTION 7.62.(a) There is established the SparkNC Pilot Program (Program) for the 2023-2025 fiscal biennium. The pilot program authorizes SparkNC, a North Carolina nonprofit corporation, in partnership with selected public school units, to develop a nontraditional, student-driven pathway through which students may select and complete modular learning experiences that, when aggregated, will provide a competency-based equivalency to a traditional elective course credit. SparkNC shall provide a menu of modular learning experiences that include opportunities for work-based learning. The competency-based elective credit shall be denoted on student transcripts as High-Tech Learning Accelerator and focused on science, technology, engineering, and mathematics (STEM).

SECTION 7.62.(b) Each public school unit partnering with SparkNC in accordance with this section (partnering public school units) shall enter a memorandum of understanding with SparkNC to meet certain requirements for the Program. These requirements shall include the provision of a physical learning lab staffed by a learning lab facilitator that will provide a site for collaborative learning and virtual networking. Learning lab facilitators shall facilitate interdistrict instruction, provide student advising, design learning experiences, coordinate with industry partners, and validate student work.

SECTION 7.62.(c) Notwithstanding any State Board of Education rules, partnering public school units shall award the elective credit in High-Tech Learning Accelerator to any student who completes a combination of modules determined by SparkNC to provide the competency-based elective credit in that course upon verification of successful completion of the learning experiences and integrity of student work products by the learning lab facilitator. The elective credit shall be denoted as achieved mastery on the student's transcript. A student's participation in modules but failure to earn elective credit shall not be denoted as a fail on the student's transcript.

SECTION 7.62.(d) The following provisions shall apply to the Program:

(1) Notwithstanding G.S. 115C-295 and any related State Board of Education rules, learning lab facilitators shall not be required to hold teacher licensure but shall meet the standards established by the memorandum of understanding. Learning lab facilitators shall be the teacher of record for students enrolled in the Program. Additional non-licensed personnel may be contracted with on a full- or part-time basis for the purpose of providing timely, real-world content, industry expertise, and student learning experiences. Learning lab facilitators and contract personnel with the Program shall be subject to the requirements of Part 6 of Article 22 of Chapter 115C of the General Statutes (Criminal History Checks).

(2) For the purposes of student participation in the Program, the requirements of Part 2 of Article 8 of Chapter 115C of the General Statutes (Calendar) shall not apply. Students may continue to participate in the Program and aggregate learning experiences throughout the time the students are enrolled in the public school unit and shall not be limited to a semester or school year.

Learning experiences may be provided to students in person, remotely, or through asynchronous modules.

(3) Notwithstanding G.S. 115C-316 or any other law or rule to the contrary, public school units shall not be required to pay learning lab facilitators in accordance to the salary schedule used for other teachers employed by the public school unit.

(4) If a course in computer science is required for high school graduation, completion of the competency-based elective credit of High-Tech Learning Accelerator shall be deemed to satisfy that requirement if approved by the Superintendent of Public Instruction upon recommendation of the Department of Public Instruction that the course meets the required domains of computer science.

SECTION 7.62.(e) For the 2023-2024 and 2024-2025 school years, the following public school units may partner with SparkNC to participate in the Program:

(1) Asheboro City Schools
(2) Cabarrus County Schools
(3) Chapel Hill-Carrboro City Schools
(4) Chatham County Schools
(5) Cumberland County Schools
(6) Edgecombe County Schools
(7) Elizabeth City-Pasquotank Public Schools
(8) Granville County Schools
(9) Guilford County Schools
(10) Lexington City Schools
(11) Mt. Airy City Schools
(12) New Hanover County Schools
(13) Rockingham County Schools
(14) Rowan-Salisbury Schools
(15) Scotland County Schools
(16) Vance County Schools
(17) Wake County Public School System
(18) Warren County Schools

SECTION 7.62.(f) The nonrecurring funds appropriated to the Department of Public Instruction by this act in the 2023-2024 fiscal year to be used to contract with SparkNC to provide students a nontraditional pathway to earn a competency-based High-Tech Learning Accelerator elective credit shall not revert to the General Fund at the end of the 2023-2024 fiscal year but shall remain available until the end of the 2024-2025 fiscal year.

SECTION 7.62.(g) SparkNC, in consultation with the partnering public school units, shall provide an interim report to the Joint Legislative Education Oversight Committee by March 1, 2025, on the following information, disaggregated for each public school unit by grade level and school, when possible:

(1) Number and percentage of student participation in the Program.
(2) Student retention and persistence in the Program.
(3) Student completion of the High-Tech Learning Accelerator elective credit.
(4) Student evaluation of the Program.
(5) Student interest in science, technology, engineering, and mathematics following participation in the Program.
(6) Cost per student for Program participation.
(7) The number and percentage of courses awarded credit that demonstrate concentration leading toward a career pathway.
(8) Public school unit persistence in the Program.

(9) Recommendations for Program changes, including recommended legislative changes and changes needed to ensure that federal funding for career and technical education can be used for the Program.

SECTION 7.62.(h) SparkNC, in consultation with the partnering public school units, shall provide a final report to the Joint Legislative Education Oversight Committee by March 1, 2026, on the following information, disaggregated for each public school unit by grade level and school, when possible:

(1) Number and percentage of student participation in the Program.
(2) Student retention and persistence in the Program.
(3) Student completion of the High-Tech Learning Accelerator elective credit.
(4) Student evaluation of the Program.
(5) Student interest in science, technology, engineering, and mathematics following participation in the Program.
(6) Cost per student for Program participation.
(7) The number and percentage of courses awarded credit that demonstrate concentration leading toward a career pathway.
(8) Public school unit persistence in the Program.
(9) Recommendations for Program changes, including recommended legislative changes and changes needed to ensure that federal funding for career and technical education can be used for the Program.
(10) Recommendations on development of a mastery transcript.

EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE GRANT PROGRAM

SECTION 7.63.(a) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2023-2025 fiscal biennium, the Department of Public Instruction shall use up to seven million dollars ($7,000,000) for the 2023-2024 fiscal year and up to seven million dollars ($7,000,000) for the 2024-2025 fiscal year for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the Department of Public Instruction may use up to two hundred thousand dollars ($200,000) for each fiscal year to administer the Program.

SECTION 7.63.(b) The purpose of the Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

(1) Use of an evidence-based model with a proven track record of success.
(2) Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
(3) Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, antisocial behaviors, academic growth, and enhancement of parent and family engagement.
(4) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.
(5) Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.
(6) Minimization of student class size when providing instruction or instructional supports and interventions.
(7) Expansion of student access to high-quality learning activities and academic support that strengthen student engagement and leverage community-based

resources, which may include organizations that provide mentoring services and private-sector employer involvement.

(8) Utilization of digital content to expand learning time, when appropriate.

SECTION 7.63.(c) Grants shall be used to award funds for new or existing eligible programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit corporations working in collaboration with local school administrative units. Grant participants are eligible to receive grants for up to two years in an amount of up to five hundred thousand dollars ($500,000) each year. Programs should focus on serving (i) at-risk students not performing at grade level as demonstrated by statewide assessments, (ii) students at risk of dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a result of antisocial behaviors. Priority consideration shall be given to applications demonstrating models that focus services and programs in schools that are identified as low-performing pursuant to G.S. 115C-105.37.

A grant participant shall provide certification to the Department of Public Instruction that the grants received under the Program shall be matched on the basis of three dollars ($3.00) in grant funds for every one dollar ($1.00) in nongrant funds. Matching funds shall not include other State funds. The Department shall also give priority consideration to an applicant that is a nonprofit corporation working in partnership with a local school administrative unit resulting in a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other federal or local funds. Matching funds may include in-kind contributions for up to fifty percent (50%) of the required match.

SECTION 7.63.(d) A nonprofit corporation may act as its own fiscal agent for the purposes of this Program. Grant recipients shall report to the Department of Public Instruction for the year in which grant funds were expended on the progress of the Program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures, before receiving funding for the next fiscal year. Grant recipients shall also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the Program.

SECTION 7.63.(e) The Department of Public Instruction shall provide an interim report on the Program to the Joint Legislative Education Oversight Committee by September 15, 2024, with a final report on the Program by September 15, 2025. The final report shall include the final results of the Program and recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grant programs.

PROHIBITION AGAINST "THREE-CUEING"

SECTION 7.64.(a) G.S. 115C-83.3 is amended by adding a new subdivision to read:

"(9a) "Three-cueing system" means a model of teaching students to read based on meaning, structure and syntax, and visual cues, also known as "MSV.""

SECTION 7.64.(b) G.S. 115C-83.4B is amended by adding a new subsection to read:

"(c) The Early Literacy Program shall not use a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition in any instruction or intervention provided to students in an NC Pre-K program."

SECTION 7.64.(c) Part 1A of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-83.12. Prohibition against three-cueing system model of teaching students to read.**

Local school administrative units shall not use a three-cueing system or a curriculum with visual memory as the primary basis for teaching word recognition in any instruction or intervention provided to students in grades kindergarten through three."

SECTION 7.64.(d) G.S. 115C-150.12C is amended by adding a new subdivision to read:

"(3a) Literacy instruction. – The board of trustees shall ensure that a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition is not used in any instruction or intervention provided to students in grades kindergarten through three."

SECTION 7.64.(e) G.S. 115C-218.85(b) is amended by adding a new subdivision to read:

"(5) The charter school shall not use a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition in any instruction or intervention provided to students in grades kindergarten through three."

SECTION 7.64.(f) G.S. 116-239.8(b)(2) is amended by adding a new sub-subdivision to read:

"e. The chancellor shall ensure that a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition is not used in any instruction or intervention provided to students in grades kindergarten through three."

SECTION 7.64.(g) G.S. 115C-269.20(a)(2)a1. reads as rewritten:

"a1. Coursework in the Science or Reading, as defined in G.S. 115C-83.3. This coursework shall not include preparation to use a three-cueing system, as defined in G.S. 115C-83.3(9a), or a curriculum with visual memory as the primary basis for teaching word recognition to students in grades kindergarten through three."

SECTION 7.64.(h) This section is effective when it becomes law and applies beginning with the 2023-2024 school year.

PROFESSIONAL DEVELOPMENT FOR HOLOCAUST EDUCATION FUNDS NOT TO REVERT

SECTION 7.65.(a) Notwithstanding any provision of law to the contrary, the nonrecurring funds appropriated to the Department of Public Instruction in S.L. 2021-180 for the 2022-2023 fiscal year for Holocaust and genocide education pursuant to Section 7.84 of S.L. 2021-180 shall not revert to the General Fund at the end of the 2022-2023 fiscal year, but shall remain available until the end of the 2023-2024 fiscal year.

SECTION 7.65.(b) This section becomes effective June 30, 2023.

SALARY SUPPLEMENTS FOR TEACHERS IN ADVANCED TEACHING ROLES SCHOOLS

SECTION 7.66. Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-312. Salary supplements for teachers in Advanced Teaching Roles schools.**

(a) For purposes of this section, the following definitions shall apply:

(1) Adult leadership teacher. – A teacher who meets the following criteria:

a. Works in the classroom providing instruction for at least thirty percent (30%) of the instructional day.

b. Leads a team of between three and eight teachers.

c. Shares responsibility for the performance of the students of all teachers on the team identified in sub-subdivision b. of this subdivision.

d. Is not a school administrator.

(2) Advanced teaching role. – Additional responsibility for a teacher in an Advanced Teaching Roles school, as developed by a local board of education pursuant to G.S. 115C-311.

(3) Advanced Teaching Roles unit. – A local school administrative unit with at least one Advanced Teaching Roles school.

(4) Classroom excellence teacher. – A teacher who meets the following criteria:

a. Is a teacher in an advanced teaching role.

b. Assumes and maintains responsibility for at least twenty percent (20%) of additional students as compared to the most recent prior school year in which the teacher did not receive a salary supplement pursuant to this section.

c. Is a member of a team of teachers led by an adult leadership teacher pursuant to sub-subdivision b. of subdivision (1) of this subsection.

(5) Teacher. – A classroom teacher in an Advanced Teaching Roles school who is not instructional support personnel.

(b) Notwithstanding G.S. 115C-311, to the extent funds are made available for this purpose, the State Board of Education shall award funds to local school administrative units for annual salary supplements for teachers in accordance with this section. Advanced Teaching Roles units shall designate up to fifteen percent (15%) of the teachers in each Advanced Teaching Roles school as adult leadership teachers and five percent (5%) of the teachers in each Advanced Teaching Roles school as classroom excellence teachers. Advanced Teaching Roles units shall provide salary supplements for those teachers as follows:

(1) Ten thousand dollars ($10,000) for adult leadership teachers.

(2) Three thousand dollars ($3,000) for classroom excellence teachers.

(c) The following additional requirements apply to salary supplements received pursuant to this section:

(1) Loss of a salary supplement received pursuant to this section for any reason shall not be considered a demotion under Part 3 of Article 22 of Chapter 115C of the General Statutes.

(2) A teacher is eligible to continue receiving a salary supplement pursuant to this section as long as he or she remains an adult leadership teacher or a classroom excellence teacher.

(3) A teacher is eligible to receive no more than one annual salary supplement pursuant to this section at any time."

REALIGN ADVANCED TEACHING ROLES

SECTION 7.67.(a) No later than 30 days after the date this act becomes law, the State Board of Education shall issue a new Request for Proposal (RFP) for local school administrative units to participate in the Advanced Teaching Roles Program pursuant to G.S. 115C-311. As part of this new RFP, the State Board shall do the following:

(1) Take into account the additional recurring funds appropriated to the Department of Public Instruction in this act for the 2023-2025 fiscal biennium.

(2) Make every effort to ensure that local school administrative units can participate in the Program.

(3) Maximize the diversity of geography and student population among participating local school administrative units.

SECTION 7.67.(b) Notwithstanding G.S. 115C-311, beginning in the 2023-2024 school year, as a part of the RFP required pursuant to subsection (a) of this section, the State

Board of Education shall authorize New Hanover County Schools to participate in the Advanced Teaching Roles Program (Program) and, to the extent funds are available in the Program, award State funds to New Hanover County Schools for an initial term, if the following occur:

(1) New Hanover County Schools submits a proposal to participate in the Program by July 1, 2023.

(2) The proposal submitted pursuant to subdivision (1) of this subsection is consistent with the requirements of G.S. 115C-311(b).

DAILY DEPOSIT AMOUNT ADJUSTMENT

SECTION 7.68. G.S. 115C-445 reads as rewritten:

"**§ 115C-445. Daily deposits.**

Except as otherwise provided by law, all moneys collected or received by an officer, employee or agent of a local school administrative unit or an individual school shall be deposited in accordance with this section. Each officer, employee and agent of a local school administrative unit or individual school whose duty it is to collect or receive any taxes or other moneys shall deposit his collections and receipts daily. If the board of education gives its approval, deposits shall be required only when the moneys on hand amount to as much as ~~two hundred fifty dollars ($250.00),~~ one thousand five hundred dollars ($1,500), but in any event a deposit shall be made on the last business day of the month. All deposits shall be made with the finance officer or in an official depository. Deposits in an official depository shall be immediately reported to the finance officer or individual school treasurer by means of a duplicate deposit ticket. The finance officer may at any time audit the accounts of any officer, employee or agent collecting or receiving any taxes or other moneys, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee or agent shall be audited at least annually."

PLASMA GAMES GRANT PROGRAM

SECTION 7.69.(a) The Department of Public Instruction shall create a grant program for public school units to apply for funds to contract with Plasma Games, Inc., for the use of educational software to be used in science, technology, engineering, and math (STEM) and career and technical education (CTE) courses. The Department shall make an application available to public school units by November 15, 2023, and August 1 of each year thereafter that funds are made available for this purpose. Public school units shall submit applications by January 15, 2024, and October 1 of each year thereafter that funds are available. The Department shall make determinations on grant recipients by March 15, 2024, and December 1 of each year thereafter that funds are made available. The Department shall prioritize issuing grants to public school units that participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L. 2021-25, as amended by S.L. 2021-180, and are actively utilizing license grants pursuant to that pilot program.

SECTION 7.69.(b) The Department shall report to the Joint Legislative Education Oversight Committee beginning May 15, 2024, and each year thereafter that funds are made available for the program created by subsection (a) of this section, on the outcomes of the program. The report shall include at least the following:

(1) The number of public school units that submitted grant applications.

(2) The number of grants awarded.

(3) The percentage of grants that were awarded to public school units that participated in the pilot program created pursuant to Section 3.5(a)(25) of S.L. 2021-25, as amended by S.L. 2021-180. This subdivision applies only to the report for May 15, 2024.

(4) The average size of grants awarded.

(5) The average daily membership of each public school unit that received grant awards.

(6) The ratio of grant funds received by each public school unit to the average daily membership of the public school unit.
(7) The total number of licenses in active use in the State.
(8) Any other information the Department deems relevant.

NC EDUCATION CORPS REPORTING

SECTION 7.70. The North Carolina Education Corps shall report to the Joint Legislative Education Oversight Committee by February 15, 2024, on the results of the program created pursuant to Section 3.5(a)(7) of S.L. 2021-25, as amended by S.L. 2021-180. The report shall include at least the following:

(1) The number of tutors trained using funds provided.
(2) The number of students who worked with tutors trained by the program.
(3) The average amount of funding spent by the North Carolina Education Corps per tutor trained.
(4) The number of tutors hired by public school units after completion of the training provided by the program.
(5) Which public school units utilized tutors trained by the program.
(6) The impacts on student outcomes in public school units that utilized tutors trained by the program.
(7) The amount spent by each public school unit to hire tutors trained by the program.
(8) Any other information the North Carolina Education Corps deems relevant.

ALLOW NONPROFITS TO PROVIDE ABUSE/SEX TRAFFICKING TRAINING TO EDUCATORS

SECTION 7.71. G.S. 115C-375.20 reads as rewritten:

"**§ 115C-375.20. Child sexual abuse and sex trafficking training program required.**

(a) Definitions. – The following definitions shall apply in this section:

(1) School personnel. – Teachers, instructional support personnel, principals, and assistant principals. This term may also include, in the discretion of the employing entity, other school employees who work directly with students in grades kindergarten through 12.

(b) Each employing entity shall adopt and implement a child sexual abuse and sex trafficking training program for school personnel who work directly with students in grades kindergarten through 12 that provides education and awareness training related to child sexual abuse and sex trafficking, including, but not limited to, best practices from the field of prevention, the grooming process of sexual predators, the warning signs of sexual abuse and sex trafficking, how to intervene when sexual abuse or sex trafficking is suspected or disclosed, legal responsibilities for reporting sexual abuse or sex trafficking, and available resources for assistance. This training may be provided by local nongovernmental organizations with expertise in these areas, local law enforcement ~~officers,~~ officers or other officers of the ~~court.~~ court, or nonprofit organizations with over 10 years of experience in providing research-based child sexual abuse prevention curriculum. All school personnel who work with students in grades kindergarten through 12 shall receive two hours of training consistent with this section in even-numbered years beginning in 2020.

(c) No entity required to adopt a child sexual abuse and sex trafficking training program by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or 116-239.8(b)(17), or its members, employees, designees, agents, or volunteers, shall be liable in civil damages to any party for any loss or damage caused by any act or omission relating to the provision of, participation in, or implementation of any component of a child sexual abuse and sex trafficking training program required by this section, unless that act or omission amounts to gross negligence, wanton conduct,

or intentional wrongdoing. Nothing in this section shall be construed to impose any specific duty of care or standard of care on an entity required to adopt a child sexual abuse and sex trafficking training program by G.S. 115C-47(64), 115C-218.75(g), 115C-238.66(15), or 116-239.8(b)(17)."

HIGH SCHOOL DIPLOMA ENDORSEMENTS

SECTION 7.72.(a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 1D. High School Graduation.

"**§ 115C-83.30.** Reserved for future codification purposes.

"**§ 115C-83.31. Exit standards and graduation requirements.**

(a) The State Board of Education shall require the following for high school graduation:

(1) Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).

(2) A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1).

(b) The following restrictions apply to the State Board of Education regarding Algebra I and high school graduation projects:

(1) The Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any student whose individualized education program (i) identifies the student as learning disabled in the area of mathematics and (ii) states that this learning disability will prevent the student from mastering Algebra I.

(2) The Board shall not require any student to prepare a high school graduation project as a condition of graduation from high school; local boards of education may, however, require their students to complete a high school graduation project as provided in G.S. 115C-47(54a).

"**§ 115C-83.32. High school diploma endorsements.**

(a) The State Board of Education shall establish, implement, and determine the impact of adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas to encourage students to obtain requisite job skills necessary for students to be successful in a wide range of high-quality careers and to reduce the need for remedial education in institutions of higher education. The Board shall develop criteria for receiving a diploma endorsement under this subsection that address the following:

(1) Courses completed by the student.

(2) Overall grade point average.

(3) Reading achievement, including the requirement that a student receive on a nationally norm-referenced college admissions test for reading, either administered under G.S. 115C-174.11(c)(4) or as an alternative nationally norm-referenced college admissions test approved by the Board, at least the benchmark score established by the testing organization that represents the level of achievement required for students to have approximately a fifty percent (50%) chance of obtaining a grade B or higher or a seventy-five percent (75%) chance of obtaining a grade C or higher in a corresponding credit-bearing, first-year college course. A student may retake a nationally norm-referenced test as many times as necessary to achieve the required benchmark score for reading in order to receive a high school diploma endorsement prior to the student's graduation.

(4) Any additional criteria deemed necessary by the Board.

(b) The State Board of Education shall establish an arts proficiency high school diploma endorsement to encourage students to obtain a well-rounded, high-quality arts education. The Board shall create any form necessary for students to document their arts participation and shall provide this form to local boards of education. The Board shall develop criteria for receiving a diploma endorsement under this subsection that include the following:

(1) Completion of a minimum of four arts credits with an unweighted grade point average of 3.0 or higher in each arts credit completed by the student.

(2) Completion of a minimum of 40 hours of arts-related extracurricular activities. To receive credit for completing these hours, a student shall meet all of the following requirements:

a. The student participates in an arts-related extracurricular activity that is approved by the local board of education.

b. The student completes all of the required hours outside of instructional hours.

c. The student does not receive any course credit for participation in the activity.

d. The student documents the hours on the form provided by the Board to local boards of education.

(3) Any additional criteria deemed necessary by the Board.

(c) The State Board of Education shall establish a citizenship proficiency high school diploma endorsement to encourage students to demonstrate their understanding of the basics of the American government and civic life. The Board shall create any form necessary for students to document their civics participation and shall provide this form to governing bodies of local school administrative units. The Board shall develop criteria for receiving a diploma endorsement under this subsection that include at least a passing score on a civics test composed of questions from the pool of publicly available questions to be used for the civics test given by the U.S. Citizenship and Immigration Services (USCIS) as part of the naturalization interview and test issued by USCIS. The State Board shall determine the format of the civics test and the number of questions to be included in the civics test. The State Board shall require that all local school administrative units offer the civics test created pursuant to this subsection at least once per semester.

(d) The Board shall report annually to the Joint Legislative Education Oversight Committee on high school diploma endorsements as required by G.S. 115C-156.2."

SECTION 7.72.(b) Subsection (a) of this section is effective when it becomes law. The State Board of Education shall make available arts proficiency and citizenship proficiency high school diploma endorsements, as provided under this section, to students graduating high school beginning with the 2023-2024 school year.

SECTION 7.72.(c) G.S. 115C-12(9d) reads as rewritten:

"(9d) Power to Develop Exit Standards and Graduation Requirements. –

a. ~~The Board~~ In accordance with G.S. 115C-83.31, the Board shall require certain exit standards and may develop additional exit standards ~~that shall be~~ required for high school graduation. ~~The Board shall require the following for high school graduation:~~

~~1. Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).~~

~~2. A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1).~~

~~b. The following restrictions apply to the Board regarding Algebra I and high school graduation projects:~~

~~1. The Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any student whose individualized education program (i) identifies the student as learning disabled in the area of mathematics and (ii) states that this learning disability will prevent the student from mastering Algebra I.~~

~~2. The Board shall not require any student to prepare a high school graduation project as a condition of graduation from high school; local boards of education may, however, require their students to complete a high school graduation as provided in G.S. 115C-47(54a).~~"

SECTION 7.72.(d) G.S. 115C-12(40) reads as rewritten:

"(40) To Establish High School Diploma Endorsements. – The State Board of Education shall ~~establish, implement, and determine the impact of adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas to encourage students to obtain requisite job skills necessary for students to be successful in a wide range of high-quality careers and to reduce the need for remedial education in institutions of higher education. These endorsements shall reflect courses completed, overall grade point average, reading achievement, and other criteria as developed by the State Board of Education. A student shall only receive a high school diploma endorsement if that student receives on a nationally norm-referenced college admissions test for reading, either administered under G.S. 115C-174.11(c)(4) or as an alternative nationally norm-referenced college admissions test approved by the State Board, at least the benchmark score established by the testing organization that represents the level of achievement required for students to have approximately a fifty percent (50%) chance of obtaining a grade B or higher or a seventy-five percent (75%) chance of obtaining a grade C or higher in a corresponding credit-bearing, first-year college course. A student may retake a nationally norm-referenced test as many times as necessary to achieve the required benchmark score for reading in order to receive a high school diploma endorsement prior to the student's graduation. The State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on high school diploma endorsements in accordance with G.S. 115C-156.2.~~establish high school diploma endorsements as provided in G.S. 115C-83.32."

SECTION 7.72.(e) G.S. 115C-218.85 is amended by adding a new subsection to read:

"(c) High School Diploma Endorsements. –

(1) A charter school shall offer students the opportunity to earn a citizenship proficiency high school diploma endorsement consistent with G.S. 115C-83.32(c).

(2) If necessary due to practical limitations at the charter school, a student may take the civics test required to earn the endorsement pursuant to G.S. 115C-83.32(c) at the nearest high school to the charter school located within the local school administrative unit in which the charter school is located at the time that the nearest high school within the local school administrative unit is scheduled to offer the exam."

SECTION 7.72.(f) G.S. 115C-156.2(b) reads as rewritten:

"(b) ~~Beginning in 2019, the~~ The State Board of Education shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the following information:

(1) The number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials.

(2) Implementation of high school diploma endorsements, including adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas, through evaluation of at least the following data:

a. Impact on the rates of high school graduation, college acceptance and remediation, and post-high school employment.

b. ~~Beginning with the 2019-2020 school year, the~~ The number of students who had to retake a nationally norm-referenced college admissions test to meet the reading benchmark score required by ~~G.S. 115C-12(40)~~ G.S. 115C-83.32(a) to receive a college or career high school diploma endorsement and the number of students who were not awarded a college or career high school diploma endorsement solely because of the inability to meet the benchmark score for reading required by ~~G.S. 115C-12(40).~~G.S. 115C-83.32(a).

c. The number of students receiving any high school diploma endorsement."

SECTION 7.72.(g) Except as otherwise provided, this section is effective when it becomes law. Subsection (f) of this section applies beginning with the report due to the Joint Legislative Education Oversight Committee on November 15, 2024.

LIMITED TEACHER LICENSE CHANGES

SECTION 7.73.(a) G.S. 115C-270.20(a)(4a) reads as rewritten:

"(4a) Limited license. – A three-year ~~nonrenewable~~ renewable license issued to an individual who meets the requirements of this subdivision. A limited license shall only be requested by the local board of education currently employing or seeking to employ the individual and shall be used for continued employment only in that local school administrative unit. The State Board shall not require individuals to demonstrate preparation through achieving a prescribed minimum score on a standardized examination for a limited license. To receive a limited license, one of the following shall be met:

a. In-state licensee. – Both of the following are met:

1. The individual was issued an IPL or RL, but failed to fulfill examination requirements under G.S. 115C-270.15 after three years of licensure.

2. The local board of education submits to the State Board an affidavit stating that the teacher is currently employed by that local board, is an effective teacher, and will be encouraged to continue to pursue a CPL. The affidavit shall be signed by both the principal and superintendent for the school to which the teacher is currently assigned.

b. Out-of-state licensee. – Both of the following are met:

1. The individual holds current teacher licensure in another state that is in good standing.

2. The local board of education submits to the State Board an affidavit stating that the local board seeks to employ the teacher, that the teacher has been employed as a licensed

teacher in another state for at least three years, and that the teacher will be encouraged to pursue an IPL or CPL, as appropriate for that teacher. The affidavit shall be signed by the superintendent for the local board of education seeking to employ the teacher."

SECTION 7.73.(b) G.S. 115C-270.30(b) is amended by adding a new subdivision to read:

"(6) For a teacher renewing a limited license, an affidavit from the employing local board of education that is signed by both the principal and the superintendent for the school to which the teacher is currently assigned. The affidavit must state all of the following:

a. The teacher is currently employed by the local board of education.

b. The teacher is an effective teacher. For teachers who have available growth data under the Education Value-Added Assessment System (EVAAS), the data must demonstrate that the teacher meets or exceeds expectations of growth.

c. The teacher will be encouraged to continue to pursue a CPL."

SECTION 7.73.(c) For limited license renewals that occur on or before July 1, 2025, the State Board of Education shall only require the teacher to meet the licensure renewal requirements in G.S. 115C-270.30(b)(6), as enacted by subsection (b) of this section.

SECTION 7.73.(d) This section is effective when it becomes law and applies to renewal applications on or after that date.

OUT-OF-STATE TEACHER LICENSE RECIPROCITY

SECTION 7.74.(a) G.S. 115C-270.25 reads as rewritten:

"**§ 115C-270.25. Out-of-state license applicants.**

~~Initial applications for a continuing professional license from an individual with an out-of-state teacher's license shall require the applicant to provide evidence of that teacher's effectiveness, when available, as measured by the evaluation system used in that applicant's state of current licensure at the time of application, including any growth measures included in that evaluation system. An individual who does not include evidence of that teacher's effectiveness with the initial application shall only be eligible for an IPL or LL.~~The State Board of Education shall grant a CPL to a teacher licensed in another state with substantially similar licensure requirements who has at least three years of teaching experience and is in good standing with the other state."

SECTION 7.74.(b) This section is effective when it becomes law and applies to out-of-state applicants for a CPL on or after that date.

ALLOW HOME SCHOOL STUDENTS TO SIT FOR AP/PSAT EXAMS

SECTION 7.75.(a) G.S. 115C-174.18 reads as rewritten:

"**§ 115C-174.18. Opportunity to take Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT).**

Every student in the eighth through tenth grades who has completed Algebra I or who is in the last month of Algebra I shall be given an opportunity to take a version of either the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the ~~PLAN precursor test to the ACT,~~ PreACT test, at the discretion of the local school administrative unit, one time at no cost to the student. A student receiving instruction through a home school, as provided by Part 3 of Article 39 of this Chapter, shall be eligible to participate in testing as provided in G.S. 115C-565.1. The maximum amount of State funds used for this purpose shall be the cost of the PSAT/NMSQT."

SECTION 7.75.(b) G.S. 115C-174.26(a) reads as rewritten:

"(a) It is the intent of the State to enhance accessibility and encourage students to enroll in and successfully complete more rigorous advanced courses to enable success in postsecondary education for all students. For the purposes of this section, an advanced course is an Advanced Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge Advanced International Certificate of Education (AICE) course, including an AS-Level or A-Level course. To attain this goal, to the extent funds are made available for this purpose, students enrolled in public schools shall be exempt from paying any fees for administration of examinations for advanced courses and registration fees for advanced courses in which the student is enrolled regardless of the score the student achieves on an examination. A student receiving instruction through a home school, as provided by Part 3 of Article 39 of this Chapter, shall be eligible to participate in administration of examinations for advanced courses as provided in G.S. 115C-565.1."

SECTION 7.75.(c) Part 3 of Article 39 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-565.1. Eligibility to participate in certain testing administration in local school administrative units.**

(a) A student enrolled in a home school shall be allowed to participate in the administration of the Preliminary SAT/National Merit Scholarship Qualifying Test or the PreACT test, as offered by the local school administrative unit in accordance with G.S. 115C-174.18, as follows:

(1) The student may take the test at a school within the local school administrative unit that the student would be assigned to if the student attended public school.

(2) The student shall have completed a course or test that shows equivalent competency to passing Algebra I.

(3) The student's parent shall be charged the cost of the test by the local school administrative unit.

(4) The student's parent, or other responsible adult designated by the parent, may be required by the local school administrative unit to serve as a proctor in order for the student to take the test, if the addition of the student would prevent the local school administrative unit from meeting the required proctor-student ratio for that test at that school.

(b) A student enrolled in a home school shall be allowed to take any advanced course examination offered by a local school administrative unit in accordance with G.S. 115C-174.26, as follows:

(1) The student may take the advanced course examination at a school within the local school administrative unit that the student would have been assigned to if the student attended public school.

(2) The student shall meet any requirements to take the advanced course examination established by the organization issuing that examination and the chief administrator of the home school. A local board of education shall not require the student to complete a specific advanced course to take the related examination.

(3) The student's parent shall be charged the cost of the test by the local school administrative unit.

(4) The student's parent, or other responsible adult designated by the parent, may be required by the local school administrative unit to serve as a proctor in order for the student to take the advanced course examination, if the addition of the student would prevent the local school administrative unit from meeting the required proctor-student ratio for that examination at that school."

SEARCHES OF STUDENT'S PERSON

SECTION 7.76. Article 27 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-391.2. Searches of students.**

(a) Policies adopted by governing bodies of public school units governing searches of a student's person or property shall be consistent with the provisions of this Article and the constitutions, statutes, and regulations of the United States and the State of North Carolina. All searches performed by school officials in accordance with the policies shall be executed using methods that are narrowly tailored to be minimally intrusive while investigating the suspected activity.

(b) Each policy adopted by a governing body of a public school unit in accordance with subsection (a) of this section shall require that searches of a student's person are conducted in private by one school official and one adult witness, both of whom shall be the same sex as the student. The policy may provide an exception to this requirement for searches conducted using a walk-through metal detector, handheld wand, or other similar minimally intrusive device designed to detect weapons and regularly used for security scanning."

STATE OF THE SCHOOL ADMINISTRATION PROFESSION REPORT

SECTION 7.77.(a) G.S. 115C-12(22) reads as rewritten:

"(22) Duty to Monitor the State of the Teaching ~~Profession~~ and School Administration Professions in North Carolina. – The State Board of Education shall monitor and compile an annual report on the state of the teaching ~~profession~~ and school administration professions in North ~~Carolina that includes data on the decisions of teachers to leave the teaching profession and data on teaching positions that local boards of education are unable to fill,~~ Carolina, as provided in G.S. 115C-289.2 and G.S. 115C-299.5."

SECTION 7.77.(b) Article 19 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-289.2. Report on the state of the school administration profession in North Carolina.**

(a) State of the School Administration Profession Report. – The State Board of Education shall monitor and compile an annual report by December 15 annually on school principals in North Carolina that includes data on the decisions of principals to leave the profession of school administration or move to a different position, as provided in subsection (b) of this section. The State Board shall adopt standard procedures for each local board of education to use in requesting information required by this report and shall require each local board of education to report the information to the State Board in a standard format adopted by the State Board.

(b) Principals Leaving Their Position. – The report shall include the following data on the decisions of principals to leave their position in the prior school year, including reasons for leaving their position:

(1) The number of principals who left the profession without remaining in the field of education.

(2) The number of principals who left their position for employment as a principal in another school in the State, including principals who left for employment within another local school administrative unit, a nonpublic school, or a charter school.

(3) The number of principals who left their position for another type of educational position and the type of educational position to which the principals moved.

(4) The number of principals who left their position in low-performing schools as defined in G.S. 115C-105.37.

(5) The number of principals who left their position in order to move to a low-performing school, as defined in G.S. 115C-105.37, and the impact of the principal recruitment supplement authorized in G.S. 115C-285.1 on the principal's decision to accept the position at the low-performing school.

(c) Principal and School Performance. – The State of the School Administration Profession Report prepared by the State Board of Education pursuant to this section shall analyze the relationship between the data included in subsection (b) of this section and student growth, student achievement, and school performance, as calculated by G.S. 115C-83.15(c), including the extent to which principal attrition and mobility led to changes in school performance.

(d) Report Consolidation. – The report required by this section shall be consolidated with the report on the State of the Teaching Profession required by G.S. 115C-299.5."

SECTION 7.77.(c) G.S. 115C-299.5 is amended by adding a new subsection to read:

"(g) Report Consolidation. – The report required by this section shall be consolidated with the State of the School Administration Profession Report required by G.S. 115C-289.2."

SECTION 7.77.(d) This section is effective when it becomes law and applies beginning with the report due December 15, 2024.

STUDY STATUS AND COST OF CARBON MONOXIDE ALARMS AND RADON TESTING IN SCHOOLS

SECTION 7.78. The State Board of Education shall survey all identified public schools to determine the number of existing school buildings that are currently not equipped with carbon monoxide alarm and detection systems but would have to install those systems if required to be in compliance with the requirements for new buildings in Section 915 of the North Carolina State Building Code, Fire Prevention Code (non-equipped buildings). The State Board of Education shall also survey all identified public schools to determine the need and implementation of radon gas testing. The State Board of Education shall report to the Joint Legislative Education Oversight Committee the following information no later than December 15, 2023:

(1) The number of non-equipped buildings statewide, and by identified public school.

(2) The estimated cost statewide, and by the identified public school, to permit, install, and inspect all non-equipped buildings with carbon monoxide alarm and detection systems and radon gas testing.

For purposes of this section, "identified public schools" shall refer to (i) schools in a public school unit, as defined in G.S. 115C-5(7a), except charter schools, (ii) the North Carolina School of Science and Mathematics, (iii) the University of North Carolina School of the Arts, (iv) schools operated by the Department of Health and Human Services, and (v) schools operated by the Division of Juvenile Justice of the Department of Public Safety.

PROCEDURAL CORRECTION FOR S.L. 2023-107

SECTION 7.79. Subsection (c) of Section 6 of S.L. 2023-107 is reenacted.

CLARIFY THAT NONPUBLIC SCHOOLS MAY PROVIDE REMOTE INSTRUCTION AND THAT A NONPUBLIC SCHOOL SHALL PROVIDE IN-PERSON INSTRUCTION TO BE ELIGIBLE TO RECEIVE STUDENTS WITH SCHOLARSHIP GRANTS

SECTION 7.80.(a) Part 1 of Article 39 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-550.5. Remote instruction.**

A private church school or school of religious charter may provide remote instruction if the school maintains copies of all records required by this Chapter at an administrative office that is

physically located in the State. For the purposes of this section, remote instruction means instruction delivered to students in a remote location outside of a school facility, whether synchronously or asynchronously."

SECTION 7.80.(b) Part 2 of Article 39 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-558.5. Remote instruction.**

A qualified nonpublic school may provide remote instruction if the school maintains copies of all records required by this Chapter at an administrative office that is physically located in the State. For the purposes of this section, remote instruction means instruction delivered to students in a remote location outside of a school facility, whether synchronously or asynchronously."

SECTION 7.80.(c) G.S. 115C-562.5(a) is amended by adding a new subdivision to read:

"(7) Maintain a school facility within the State where in-person instruction is provided. This subdivision does not prohibit a school from offering remote-only courses of instruction in addition to in-person instruction."

ADJUSTMENTS TO S.L. 2023-106

SECTION 7.81.(a) G.S. 114A-10(7), as enacted by S.L. 2023-106, reads as rewritten:

"(7) To prohibit the creation, sharing, or storage of a biometric scan of his or her child without the parent's prior written consent, except ~~as~~ for information stored within the United States in any of the following circumstances:

a. ~~authorized~~ When authorized pursuant to a court ~~order~~ order.

b. ~~or~~ When otherwise required by law, including G.S. 7B-2102 and G.S. 7B-2201.

c. When the biometric scan occurs in a place open to the public, whether it is publicly or privately owned, in which there is no expectation of privacy.

d. When the scan is used solely for security or surveillance of buildings, grounds, or school transportation."

SECTION 7.81.(b) G.S. 115C-76.65(c), as enacted by S.L. 2023-106, reads as rewritten:

"(c) ~~No~~ Except for protected information surveys that are given as part of the Centers for Disease Control and Prevention's Youth Risk Behavior Surveillance System or National Youth Tobacco Survey, no student shall be permitted to participate in a protected information survey without the prior written or electronic consent of the parent or the adult student. A parent shall be provided notice of the opportunity to opt out of any protected information survey given as part of the Center for Disease Control and Prevention's Youth Risk Behavior Surveillance System or National Youth Tobacco Survey."

SECTION 7.81.(c) G.S. 115C-375.1 reads as rewritten:

"**§ 115C-375.1. To provide some medical care to students.**

~~It~~ Notwithstanding G.S. 90-21.10B, it is within the scope of duty of teachers, including substitute teachers, teacher assistants, student teachers, or any other public school employee when authorized by the board of education or its designee, (i) to administer any drugs or medication prescribed by a doctor upon written request of the parents, (ii) to give emergency health care when reasonably apparent circumstances indicate that any delay would seriously worsen the physical condition or endanger the life of the pupil, and (iii) to perform any other first aid or lifesaving techniques in which the employee has been trained in a program approved by the State Board of Education. No employee, however, shall be required to administer drugs or medication or attend lifesaving techniques programs.

Any public school employee, authorized by the board of education or its designee to act under (i), (ii), or (iii) above, shall not be liable in civil damages for any authorized act or for any omission relating to that act unless the act or omission amounts to gross negligence, wanton conduct, or intentional wrongdoing. Any person, serving in a voluntary position at the request of or with the permission or consent of the board of education or its designee, who has been given the authority by the board of education or its designee to act under (ii) above shall not be liable in civil damages for any authorized act or for any omission relating to the act unless the act amounts to gross negligence, wanton conduct, or intentional wrongdoing.

At the commencement of each school year, but before the beginning of classes, and thereafter as circumstances require, the principal of each school shall determine which persons will participate in the medical care program."

SECTION 7.81.(d) Notwithstanding the time lines and requirements established by Section 2 of S.L. 2023-106, for the 2023-2024 school year the following shall apply:

(1) Public school units shall provide the parent guide to student achievement required by G.S. 115C-76.30(c), as enacted by S.L. 2023-106, to parents, students, and school personnel no later than the first day of school occurring after January 1, 2024.

(2) Governing bodies of public school units shall establish policies required by G.S. 115C-76.35, as enacted by S.L. 2023-106, that are effective no later than January 1, 2024.

(3) Public school units shall provide the notice of health care services and means for consent to parents required by G.S. 115C-76.45(a)(1) and (a)(2), as enacted by S.L. 2023-106, no later than the first day of school occurring after January 1, 2024.

(4) Governing bodies of public school units shall adopt the procedures and process required by G.S. 115C-76.60, as enacted by S.L. 2023-106, no later than December 15, 2023, and shall permit parents to begin using that process no later than January 1, 2024.

(5) The State Board of Education shall adopt emergency rules to be used for parental concern hearings required by G.S. 115C-76.60, as enacted by S.L. 2023-106, conducted during the 2023-2024 school year. The State Board of Education shall receive requests for parental concern hearings beginning no later than January 30, 2024.

(6) Public school units shall submit the report required by G.S. 115C-76.70(a), as enacted by S.L. 2023-106, beginning September 15, 2024.

(7) The State Board of Education shall submit the report required by G.S. 115C-76.70(b), as enacted by S.L. 2023-106, beginning November 15, 2024.

SECTION 7.81.(e) This section is effective August 16, 2023.

OPPORTUNITY SCHOLARSHIP FINANCIAL IMPACT REPORT/REINVESTMENT IN PUBLIC SCHOOLS

SECTION 7.82.(a) G.S. 115C-562.7 reads as rewritten:

"**§ 115C-562.7. ~~Authority reporting~~ 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:

…

(4) Nonpublic schools in which scholarship grant recipients are enrolled, including numbers of scholarship grant students at each nonpublic school.

…

(e) No later than October 15 of each year, the Authority shall provide the following information to the Department of Public Instruction:

(1) The information described in subdivision (4) of subsection (b) of this section.

(2) For each scholarship grant recipient, award amounts and sufficient personally identifiable information to track the recipient's continued enrollment in a nonpublic school. This information is confidential and not a public record under G.S. 132-1.

(f) The Department of Public Instruction shall report no later than April 1 of each year to the Joint Legislative Education Oversight Committee on the cumulative difference in the current school year between the scholarship grant award amount for each prior public school attendee enrolled in a nonpublic school and the average State per pupil allocation for average daily membership for a student in a public school unit. For purposes of this subsection, a "prior public school attendee" is any scholarship grant recipient who was in membership in a public school unit for a majority of the first or second month of the school year immediately prior to enrollment in a nonpublic school, beginning with students enrolled in a public school unit the 2023-2024 school year or subsequent school years."

SECTION 7.82.(b) Notwithstanding G.S. 115C-562.7, as amended by subsection (a) of this section, the State Education Assistance Authority shall provide the first report required by G.S. 115C-562.7(e) by October 15, 2024, and the Department of Public Instruction shall provide the first report required by G.S. 115C-562.7(f) by April 1, 2025. The report required by G.S. 115C-562.7(f) shall apply to all prior public school attendees enrolled in a nonpublic school in the 2024-2025 school year who were enrolled in a public school unit in the 2023-2024 school year.

SECTION 7.82.(c) It is the intent of the General Assembly to reinvest in the public schools any savings realized by the State each year, beginning in the 2025-2026 school year, because of the transfer of a student from a public school unit to a nonpublic school where the student accepts an opportunity scholarship grant award that is less than one hundred percent (100%) of the average State per pupil allocation for average daily membership for a student in a public school unit.

CLARIFY MINIMUM SERVICE REQUIREMENTS FOR PAID PARENTAL LEAVE

SECTION 7.83.(a) G.S. 126-8.6(c1) reads as rewritten:

"(c1) The State Human Resources Commission shall adopt rules and policies providing for a period of minimum service before an employee becomes eligible for parental leave, the maximum number of uses of paid parental leave within a 12-month period, and how much leave is to be provided in the event of miscarriage or the death of a child during birth. The rules shall provide that the period of minimum service may be met by aggregating employment at any of the following:

(1) State agencies, departments, and institutions, including The University of North Carolina.

(2) Public school units that provide paid parental leave in accordance with this section.

(3) Community colleges located in this State."

SECTION 7.83.(b) G.S. 115C-218.90(a)(6) reads as rewritten:

"(6) A board of directors may provide paid parental leave consistent with the requirements of G.S. 126-8.6. If the board provides paid parental leave, it shall be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board does not provide paid parental leave, it shall provide written notice to individuals upon offering employment. The notice shall state that employment with the charter school will not count toward any minimum period of service 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

Years of Experience	"A" Teachers
0	$3,900
1	$3,984

2	$4,085
3	$4,187
4	$4,289
5	$4,391
6	$4,481
7	$4,572
8	$4,662
9	$4,753
10	$4,843
11	$4,933
12	$5,024
13	$5,114
14	$5,205
15-24	$5,306
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.

SECTION 7A.1.(d) Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

SECTION 7A.1.(e) A teacher compensated in accordance with this salary schedule for the 2023-2024 school year shall receive an amount equal to the greater of the following:

(1) The applicable amount on the salary schedule for the applicable school year.

(2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:

a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.

b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.

c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

SECTION 7A.1.(f) As used in this section, the term "teacher" shall also include instructional support personnel.

SECTION 7A.1.(g) It is the intent of the General Assembly to implement the following base monthly teacher salary schedule for the 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers. The salary schedule is based on years of teaching experience.

2024-2025 Teacher Monthly Salary Schedule

Years of Experience	"A" Teachers
0	$4,100
1	$4,175
2	$4,250
3	$4,325
4	$4,400
5	$4,475
6	$4,572
7	$4,663
8	$4,753
9	$4,844
10	$4,935
11	$5,025
12	$5,116
13	$5,206
14	$5,297
15-24	$5,388
25+	$5,595

CONSOLIDATED TEACHER BONUS PROGRAM

SECTION 7A.3.(a) Establish Consolidated Bonus Program. – The State Board of Education shall establish a consolidated teacher bonus program for the 2023-2025 fiscal biennium to reward teacher performance and encourage student learning and improvement. To attain this goal, the Department of Public Instruction shall administer bonus pay to qualifying teachers whose salaries are supported from State funds in January of 2024 and 2025, based on data from the 2022-2023 and 2023-2024 school years, respectively, in accordance with this section.

SECTION 7A.3.(b) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible advanced course teacher. – A teacher of Advanced Placement courses, International Baccalaureate Diploma Programme courses, or the Cambridge Advanced International Certificate of Education (AICE) program who meets the following criteria:
   a. Is employed by, or retired having last held a position at, one or more of the following:
      1. A qualifying public school unit.
      2. The North Carolina Virtual Public School program.
   b. Taught one or more students who received a score listed in subsection (c) of this section.

(2) Eligible career and technical education (CTE) teacher. – A teacher who meets the following criteria:
   a. Is employed by, or retired having last held a position at, a qualifying public school unit.
   b. Taught one or more students who attained approved industry certifications or credentials consistent with G.S. 115C-156.2.

(3) Eligible growth teacher. – A teacher who meets at least one of the following criteria:
   a. Is employed by, or retired having last held a position at, a qualifying public school unit and meets one of the following criteria:
      1. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for third grade reading from the previous school year.
      2. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
      3. Is in the top twenty-five percent (25%) of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
   b. Is employed by, or retired having last held a position at, a local school administrative unit and meets one of the following criteria:
      1. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for third grade reading from the previous school year.
      2. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
      3. Is in the top twenty-five percent (25%) of teachers in the teacher's respective local school administrative unit according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
   c. Was employed by a local school administrative unit that employed in the previous school year three or fewer total teachers in that teacher's grade level as long as the teacher has an EVAAS student growth index

score from the previous school year of exceeded expected growth in one of the following subject areas:

1. Third grade reading.
2. Fourth or fifth grade reading.
3. Fourth, fifth, sixth, seventh, or eighth grade mathematics.

(4) EVAAS. – The Education Value-Added Assessment System.

(5) Qualifying public school unit. – Any of the following:

a. A local school administrative unit.
b. A charter school.
c. A regional school.
d. A school providing elementary or secondary instruction operated by The University of North Carolina under Article 29A of Chapter 116 of the General Statutes.

(6) Qualifying teacher. – An eligible teacher who meets one of the following criteria:

a. Remains employed teaching in the same qualifying public school unit, or, if an eligible advanced course teacher is only employed by the North Carolina Virtual Public School program, remains employed teaching in that program, at least from the school year the data is collected until January 1 of the corresponding school year that the bonus is paid.
b. Retired, between the last day of the school year in which the data is collected and January 1 of the corresponding school year in which the bonus is paid, after attaining one of the following:
    1. The age of at least 65 with five years of creditable service.
    2. The age of at least 60 with 25 years of creditable service.
    3. Thirty years of creditable service.

SECTION 7A.3.(c) Advanced Course Bonuses. – A bonus in the amount of fifty dollars ($50.00) shall be provided to qualifying advanced course teachers for each student taught in each advanced course who receives the following score:

(1) For Advanced Placement courses, a score of three or higher on the College Board Advanced Placement Examination.

(2) For International Baccalaureate Diploma Programme courses, a score of four or higher on the International Baccalaureate course examination.

(3) For the Cambridge AICE program, a score of "E" or higher on the Cambridge AICE program examinations.

SECTION 7A.3.(d) CTE Bonuses. – For qualifying career and technical education teachers, bonuses shall be provided in the following amounts:

(1) A bonus in the amount of twenty-five dollars ($25.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a twenty-five dollar ($25.00) value ranking as determined under subsection (e) of this section.

(2) A bonus in the amount of fifty dollars ($50.00) for each student taught by a teacher who provided instruction in a course that led to the attainment of an industry certification or credential with a fifty dollar ($50.00) value ranking as determined under subsection (e) of this section.

SECTION 7A.3.(e) CTE Course Value Ranking. – The Department of Commerce, in consultation with the State Board, shall assign a value ranking for each industry certification and credential based on academic rigor and employment value in accordance with this subsection. Fifty percent (50%) of the ranking shall be based on academic rigor and the remaining fifty

percent (50%) on employment value. Academic rigor and employment value shall be based on the following elements:

(1) Academic rigor shall be based on the number of instructional hours, including work experience or internship hours, required to earn the industry certification or credential, with extra weight given for coursework that also provides community college credit.

(2) Employment value shall be based on the entry wage, growth rate in employment for each occupational category, and average annual openings for the primary occupation linked with the industry certification or credential.

SECTION 7A.3.(f) Statewide Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to qualifying teachers who are eligible teachers under sub-subdivision a. of subdivision (3) of subsection (b) of this section, as follows:

(1) The sum of five million dollars ($5,000,000) shall be allocated for bonuses to eligible teachers under sub-sub-subdivision a.1. of subdivision (3) of subsection (b) of this section. These funds shall be distributed equally among qualifying teachers.

(2) A bonus in the amount of two thousand dollars ($2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2. of subdivision (3) of subsection (b) of this section.

(3) A bonus in the amount of two thousand dollars ($2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3. of subdivision (3) of subsection (b) of this section.

SECTION 7A.3.(g) Local Growth Bonuses. – Of the funds appropriated in this act for the program, bonuses shall be provided to eligible teachers under sub-subdivisions b. and c. of subdivision (3) of subsection (b) of this section, as follows:

(1) The sum of five million dollars ($5,000,000) shall be allocated for bonuses to eligible EVAAS teachers under sub-sub-subdivisions b.1. and c.1. of subdivision (3) of subsection (b) of this section. These funds shall be divided proportionally based on average daily membership in third grade for each local school administrative unit and then distributed equally among qualifying third grade reading teachers in each local school administrative unit.

(2) A bonus in the amount of two thousand dollars ($2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.2. or c.2. of subdivision (3) of subsection (b) of this section.

(3) A bonus in the amount of two thousand dollars ($2,000) shall be awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision b.3. or c.3. of subdivision (3) of subsection (b) of this section.

SECTION 7A.3.(h) Limitations and Other Criteria. – The following additional limitations and other criteria shall apply to the program:

(1) Bonus funds awarded to a teacher pursuant to subsection (c), subsection (d), subdivision (1) of subsection (f), and subdivision (1) of subsection (g) of this section shall not exceed three thousand five hundred dollars ($3,500) per subsection or subdivision in any given school year.

(2) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section but shall not receive more than seven thousand dollars ($7,000) pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section in any given school year.

(3) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.2., b.2., or c.2. of subdivision (3) of subsection (b) of this section may receive a

bonus under both subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section in any given school year.

(4) A qualifying teacher who is an eligible teacher under sub-sub-subdivision a.3., b.3., or c.3. of subdivision (3) of subsection (b) of this section may receive a bonus under both subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section but shall not receive more than two bonuses pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section in any given school year.

SECTION 7A.3.(i) Bonuses Not Compensation. – Bonuses awarded to a teacher pursuant to this section shall be in addition to any regular wage or other bonus the teacher receives or is scheduled to receive. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.3.(j) Study and Report. – The State Board of Education shall study the effect of the program on teacher performance and retention. The State Board shall report the results of its findings and the amount of bonuses awarded to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by March 15 of each year of the 2023-2025 fiscal biennium. The report shall include, at a minimum, the following information:

(1) Number of students enrolled and taking examinations in each of the following categories of courses:
   a. Advanced Placement.
   b. International Baccalaureate Diploma Programme.
   c. Cambridge AICE program.
   d. Courses needed for the attainment of an industry certification or credential.

(2) Number of students receiving outcomes on examinations resulting in the award of a bonus for a teacher in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(3) Number of teachers receiving a bonus in each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(4) The amounts awarded to teachers for each category of courses identified in sub-subdivision a. of subdivision (1) of this subsection.

(5) The type of industry certifications and credentials earned by the students, the value ranking for each certification and credential, the number of bonuses earned for each certification or credential, and the total bonus amount awarded for each certification or credential.

(6) Average bonus amount awarded to each qualifying teacher who is an eligible teacher under sub-sub-subdivision a.1., b.1., or c.1. of subdivision (3) of subsection (b) of this section.

(7) The percentage of teachers who received a bonus pursuant to this section and were eligible to receive a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the following programs:
   a. The Advanced Course and CTE Bonus Program provided in Section 7A.4 of S.L. 2021-180.
   b. The Growth-Based Teacher Bonus Program provided in Section 7A.2 of S.L. of 2022-74.

(8) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in either January 2022 or January 2023 pursuant to one of the programs listed in subdivision (7) of this subsection.

(9) The percentage of teachers who received a bonus pursuant to this section and received a bonus for teaching in the same grade level or course in January 2022 or January 2023, or both, where applicable, pursuant to one of the programs listed subdivision (7) of this subsection.

(10) The statistical relationship between a teacher receiving a bonus in January 2024 or 2025 pursuant to this section and receiving a bonus pursuant to a predecessor bonus program. For purposes of this subdivision, the following are predecessor programs:

a. Bonuses awarded pursuant to Section 7A.4(c) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (c) of this section.

b. Bonuses awarded pursuant to Section 7A.4(d) of S.L. 2021-180 are predecessors to bonuses awarded pursuant to subsection (d) of this section.

c. Bonuses awarded pursuant to subdivision (1) of subsection (c) and subdivision (1) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (1) of subsection (f) and subdivision (1) of subsection (g) of this section.

d. Bonuses awarded pursuant to subdivision (2) of subsection (c) and subdivision (2) of subsection (d) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (2) of subsection (f) and subdivision (2) of subsection (g) of this section.

e. Bonuses awarded pursuant to subdivision (c)(3) and subdivision (d)(3) of Section 7A.2 of S.L. 2022-74 are predecessors to bonuses awarded pursuant to subdivision (3) of subsection (f) and subdivision (3) of subsection (g) of this section.

(11) The distribution of statewide and local growth bonuses awarded pursuant to this section as among qualifying public school units and, where applicable, schools within those units.

SUPPLEMENTAL FUNDS FOR TEACHER COMPENSATION

SECTION 7A.4.(a) Use of Funds. – For each year of the 2023-2025 fiscal biennium, except as provided in subsection (f1) of this section, the State Board of Education shall allocate funds pursuant to this section to eligible local school administrative units to provide salary supplements to teachers and qualifying school administrators in those units. Allocation of salary supplements among teachers and qualifying school administrators within each eligible local school administrative unit, including whether a teacher or qualifying school administrator receives a salary supplement and the amount of the supplement provided to that person, shall be determined in the discretion of the local board of education of the eligible unit, except that no individual salary supplement shall exceed the per teacher funding amount awarded to that unit pursuant to subdivision (4) of subsection (c) of this section.

SECTION 7A.4.(b) Definitions. – As used in this section, the following definitions shall apply:

(1) Adjusted market value of taxable real property. – A 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).

(2) Composite value. – For each eligible county, the sum of the following:
   a. The taxable real property factor multiplied by sixty-five percent (65%).
   b. The median household income factor multiplied by twenty-five percent (25%).
   c. The effective tax rate factor multiplied by ten percent (10%).

(3) County allocation factor. – For each eligible county, the supplement factor for that county divided by the sum of all supplement factors for the State.

(4) Effective tax rate. – The actual county tax rate multiplied by the most recent annual sales assessment ratio for that county.

(5) Effective tax rate factor. – For each eligible county, the effective tax rate for that county divided by the median effective tax rate in the State.

(6) Eligible county. – A county that has an adjusted market value of taxable real property of less than fifty billion nine hundred million dollars ($50,900,000,000).

(7) Eligible local school administrative unit. – A local school administrative unit located in whole or in part in an eligible county.

(8) Eligible school. – A public school that is located in an eligible county and governed by a local school administrative unit.

(9) Maintenance of effort amount. – For each local school administrative unit in each fiscal year, the supplant factor multiplied by the total State and non-State funds expended for salaries for teachers from the fiscal year for which the most recent salary data are available.

(10) Median household income. – A county's median household income for the most recent 12 months for which data are available, as that term is used in G.S. 143B-437.08.

(11) Median household income factor. – For each eligible county, the median household income in the State divided by the median household income for that county.

(12) Non-State funds. – Any funds held by a local school administrative unit, other than nonrecurring federal funds received as a result of legislation enacted by Congress in response to COVID-19, that are not State funds.

(13) Qualifying school administrator. – Any of the following:
   a. Assistant principals paid pursuant to G.S. 115C-285(a)(8).
   b. Principals paid pursuant to G.S. 115C-285(a)(8a).

(14) Supplant factor. – For each local school administrative unit in each fiscal year of the fiscal biennium, the total non-State funds expended for salary supplements for teachers in the 2020-2021 fiscal year divided by the total State and non-State funds expended for salaries for teachers in the 2020-2021 fiscal year.

(15) Supplement factor. – For each eligible county, the composite value multiplied by the number of State-funded teachers employed in a school in the county that is governed by a local school administrative unit.

(16) Taxable real property factor. – For each eligible county, the median adjusted market value of taxable real property in the State divided by the adjusted market value of taxable real property for that county.

(17) Teacher. – Teachers and instructional support personnel.

SECTION 7A.4.(c) Allocation of Funds. – The State Board of Education shall allocate funds for salary supplements to eligible local school administrative units according to the following procedure:

(1) County allocation. – For each eligible county, the State Board shall determine a county allocation by multiplying the county allocation factor for that county by the funding amount appropriated pursuant to this section for the applicable fiscal year.

(2) Per teacher funding amount. – For each eligible county, the State Board shall determine a per teacher funding amount by dividing the county allocation amounts determined pursuant to subdivision (1) of this subsection by the total number of State-funded teachers employed in all eligible schools in that county.

(3) Unit funding amount. – For each eligible local school administrative unit, the State Board shall determine the funding amount for that unit based on the per teacher funding amount or amounts for the eligible county or counties where the unit is located. For each county with an eligible school governed by the unit, the State Board shall multiply the applicable per teacher funding amount for that county determined pursuant to subdivision (2) of this subsection by the number of State-funded teachers employed in the eligible school in that county. If the unit is located in multiple eligible counties, the State Board shall aggregate those amounts.

(4) Allocation and funding cap. – The State Board shall allocate the amount determined pursuant to subdivision (3) of this subsection to each eligible local school administrative unit for each applicable fiscal year, up to a maximum of five thousand dollars ($5,000) per State-funded teacher.

SECTION 7A.4.(d) Charter Schools. – Funds appropriated to the Department of Public Instruction pursuant to this section shall be subject to the allocation of funds for charter schools described in G.S. 115C-218.105. The General Assembly encourages charter schools receiving funds pursuant to this section to provide salary supplements to teachers and qualifying school administrators in the charter school in accordance with the requirements of this section.

SECTION 7A.4.(e) Formula for Distribution of Supplemental Funding Pursuant to this Section Only. – The formula in this section is solely a basis for distribution of supplemental funding to eligible local school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for eligible local school administrative units.

SECTION 7A.4.(f) Nonsupplant Requirement. – A local school administrative unit that receives funds under this section shall use those funds to supplement non-State funds provided for salary supplements for teachers and qualifying school administrators and shall not use any State funds, including funds received under this section or Section 7A.12 of S.L. 2021-180, to supplant non-State funds provided for salary supplements for teachers and qualifying school administrators. For purposes of this section, a local school administrative unit has supplanted non-State funds if the State Board finds that the amount of non-State funds expended by the unit for salary supplements was less than ninety-five percent (95%) of the maintenance of effort amount for the local school administrative unit.

SECTION 7A.4.(f1) Nonsupplant Enforcement. – If the State Board of Education determines that a local school administrative unit has supplanted non-State funds in violation of subsection (f) of this section, the State Board of Education shall do the following:

(1) For the 2023-2024 fiscal year, continue to allocate funds to the unit in accordance with subsection (c) of this section.

(2) For the 2024-2025 fiscal year, not allocate any funds under this section to the unit.

SECTION 7A.4.(f2) Additional Penalty for Consecutive Supplanting. – It is the intent of the General Assembly that the State Board of Education will not allocate supplemental

funds for teacher compensation to a local school administrative unit in the 2025-2026 fiscal year if the State Board of Education determines that the local school administrative unit supplanted non-State funds provided for salary supplements for teachers and qualifying school administrators with State funds in the 2021-2022 fiscal year and the 2022-2023 fiscal year. For the 2021-2022 fiscal year, the State Board shall not deem a local school administrative unit to have supplanted non-State funds for purposes of this subsection if the State Board determines that the unit supplanted non-State funds solely with any State funds for which the allowable uses include salary supplements for teachers or qualifying school administrators.

SECTION 7A.4.(g) Reports. – No later than April 15 of each year of the 2023-2025 fiscal biennium, the State Board of Education shall report the following information for the applicable fiscal year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division:

(1) A list of all eligible counties and eligible local school administrative units.
(2) Funds allocated to each eligible local school administrative unit.
(3) The percentage and amount of teachers and qualifying school administrators in each eligible local school administrative unit receiving salary supplements.
(4) The average salary supplement amount in each eligible local school administrative unit.
(5) The range of salary supplement amounts in each eligible local school administrative unit.
(6) The effect of the salary supplements on the retention of teachers and qualifying school administrators in eligible local school administrative units.
(7) The identity of any local school administrative unit that the State Board determines has supplanted funds.

SMALL COUNTY AND LOW-WEALTH SIGNING BONUS FOR TEACHERS

SECTION 7A.5.(a) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"**§ 115C-302.8. Small county and low-wealth signing bonus.**

(a) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Eligible employee. – A person who meets all of the following criteria:
a. Accepts employment as a teacher with an eligible employer.
b. Was not employed by the eligible employer identified in sub-subdivision a. of this subdivision in the prior fiscal year.
c. Is employed by the eligible employer identified in sub-subdivision a. of this subdivision as of October 1 of the school year for which the teacher accepts employment.

(2) Eligible employer. – The governing board of a local school administrative unit that receives at least one of the following in the year in which the teacher accepts employment pursuant to sub-subdivision c. of subdivision (1) of this subsection:
a. Small county school system supplemental funding.
b. Supplemental funding for local school administrative units in low-wealth counties.

(3) Local funds. – Matching funds provided by an eligible employer to enable an eligible employee to qualify for the signing bonus program established by this section.

(4) Teacher. – Teachers and instructional support personnel.

(b) Signing Bonus Program. – To the extent funds are provided for this purpose, the Department of Public Instruction shall establish and administer a signing bonus program for teachers. Signing bonuses shall be provided each school year to all eligible employees who are

employed by an eligible employer as long as they are matched on the basis of one dollar ($1.00) in State funds for every one dollar ($1.00) in local funds, up to one thousand dollars ($1,000) in State funds.

(c) Limited Exclusion from Future Signing Bonuses. – A teacher who receives a signing bonus pursuant to this section is ineligible to receive another signing bonus pursuant to this section or a similar enactment of the General Assembly for at least two full school years. This section shall not apply to any legislatively mandated bonuses received by teachers that are not signing bonuses.

(d) Bonuses as Additions. – The bonuses awarded pursuant to this section shall be in addition to any regular wage or other bonus a teacher receives or is scheduled to receive.

(e) Not for Retirement. – Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees."

SECTION 7A.5.(b) This section applies beginning with eligible employees who accept employment as a teacher with an eligible employer for the 2023-2024 school year.

PRINCIPAL SALARY SCHEDULE

SECTION 7A.6.(a) The following annual salary schedule for principals shall apply for the 2023-2024 fiscal year, beginning July 1, 2023:

2023-2024 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-200	$75,526	$83,078	$90,631
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

A principal's placement on the salary schedule shall be determined according to the average daily membership of the school supervised by the principal, as described in subsection (b) of this section, and the school growth scores, calculated pursuant to G.S. 115C-83.15(c), for each school the principal supervised in one or more prior school years, as described in subsection (c) of this section, regardless of a break in service, and provided the principal supervised each school as a principal for at least a majority of the school year, as follows:

(1) A principal shall be paid according to the Exceeded Growth column of the schedule as follows:
   a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school exceeded expected growth.
   b. Between January 1, 2024, and June 30, 2024, if the higher school growth score in one of the two prior school years shows that the school exceeded expected growth.

(2) A principal shall be paid according to the Met Growth column of the schedule as follows:
   a. Between July 1, 2023, and December 31, 2023, if the school growth score shows the school met expected growth or the principal supervised a school in the prior school year that was not eligible to receive a school growth score.
   b. Between January 1, 2024, and June 30, 2024, if any of the following apply:
      1. The higher school growth score in one of the two prior school 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.

SECTION 7A.6.(f) It is the intent of the General Assembly to implement the following annual salary schedule for principals for the 2024-2025 fiscal year, beginning July 1, 2024:

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

BONUSES FOR PRINCIPALS

SECTION 7A.7.(a) The Department of Public Instruction shall administer a bonus in the 2023-2024 fiscal year to any principal who supervised a school as a principal for a majority of the previous school year if that school was in the top fifty percent (50%) of school growth in the State during the previous school year, calculated by the State Board pursuant to G.S. 115C-83.15(c), as follows:

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

A principal shall receive no more than one bonus pursuant to this subsection. The bonus shall be paid at the highest amount for which the principal qualifies.

SECTION 7A.7.(b) The bonus awarded pursuant to this section shall be in addition to any regular wage or other bonus the principal receives or is scheduled to receive.

SECTION 7A.7.(c) Notwithstanding G.S. 135-1(7a), the bonuses awarded pursuant to this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 7A.7.(d) It is the intent of the General Assembly that funds provided pursuant to this section will supplement principal compensation and not supplant local funds.

SECTION 7A.7.(e) The bonus provided pursuant to this section shall be paid no later than October 31, 2023, to qualifying principals employed as of October 1, 2023.

ASSISTANT PRINCIPAL SALARIES

SECTION 7A.8.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, assistant principals shall receive a monthly salary based on the salary schedule for teachers who are classified as "A" teachers plus nineteen percent (19%). An assistant principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools. For purposes of this section, an administrator with a one-year provisional assistant principal's certificate shall be considered equivalent to an assistant principal.

SECTION 7A.8.(b) Assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars ($126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars ($253.00) per month.

SECTION 7A.8.(c) Participants in an approved full-time master's in school administration program shall receive up to a 10-month stipend during the internship period of the master's program. The stipend shall be at the beginning salary of an assistant principal or, for a

teacher who becomes an intern, at least as much as that person would earn as a teacher on the teacher salary schedule. The North Carolina Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program shall supply the Department of Public Instruction with certification of eligible full-time interns.

SECTION 7A.8.(d) Beginning with the 2017-2018 fiscal year, in lieu of providing annual longevity payments to assistant principals on the assistant principal salary schedule, the amounts of those longevity payments are included in the monthly amounts provided to assistant principals pursuant to subsection (a) of this section.

SECTION 7A.8.(e) An assistant 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 assistant principals who were eligible for longevity in the 2016-2017 fiscal year, the sum of the following:

a. The salary the assistant 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 assistant 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 assistant principal's current years of service.

(3) For assistant principals who were not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year pursuant to Section 9.1 or Section 9.2 of S.L. 2016-94.

CENTRAL OFFICE SALARIES

SECTION 7A.9.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers whose salaries are supported from State funds shall be increased by four percent (4%).

SECTION 7A.9.(b) It is the intent of the General Assembly to increase the annual salary for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers whose salaries are supported from State funds for the 2024-2025 fiscal year, beginning July 1, 2024, by three percent (3%).

SECTION 7A.9.(c) The monthly salary maximums that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year Maximum
School Administrator I	$7,352
School Administrator II	$7,790
School Administrator III	$8,254
School Administrator IV	$8,577
School Administrator V	$8,919
School Administrator VI	$9,448
School Administrator VII	$9,825

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the maximums and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee.

SECTION 7A.9.(d) The monthly salary maximums that follow apply to superintendents for the 2023-2024 fiscal year, beginning July 1, 2023:

	2023-2024 Fiscal Year Maximum
Superintendent I	$10,415
Superintendent II	$11,035
Superintendent III	$11,698
Superintendent IV	$12,401
Superintendent V	$13,147

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

SECTION 7A.9.(e) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the North Carolina Human Resources Act.

SECTION 7A.9.(f) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification 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 compensation provided for under this section.

SECTION 7A.9.(g) The State Board of Education shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

SECTION 7A.9.(h) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2024-2025 fiscal year, beginning July 1, 2024:

	2024-2025 Fiscal Year Maximum
School Administrator I	$7,573
School Administrator II	$8,024
School Administrator III	$8,502
School Administrator IV	$8,834
School Administrator V	$9,187
School Administrator VI	$9,731
School Administrator VII	$10,120

SECTION 7A.9.(i) It is the intent of the General Assembly that the monthly salary maximums that follow shall apply to superintendents for the 2024-2025 fiscal year, beginning July 1, 2024:

	2024-2025 Fiscal Year Maximum
Superintendent I	$10,727
Superintendent II	$11,366
Superintendent III	$12,049
Superintendent IV	$12,773
Superintendent V	$13,541

NONCERTIFIED PERSONNEL SALARIES

SECTION 7A.10.(a) For the 2023-2024 fiscal year, beginning July 1, 2023, the annual salary for noncertified public school employees whose salaries are supported from State funds shall be increased as follows:

(1) For permanent, full-time employees on a 12-month contract, by four percent (4%).

(2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this subsection:

a. Permanent, full-time employees on a contract for fewer than 12 months.

b. Permanent, part-time employees.

c. Temporary and permanent hourly employees.

SECTION 7A.10.(b) Of the funds appropriated in this act to the Department of Public Instruction for the 2023-2024 fiscal year, the sum of four million seven hundred sixteen thousand nine hundred thirty-two dollars ($4,716,932) in recurring funds shall be allocated to local boards of education to increase the average rates of pay for school bus drivers. These funds shall be allocated on an equitable basis among all school bus drivers in the local school administrative unit. Compensation increases received by school bus drivers pursuant to this subsection shall be in addition to the increases provided for noncertified personnel pursuant to subsection (a) of this section.

SECTION 7A.10.(c) For the 2024-2025 fiscal year, beginning July 1, 2024, it is the intent of the General Assembly to increase the annual salary for noncertified public school employees whose salaries are supported from State funds as follows:

(1) For permanent, full-time employees on a 12-month contract, by three percent (3%).

(2) For the following employees, by an equitable amount based on the amount specified in subdivision (1) of this subsection:

a. Permanent, full-time employees on a contract for fewer than 12 months.

b. Permanent, part-time employees.

c. Temporary and permanent hourly employees.

PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM

UNC/ESCHEAT FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 8.1.(a) The funds appropriated by this act from the Escheat Fund for the 2023-2025 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 8.1.(b) The State Education Assistance Authority (Authority) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by the Authority to determine if allocations are utilized to ensure access to institutions of higher education and to meet the goals of the respective programs. The Authority may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial

aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

UNC BUILDING RESERVE STUDY

SECTION 8.2.(a) For purposes of this section, the following definitions shall apply:

(1) Building. – A building that is operated or maintained by The University of North Carolina or a constituent institution of The University of North Carolina.

(2) Building reserve model. – The formula used by The University of North Carolina System Office to determine the operating and maintenance costs for buildings once construction of those buildings is complete.

SECTION 8.2.(b) No later than April 1, 2024, the Board of Governors of The University of North Carolina shall study and report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the building reserve model. At a minimum, the report shall include the following information:

(1) For all buildings, disaggregated by constituent institution and fund source, the following:

a. Expenditures related to operation and maintenance costs for the 2022-2023 fiscal year, including expenditures disaggregated on the basis of at least the following building reserve model outputs and expenses:

1. Personnel and fringe benefits.
2. Utilities and insurance.
3. Custodial and supplies.
4. Facilities and maintenance.
5. Information technology.

b. The number of full-time equivalent positions for building operation and maintenance used in the 2022-2023 fiscal year, including at least positions that align with the following building reserve model outputs and expenses:

1. Building environmental service technician and supervisor.
2. Building environmental service supervisor.
3. Facilities maintenance technician mechanical.
4. Public safety officer.
5. Environmental health and safety professional.
6. Information technology networking analyst.
7. Information technology networking technician.
8. Facilities maintenance technician trades.

c. Recurring expenditures generated by the current building reserve model, taking into account all gross square feet and building types, for at least the outputs and expenses identified in sub-subdivision a. of this subdivision.

d. The number of full-time positions generated by the current building reserve model, taking into account all gross square feet and building types, for at least the outputs and expenses identified in sub-subdivision b. of this subdivision.

(2) An analysis of the findings in subdivision (1) of this subsection, including at least the following information:

a. Any instances where the current building reserve model aligns or misaligns with full-time equivalent positions and actual expenditures 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.

NC AHEC TO ESTABLISH TEAM-BASED CARE CLINICAL TEACHING HUBS AND STUDY IMPEDIMENTS TO THE AVAILABILITY OF COMMUNITY-BASED PRECEPTORS

SECTION 8.4.(a) Of the nonrecurring funds appropriated in this act from the ARPA Temporary Savings Fund in the 2023-2024 fiscal year and the recurring funds appropriated in this act from the General Fund in the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Area Health Education Centers Program (NC AHEC) to create team-based teaching sites, NC AHEC shall contract with up to five rural community-based medical teaching practices for at least one hundred fifty thousand dollars ($150,000) per teaching practice per year to establish and maintain up to five outpatient, clinical, team-based healthcare teaching sites across the rural areas of the State. At least one site shall be located in each of the three regions of the State. For purposes of this subsection, the regions of the State are the Western region, the Piedmont region, and the Eastern region. The teaching sites shall serve as team-based locations for medical students to learn alongside nurse practitioners or physician assistants in rural clinical primary care rotations. Community-based medical teaching practices receiving funds pursuant to this subsection shall contract with clinical preceptors to provide instruction, including significant time devoted to clinical instruction, to medical students and student nurse practitioners or student physician assistants. In establishing and maintaining these teaching sites, NC AHEC shall provide technical assistance to the teaching sites and consult, as appropriate, with schools within institutions of higher education that provide instruction for medical students, nurse practitioner students, and physician assistant students. No later than March 15 of each year funds are provided under this subsection, NC AHEC shall study the impact of the teaching sites and report at least the following information to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services:

(1) The identity of the community-based medical teaching practices receiving funds.

(2) An analysis of the financial impact of providing these services on a community-based medical teaching practice.

(3) The impact of the teaching sites on (i) the learning and success of students and (ii) the health and well-being of the respective service areas for each site.

SECTION 8.4.(b) Of the nonrecurring funds appropriated in this act from the ARPA Temporary Savings Fund in the 2023-2024 fiscal year and the recurring funds appropriated in this act from the General Fund in the 2024-2025 fiscal year to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Area Health Education Centers Program (NC AHEC), NC AHEC may use up to two hundred fifty thousand dollars ($250,000) in each year of the 2023-2025 fiscal biennium to study (i) the availability of community preceptors in North Carolina and nearby states and (ii) the demand for those preceptors, including factors that influence the supply and barriers that community-based outpatient clinicians face in teaching healthcare professional students. NC AHEC shall provide an interim report with its findings to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services no later than April 1, 2024, and a final report no later than September 1, 2024. NC AHEC shall consult with other healthcare professional organizations and boards, including, but not limited to, the North Carolina Nurses Association, the North Carolina Academy of Family Physicians, the North Carolina Academy of Physician Assistants, the North Carolina Healthcare Association, the North Carolina Independent Colleges and Universities, the North Carolina Medical Society, the North Carolina Pediatric Society, The University of North Carolina, the North Carolina Board of Nursing, and the North Carolina Medical Board. As part of its study, NC AHEC shall do at least the following:

(1) Survey other states to identify the best innovative and effective approaches to address preceptor shortages for medical students, nurse practitioner students, physician assistant students, and prelicensure nursing students.

(2) Research and report on the current approaches to identifying, engaging, financing, and evaluating clinical training sites and how schools use tuition funding to cover their students' costs related to clinical placements and training. As part of this component of the study, NC AHEC shall consult with the Board of Governors of The University of North Carolina, the State Board of Community Colleges, and the North Carolina Independent Colleges and Universities.

(3) Assess the capacity of North Carolina and nearby states for clinical training sites, in consultation with the North Carolina Healthcare Association (NCHA), the North Carolina Community Health Center Association, and clinically integrated networks, including the following information:

a. The number and percentage of independent and health system practices that are currently clinical training sites in this State.

b. The number and percentage of independent and health system practices that could become clinical training sites in this State.

c. The impacts on the efficiency of clinical practices when or if they become clinical training sites.

d. The financial impact on an independent or health system practice if it precepts students in clinical rotations.

ESTABLISH THE SCHOOL OF CIVIC LIFE AND LEADERSHIP AT THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

SECTION 8.5.(a) The Board of Trustees of the University of North Carolina at Chapel Hill, in consultation with the Board of Governors of The University of North Carolina, the Provost of the University of North Carolina at Chapel Hill, and faculty and administration officials at the University of North Carolina at Chapel Hill, shall establish the School of Civic Life and Leadership at the University of North Carolina at Chapel Hill (the School). The School shall meet at least the following requirements:

(1) Provide course opportunities for students. Courses may focus on the development of democratic competencies informed by American history and the American political tradition, with the purpose of fostering public discourse and civil engagement necessary to promote democracy and benefit society.

(2) Subject to approval of the Provost and the inaugural dean of the School, house the Program on Public Discourse.

(3) Develop programming to address the topics identified in subdivision (1) of this subsection and provide resources to students, faculty, and the general public, as needed.

(4) Hire at least 10 and no more than 20 faculty members from outside the University of North Carolina at Chapel Hill. These faculty members shall be hired with permanent tenure or be eligible to receive permanent tenure in accordance with policies adopted by The Board of Governors of The University of North Carolina and the University of North Carolina at Chapel Hill. The School shall not hire any faculty member without approval of the dean of the School. Faculty members may hold joint or courtesy appointments with other existing units of the University of North Carolina at Chapel Hill.

SECTION 8.5.(b) If the nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated to the University of North Carolina at Chapel Hill for the School of Civic Life and Leadership

are insufficient to establish the School pursuant to subsection (a) of this section, the University of North Carolina at Chapel Hill shall expend sufficient additional funds to achieve that purpose.

SECTION 8.5.(c) No later than December 31, 2023, the Provost of the University of North Carolina at Chapel Hill shall name the inaugural dean of the School, subject to the approval of the Board of Trustees.

SECTION 8.5.(d) No later than March 15, 2024, the Board of Trustees of the University of North Carolina at Chapel Hill shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on progress made toward establishing the School of Civic Life and Leadership and factors affecting the long-term sustainability of the School.

REDUCE NUMBER OF REQUIRED UNC LABORATORY SCHOOLS FROM NINE TO EIGHT

SECTION 8.6.(a) G.S. 116-239.5(a) reads as rewritten:

"(a) The Board of Governors, upon recommendation by the President, shall designate constituent institutions to submit proposals to establish at least ~~nine~~ eight laboratory schools in total to serve public school students in accordance with the provisions of this Article. The Board of Governors shall select constituent institutions with high-quality educator preparation programs as demonstrated by the annual performance measures reported by the constituent institutions in accordance with G.S. 115C-296.35. The Board of Governors' Subcommittee on Laboratory Schools established under G.S. 116-239.7 shall review the proposals and approve at least ~~nine~~ eight of the proposals to establish laboratory schools. The Subcommittee may select a constituent institution to operate more than one laboratory school. The Subcommittee shall oversee the operations of those laboratory schools to meet the purposes set forth in this Article."

SECTION 8.6.(b) G.S. 116-239.7(a1) reads as rewritten:

"(a1) Approval of Laboratory Schools. – The Board of Governors, upon the recommendation of the President, shall designate constituent institutions to establish and operate a total of at least ~~nine~~ eight laboratory schools. The chancellor of each constituent institution shall adopt and submit to the Subcommittee a proposal to operate one or more laboratory schools in one or more local school administrative units that meet the minimum threshold for the number of low-performing schools located in a unit under G.S. 116-239.6(4). The proposal shall include the governance structure of the laboratory school. The Subcommittee shall evaluate the proposals for approval or disapproval by considering the design components and the strategic focus of the laboratory school and any other standards developed by the Subcommittee to be applicable to all laboratory schools. The Subcommittee shall also consider the location of each laboratory school so that, to the extent possible, there is a geographically diverse distribution of the laboratory schools throughout the State. From the proposals submitted to the Subcommittee, the Subcommittee shall approve the establishment of at least ~~nine~~ eight laboratory schools."

FUNDS FOR ATHLETIC DEPARTMENTS WITH APPROVED PLANS TO PROVIDE ECONOMIC BENEFITS

SECTION 8.7.(a) For each fiscal year funds are provided pursuant to subsection (b) of this section, the athletic department for each of the following constituent institutions shall develop and submit to the President of The University of North Carolina a plan to provide an economic benefit to the constituent institution and the service region of the constituent institution in that fiscal year:

(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) The University of North Carolina at Wilmington.
(9) Western Carolina University.
(10) Winston-Salem State University.

SECTION 8.7.(b) Of the nonrecurring funds appropriated in this act to the Board of Governors of The University of North Carolina for each fiscal year of the 2023-2025 fiscal biennium for athletic department operating support, if the President of The University of North Carolina approves a plan submitted under subsection (a) of this section, the Board of Governors shall allocate one tenth of the funds provided in the fiscal year in which the plan is approved to that constituent institution to support its athletic department.

EDUCATIONAL OPPORTUNITIES PROGRAM

SECTION 8.8.(a) Program; Purpose. – The Board of Governors of The University of North Carolina shall establish a College of Educational Opportunities Program (Program) for eligible students with intellectual and developmental disabilities. North Carolina State University shall develop and operate the Program beginning in the 2023-2024 fiscal year. North Carolina Central University shall adapt and operate the Program as developed by North Carolina State University for use beginning in the 2024-2025 fiscal year. The purpose of the Program is to provide postsecondary opportunities for eligible students, including the following:

(1) A person-centered planning process.
(2) The opportunity to pursue educational credentials, including degrees, certificates, and other nondegree credentials.
(3) Inclusive academic enrichment, socialization, independent living skills, and integrated work experiences to develop career skills that can lead to gainful employment.
(4) Individual supports and services for academic and social inclusion in academic courses, extracurricular activities, and other aspects of campus life.

SECTION 8.8.(b) Definition. – For purposes of this section, the term "eligible student" refers to a person who meets all of the following:

(1) Is 22 years of age or older.
(2) Is an adult with intellectual and developmental disabilities.

SECTION 8.8.(c) Funds. – Funds appropriated to the Board of Governors of The University of North Carolina in this act for the Program shall meet the following criteria:

(1) The funds may be used for any of the following purposes:
    a. Administrative staff, including a director of the Program, and programmatic staff, including instructors and peer mentors.
    b. Training for university faculty.
    c. Improvements to existing assistive technologies and other academic support services offered by the university.
    d. Scholarships for tuition and fees for economically disadvantaged students.
    e. Additional supports, including counseling, mentoring, and transportation.
    f. Outreach, including website design and recruitment.
(2) The funds shall be allocated in the below fiscal years as follows:
    a. For the 2023-2024 fiscal year, three million dollars ($3,000,000) in recurring funds shall be allocated to North Carolina State University to develop and operate the Program.
    b. Beginning in the 2024-2025 fiscal year, the following amounts in recurring funds shall be allocated:

1. Three million dollars ($3,000,000) to North Carolina State University to operate the Program.
2. Three million dollars ($3,000,000) to North Carolina Central University to adapt and operate the Program.

SECTION 8.8.(d) Report. – No later than May 15, 2024, and annually thereafter, the Board of Governors shall report to the Joint Legislative Education Oversight Committee on the impact of the Program, including the impact of the Program on the performance of eligible students.

CTE GRANTS FOR AGRICULTURE

SECTION 8.9.(a) Of the 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 to be allocated to North Carolina State University, the Agriculture Extension shall use up to two million dollars ($2,000,000) in nonrecurring funds for the North Carolina Future Farmers of America (FFA) to provide and administer grants for the 2023-2024 and 2024-2025 academic years to fund items necessary for the agriculture education program operated as a part of the Career and Technical Education (CTE) program at a given middle or high school within a public school unit. For purposes of these grants, items necessary to the agriculture education program of a CTE program include greenhouses, animals and livestock, and power tools. FFA shall provide a full list of items that are eligible to be purchased with funds received pursuant to this program and make the list publicly available on its website. FFA may consult with the Department of Agriculture and Consumer Services when evaluating a grant for selection that includes the purchase of animals. A public school unit or a regional partnership of more than one public school unit may apply to receive funds. When awarding grants under this subsection, FFA shall prioritize public school units (i) located, in whole or in part, in a county with at least one local school administrative unit that received low-wealth supplemental funding in the previous fiscal year and (ii) that have a high population of at-risk students or students with disabilities. Grant recipients may make items purchased with grant funds available to any students within the public school unit or partnership regardless of whether the student is identified as at-risk or a student with a disability. Funds provided pursuant to this section shall not revert to the General Fund but shall remain available for this purpose until June 30, 2025.

SECTION 8.9.(b) FFA shall create and make available an application for grants under this section no later than 30 days of this act becoming law. Applicants shall submit their application to receive grant funds to FFA no later than June 15, 2024. FFA shall approve or deny each application within 30 days of receipt.

SECTION 8.9.(c) All recipients of grants under this section for each school year shall submit a report to FFA no later than October 15, 2024, on the outcomes of any programs funded by grants received under this section, including data collection methods for reporting on student outcomes, impacts of the program, and use of State funds. FFA shall then submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the overall outcomes of the grant program no later than December 15, 2024.

SECTION 8.9.(d) Of the funds allocated by this section for grants as provided by subsection (a) of this section, up to fifty thousand dollars ($50,000) in each fiscal year of the 2023-2025 biennium may be retained by FFA to be used for administrative costs associated with the grant program.

BOARD OF GOVERNORS STUDY NEW TEACHER SUPPORT PROGRAM/ELIZABETH CITY STATE

SECTION 8.10. No later than December 15, 2023, the Board of Governors shall report to the Joint Legislative Education Oversight Committee on the advisability and feasibility

of incorporating additional constituent institutions, including Elizabeth City State University, as administrators of the New Teacher Support Program.

COLLABORATORY REPORT ON RECOVERY COURT STUDY RESULTS

SECTION 8.11.(a) Of the funds appropriated in this act from the Opioid Abatement Reserve established pursuant to Section 9F.1 of S.L. 2021-180, as amended by Section 9F.1 of S.L. 2022-74, to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory (Collaboratory), the Collaboratory shall study existing judicially managed accountability and recovery courts (JMARCs), including those drug treatment courts and JMARCs partially or fully exempted from Article 62 of Chapter 7A of the General Statutes under G.S. 7A-802. These funds shall not revert at the end of the 2023-2024 fiscal year but shall remain available until expended.

SECTION 8.11.(b) No later than October 1, 2024, the Collaboratory shall report on the results of the study required by subsection (a) of this section to the following entities:

(1) The Joint Legislative Oversight Committee on Health and Human Services.
(2) The Joint Legislative Oversight Committee on Justice and Public Safety.
(3) The Joint Legislative Education Oversight Committee.
(4) The chairs of the House and Senate Appropriations Committees on Health and Human Services.
(5) The chairs of the House and Senate Appropriations Committees on Justice and Public Safety.
(6) The chairs of the House and Senate Appropriations Committees on Education.

SECTION 8.11.(c) The report required by subsection (b) of this section shall include, at a minimum, each of the following:

(1) Executive summary of the study and its findings.
(2) Summary of each JMARC's operating model.
(3) Summary of each JMARC's funding sources.
(4) Analysis of demand and capacity for each JMARC.
(5) Summary of need and local interest for additional JMARCs.
(6) Feasibility of JMARCs operating across counties and across judicial districts.
(7) Proposed JMARC expansion plan.
(8) List of funding sources to support the expansion plan outlined in subdivision (7) of this subsection.

SECTION 8.11.(d) This section is effective when it becomes law.

REQUIRE COMPREHENSIVE TRANSITION POSTSECONDARY PROGRAMS REPORT AND ESTABLISH CTP PROGRAM AT UNC-W

SECTION 8.12.(a) Article 35A of Chapter 116 of the General Statutes is amended by adding a new section to read:

"**§ 116-298. Report.**

The University of North Carolina System Office shall report to the Joint Legislative Education Oversight Committee by March 15 of each year on the impact on participants of CTP Programs at constituent institutions of The University of North Carolina. At a minimum, the report shall include the following information for each CTP Program at a constituent institution:

(1) Admissions requirements.
(2) Number of participants.
(3) Participant outcomes, including credits earned toward a degree, diploma, or certificate and job placements for participants and graduates."

SECTION 8.12.(b) Of the recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated to the University of North Carolina at Wilmington (UNC-W), UNC-W shall establish a certificate

accomplishment program to be approved by the United States Department of Education as a Comprehensive Transition Postsecondary (CTP) Program (Program) for students with intellectual disabilities in accordance with the Higher Education Opportunity Act of 2008, 20 U.S.C. §§ 1140f through 1140i.

SECTION 8.12.(c) No later than March 15, 2025, UNC-W shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on its progress in establishing the Program pursuant to subsection (b) of this section. The report shall include at least the following information:

(1) Steps taken and steps remaining to establish the Program.
(2) Proposed or actual admissions requirements for the Program.
(3) Support services to be provided by the Program, including the eligibility of participants to receive college credits.
(4) Actual or estimated number of participants in the Program.
(5) Estimated additional costs to provide scholarships to students participating in the Program under the Comprehensive Transition Postsecondary Scholarship Program established pursuant to Article 35A of Chapter 116 of the General Statutes.
(6) Whether the Program has been approved by the United States Department of Education and, if not, a time line for approval.

AGRICULTURE ANALYTICS PLATFORM INITIATIVE

SECTION 8.13.(a) Of the recurring funds appropriated in this act to the Board of Governors of The University of North Carolina to be allocated to North Carolina State University (NC State) and North Carolina Agricultural and Technical State University (NC A&T) to deploy an analytics platform for agriculture initiatives, NC State and NC A&T shall each contract with SAS Institute, Inc., to establish or maintain a software platform to use data collection and analytics to improve agricultural systems and agricultural profitability. Funds shall be used for software, equipment installation, cloud hosting, and technical support. NC State and NC A&T shall collaborate in the creation and use of these platforms as much as practicable.

SECTION 8.13.(b) No later than August 15, 2025, NC State and NC A&T shall jointly report to the Joint Legislative Education Oversight Committee on the impact of the Initiative on the following:

(1) The sustainability and profitability of agricultural systems in the State, including any improved efficiencies.
(2) Research grants secured by each constituent institution.
(3) Student and faculty recruitment and retention.
(4) Engagement and collaboration with private farmers in the State.
(5) Faculty research on agriculture.
(6) Collaboration between NC State and NC A&T.

UNIVERSITY OF NORTH CAROLINA SYSTEM FACULTY REALIGNMENT INCENTIVE PROGRAM

SECTION 8.14.(a) For purposes of this section, the term "identified faculty member" means a full-time, tenured faculty member employed by a constituent institution of The University of North Carolina who meets all of the following criteria:

(1) Is at least 55 years of age.
(2) Meets either of the following criteria:
    a. Is eligible to commence retirement with an early or service retirement allowance under the Teachers' and State Employees' Retirement System (TSERS).

b. Is vested in the Optional Retirement Program (ORP) for The University of North Carolina.

(3) Does not receive disability or workers' compensation benefits.

SECTION 8.14.(b) For the 2023-2025 fiscal biennium, the Board of Governors of The University of North Carolina shall establish a Faculty Realignment Incentive Pilot Program (Program) for constituent institutions of The University of North Carolina to award severance payments to identified faculty members to provide long-term cost-savings and improved operational efficiencies for The University of North Carolina. Funds for the Program shall be distributed among constituent institutions based on criteria established by the President of The University of North Carolina. The Program shall meet at least the following requirements:

(1) An identified faculty member shall be selected to receive a payment under the Program in the discretion of the constituent institution where the identified faculty member is employed.

(2) Severance payments shall be equivalent to the identified faculty member's base salary from the prior academic year.

(3) Severance payments shall be exempt from payroll deductions for retirement contributions and shall not be considered compensation for purposes of the supplemental plans administered by The University of North Carolina or plans administered by the Supplemental Retirement Board of Trustees under G.S. 135-96.

(4) If an identified faculty member does not qualify for the full employer premium contribution for retiree health coverage provided under TSERS or ORP, then the constituent institution where the identified faculty member is employed may provide the faculty member, in addition to a severance payment, an amount equivalent to 12 months of the full employer contribution to the employee health insurance premium.

SECTION 8.14.(c) By December 1, 2024, and annually thereafter, while funds are expended under the Program, the Board of Governors shall report at least the following information on the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, disaggregated by constituent institution:

(1) The number of identified faculty members that received funds under the Program.

(2) The total amount paid out by the Program.

SECTION 8.14.(d) The nonrecurring funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2023-2024 fiscal year for the University of North Carolina System Faculty Realignment Incentive Program, as enacted by this section, shall not revert to the General Fund at the end of the 2023-2024 fiscal year but shall remain available until expended.

REVISE POSTSECONDARY ATTAINMENT GOAL REPORTING TIME

SECTION 8.15. Section 1(c) of S.L. 2019-55 reads as rewritten:

"**SECTION 1.(c)** Beginning ~~September 1, 2020,~~ March 1, 2024, and every ~~September~~ March 1 thereafter, the myFutureNC Commission, which is a statewide commission focusing on postsecondary educational attainment in North Carolina, shall report to the General Assembly, as provided by G.S. 120-29.5, and to the Joint Legislative Education Oversight Committee on the progress of the State reaching the postsecondary attainment goal set forth in G.S. 116C-10, as enacted by this act, and activities by the Commission to further North Carolina towards the postsecondary attainment goal."

WATER SAFETY ACT OF 2023

SECTION 8.16.(a) Water Research Funding. – Funds appropriated in this act to the North Carolina Collaboratory (Collaboratory) for the 2023-2024 fiscal year for research and other programs related to per- and poly-fluoroalkyl substances (PFAS) and the Collaboratory's general research programs shall be allocated as follows:

(1) Twenty million dollars ($20,000,000) in nonrecurring funds for programs related to management of aqueous film-forming foams (AFFF) containing PFAS used by local fire departments and for other PFAS-related research. For purposes of this act, "local fire department" means a fire department operated, regulated, or managed by one or more units of State or local government, including those located at or serving public airports. These funds are allocated to the Collaboratory for the following purposes:

a. To conduct a voluntary buyback program for stocks of PFAS-containing AFFF owned or stored by local fire departments. The program may also include the purchase and distribution of replacement PFAS-free foams.

b. To develop, acquire, analyze, and deploy facilities and technologies to safely store and destroy PFAS-containing AFFF, including technologies available outside of the State.

c. To provide competitive research grants for (i) human exposure and other studies intended to assess the long-term health risk to firefighters and other emergency response personnel and their family members from exposure to PFAS-containing AFFF and related PFAS-containing materials and (ii) other research related to PFAS in water and air, PFAS toxicology and human exposure, and the mitigation, removal, or destruction of PFAS and PFAS-containing materials.

d. To fund upgrades to laboratory space at the Textile Protection and Comfort Center at North Carolina State University to accommodate aerosol studies that simulate airborne PFAS particulate exposure.

(2) Four million dollars ($4,000,000) in recurring funds for other PFAS research projects. In its expenditure of the funds allocated by this subsection, the Collaboratory may prioritize funding of a multiyear human exposure study related to per- and poly-fluoroalkyl substances (PFAS) in North Carolina counties identified with higher than average PFAS exposure risks from inhalation, ingestion, and dermal exposure. Selection of study participants shall prioritize counties and communities (i) with a primary drinking water source from the Haw or the Cape Fear River, (ii) located near industrial processes that use or create PFAS or chemical precursors to PFAS that may become PFAS compounds once released, (iii) located within the Cape Fear and Lumber River Basins, and (iv) that may present a particularized risk, exposure, or other health factors deemed appropriate by the Collaboratory. The Collaboratory may also prioritize other discretionary PFAS-related research deemed important to the State by the Collaboratory. The Collaboratory may engage expertise from the Departments of Environmental Quality and Health and Human Services and may utilize the Office of Strategic Partnerships within the Office of State Budget and Management to assist in working with State and local agencies.

(3) Two million dollars ($2,000,000) in recurring funds for water-related research for emerging compounds, water quality improvements, or other discretionary research deemed important to the State by the Collaboratory.

SECTION 8.16.(b) Report. – The Collaboratory shall include in the report required by G.S. 116-256 documentation of its use of the funds allocated by this section and updates regarding the research funded by this section.

SECTION 8.16.(c) HMSI Research Grants. – Section 8.9(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 8.9.(a)** The North Carolina Collaboratory (Collaboratory), established pursuant to Article 31A of Chapter 116 of the General Statutes, shall establish a research grant program for the following constituent institutions of The University of North Carolina identified as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem State University. The Collaboratory shall establish an application process and criteria for research grants that include a focus on areas within the Collaboratory's mission ~~of facilitating research related to the environmental and economic components of the management of the natural resources within the State and of new technologies for habitat, environmental, and water quality improvements and other areas of public health.~~as set forth in G.S. 116-255.

The Collaboratory may award one or more research grants each fiscal year to each of the six HMSI constituent institutions to be used to expand their research capacity while being in service to the needs of the State. Of the funds appropriated by this act for the research grant program, the Collaboratory shall determine the amount of the research grant for each HMSI constituent institution in a fiscal year."

SECTION 8.16.(d) Public Water Supply Fluoridation Study. – The Commission for Public Health shall perform a review of the National Toxicity Program's September 2022 draft report titled "Monograph on the State of the Science Concerning Fluoride Exposure and Neurodevelopmental and Cognitive Health Effects: A Systematic Review," as well as the studies reviewed in the report, and any other studies the Commission finds relevant to an assessment of the association between fluoride exposure and IQ in children. Based on this review, the Commission shall determine whether sufficient evidence exists for a link between fluoride in the public water supply and cognitive decline or any other neurological detriment in children.

SECTION 8.16.(e) The Commission shall make a report to the General Assembly on or before February 1, 2024, of its findings and recommendations, including a recommendation on whether the current standard for fluoride established in the Commission's rules (i) is protective of public health and (ii) should be lowered. If the Commission makes the determination regarding a link between fluoride in public water supplies and neurological impacts in children as described in subsection (a) of this section, then the Commission shall direct the Department of Health and Human Services to create a list of the private and public water utilities in the State, their fluoride concentration, the number of children or households to which they provide water, and any other information that it deems pertinent. The Department shall include with the list a ranking of the risk to children of the water supplied by each utility.

SECTION 8.16.(f) Revenue Sharing and Funding Availability. – G.S. 116-255(c) reads as rewritten:

"(c) Funding Conditions and Restrictions. – The following applies to funding received by the Collaboratory:

…

(7) The Collaboratory may negotiate or impose data use, data management, and revenue sharing requirements for intellectual property developed through its research awards using State funds, including, but not limited to, contractual terms that provide for gross revenue distribution to the General Fund for future research and development projects.

(8) Funds appropriated by the General Assembly to the Collaboratory (i) shall not revert to the General Fund but shall remain available until expended and (ii)

shall not apply to the carryforward limitation imposed on constituent institutions of The University of North Carolina by G.S. 116-30.3."

SECTION 8.16.(g) Effective Date. – Subsections (a) and (b) of this section become effective July 1, 2023. The remainder of this section is effective when it becomes law.

UNC-W RESEARCH PROGRAMS IN CRITICAL WORKFORCE AREAS FUNDS AND REPORT

SECTION 8.17. Of the recurring funds appropriated in this act to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated to the University of North Carolina at Wilmington (UNC-W) for research programs, UNC-W shall expand research programs in critical research areas to maintain its classification in the Carnegie Classification of Institutions of Higher Education as R2 – High Research Activity. UNC-W shall use these funds only to expand relevant research programs in critical research areas and shall not supplant other funds already allocated for these purposes. By March 15, 2024, and every year thereafter in which these funds are provided, UNC-W shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the use of the funds. The report shall include at least the following information:

(1) A detailed explanation of how the funds are used, including all expansions on research programs supported by these funds since the previous report and the nature of each expansion.
(2) All critical research areas at the university, as defined by UNC-W.
(3) The impact of the expansions identified in subdivision (1) of this section on the critical research areas identified in subdivision (2) of this section, including the extent to which the expansions support the continued classification of UNC-W as a High Research Activity institution.
(4) Recommended actions to maintain the classification of UNC-W as a High Research Activity institution or to improve that classification to R1 – Very High Research Activity.
(5) Any other matter UNC-W deems relevant to the efficient and effective expenditure of these funds.

REVISE DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

SECTION 8.18.(a) Part 4A of Article 1 of Chapter 116 of the General Statutes reads as rewritten:

"Part 4A. Distinguished Professors Endowment Trust Fund.

"**§ 116-41.13. ~~Distinguished Professors Endowment Trust Fund; purpose.~~Purpose.**

The General Assembly of North Carolina recognizes that the public university system would be greatly strengthened by the addition of distinguished ~~scholars.~~ scholars for degree programs in STEM subject areas. It further recognizes that private as well as State support is preferred in helping to obtain distinguished scholars for the State universities and that private support will help strengthen the commitment of citizens and organizations in promoting excellence throughout all State universities. It is the intent of the General Assembly to establish a trust fund to provide the opportunity to each State university to receive and match challenge grants to create endowments for selected distinguished professors for degree programs in STEM subject areas to occupy chairs within the university. The associated foundations that serve the universities shall solicit and receive gifts from private sources to provide for matching funds to the trust fund challenge grants for the establishment of endowments for chairs for degree programs in STEM subject areas within universities.

"**§ 116-41.13A. ~~Distinguished Professors Endowment Trust Fund; definitions.~~Definitions.**

The following definitions apply in this Part:

(1) ~~"Focused growth institution" means~~ Focused growth institution. – Any of the following:

a. Elizabeth City State ~~University,~~ University.

b. Fayetteville State ~~University,~~ University.

c. North Carolina Agricultural and Technical ~~University,~~ University.

d. North Carolina Central ~~University,~~ University.

e. The University of North Carolina at ~~Pembroke,~~ Pembroke.

f. Western Carolina ~~University, and~~ University.

g. Winston-Salem State University.

(2) ~~"Special needs institution" means the~~ Special needs institution. – The North Carolina School of the Arts, redesignated effective August 1, 2008, as the "University of North Carolina School of the Arts," and The University of North Carolina at Asheville.

(3) STEM subject area. – Any subject area in a field of scholarship related to science, technology, engineering, or mathematics. A subject area in a field of scholarship related to journalism or law is not a STEM subject area.

"**§ 116-41.14. ~~Distinguished Professors Endowment Trust Fund; establishment;~~ Establishment of the Fund; maintenance.**

There is established a Distinguished Professors Endowment Trust Fund to be maintained by the Board to provide challenge grants to the constituent institutions. All appropriated funds deposited into the trust fund shall be invested pursuant to G.S. 116-36. Interest income accruing to that portion of the trust fund not matched shall increase the total funds available for challenge grants.

"**§ 116-41.15. ~~Distinguished Professors Endowment Trust Fund; allocation;~~ Allocation; administration.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) According to one of the following:

~~(1)~~a. On the basis of one three hundred thirty-four thousand dollar ($334,000) challenge grant for each six hundred sixty-six thousand dollars ($666,000) raised from private ~~sources; or~~sources.

~~(2)~~b. On the basis of one one hundred sixty-seven thousand dollar ($167,000) challenge grant for each three hundred thirty-three thousand dollars ($333,000) raised from private ~~sources; or~~sources.

~~(3)~~c. On the basis of one challenge grant of up to six hundred sixty-seven thousand dollars ($667,000) for funds raised from private sources in twice the amount of the challenge grant.

(2) If an institution chooses to pursue the use of the allocated challenge grant funds described in either ~~subdivision (1), subdivision (2),~~ sub-subdivision a., sub-subdivision b., or ~~subdivision (3)~~ sub-subdivision c. of subdivision (1) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of two dollars of private funds for every one dollar of State funds.

(b) For focused growth institutions and special needs institutions, the amount appropriated to the trust shall be allocated by the Board as follows:

(1) According to one of the following:

~~(1)~~a. On the basis of one five hundred thousand dollar ($500,000) challenge grant for each five hundred thousand dollars ($500,000) raised from private ~~sources; or~~sources.

~~(2)~~b. On the basis of one two hundred fifty thousand dollar ($250,000) challenge grant for each two hundred fifty thousand dollars ($250,000) raised from private ~~sources; or~~sources.

~~(3)~~c. On the basis of one challenge grant of up to one million dollars ($1,000,000) for funds raised from private sources in the same amount as the challenge grant.

(2) If an institution chooses to pursue the use of the allocated challenge grant funds described in either ~~subdivision (1), subdivision (2),~~ sub-subdivision a., sub-subdivision b., or ~~subdivision (3)~~ sub-subdivision c. of subdivision (1) of this subsection, the challenge grant funds shall be matched by funds from private sources on the basis of one dollar of private funds for every dollar of State funds.

(c) Matching funds shall come from contributions made after July 1, 1985, and pledged for the purposes specified by G.S. 116-41.14. Each participating constituent institution's board of trustees shall establish its own Distinguished Professors Endowment Trust ~~Fund,~~ Fund and shall maintain it pursuant to the provision of G.S. 116-36 to function as a depository for private contributions and for the State matching funds for the challenge grants. The State matching funds shall be transferred to the constituent institution's Endowment Fund upon notification that the institution has received and deposited the appropriate amount required by this section in its own Distinguished Professors Endowment Trust Fund. Only the net income from that account shall be expended in support of the distinguished professorship thereby created.

"**§ 116-41.16. ~~Distinguished Professors Endowment Trust Fund; contribution~~ Contribution commitments.**

(a) For constituent institutions other than focused growth institutions and special needs institutions, contributions may also be eligible for matching ~~if there is:~~as follows:

(1) If there is one of the following:

~~(1)~~a. A commitment to make a donation of at least six hundred sixty-six thousand dollars ($666,000), as prescribed by G.S. 143C-4-5, and an initial payment of one hundred eleven thousand dollars ($111,000) to receive a grant described in ~~G.S. 116-41.15(a)(1); or~~G.S. 116-41.15(a)(1)a.

~~(2)~~b. A commitment to make a donation of at least three hundred thirty-three thousand dollars ($333,000), as prescribed by G.S. 143C-4-5, and an initial payment of fifty-five thousand five hundred dollars ($55,500) to receive a grant described in ~~G.S. 116-41.15(a)(2); or~~G.S. 116-41.15(a)(1)b.

~~(3)~~c. All of the following:

1. A commitment to make a donation in excess of six hundred sixty-six thousand dollars ($666,000), as prescribed by ~~G.S. 143-31.4, and an~~ G.S. 143C-4-5.
2. An initial payment of one-sixth of the committed amount to receive a grant described in ~~G.S. 116-41.15(a)(3); and if the~~ G.S. 116-41.15(a)(1)c.
3. The initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment and shall be made on or before the anniversary date of the initial payment.

(2) Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17,

the institution shall proceed to implement plans for establishing an endowed ~~chair.~~chair in a STEM subject area.

(b) For focused growth institutions and special needs institutions, contributions may also be eligible for matching ~~if there is:~~as follows:

(1) If all of the following occur:

a. One of the following occurs:

~~(1)~~1. A commitment to make a donation of at least five hundred thousand dollars ($500,000), as prescribed by G.S. 143C-4-5, and an initial payment of eighty-three thousand three hundred dollars ($83,300) to receive a grant described in ~~G.S. 116-41.5(b)(1); or~~G.S. 116-41.15(b)(1)a.

~~(2)~~2. A commitment to make a donation of at least two hundred fifty thousand dollars ($250,000), as prescribed by G.S. 143C-4-5, and an initial payment of forty-one thousand six hundred dollars ($41,600) to receive a grant described in ~~G.S. 116-41.15(b)(2); or~~G.S. 116-41.15(b)(1)b.

~~(3)~~3. A commitment to make a donation in excess of five hundred thousand dollars ($500,000), as prescribed by ~~G.S. 143-31.4,~~ G.S. 143C-4-5, and an initial payment of one-sixth of the committed amount to receive a grant described in ~~G.S. 116-41.15(b)(3); and if the~~ G.S. 116-41.15(b)(1)c.

b. The initial payment is accompanied by a written pledge to provide the balance within five years after the date of the initial payment. Each payment on the balance shall be no less than the amount of the initial payment.

(2) Pledged contributions may not be matched prior to the actual collection of the total funds. Once the income from the institution's Distinguished Professors Endowment Trust Fund can be effectively used pursuant to G.S. 116-41.17, the institution shall proceed to implement plans for establishing an endowed ~~chair.~~chair in a STEM subject area.

"**§ 116-41.17. ~~Distinguished Professors Endowment Trust Fund; establishment~~ Establishment of chairs.**

(a) ~~When~~ The board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs in a STEM subject area when the sum of the challenge grant and matching funds in the Distinguished Professors Endowment Trust Fund ~~reaches:~~reaches one of the following:

(1) One million dollars ($1,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(1) or G.S. 116-41.15(b)(1); or~~G.S. 116-41.15(a)(1)a. or G.S. 116-41.15(b)(1)a.

(2) Five hundred thousand dollars ($500,000), if the sum of funds described in ~~G.S. 116-41.15(a)(2) or G.S. 116-41.15(b)(2); or~~G.S. 116-41.15(a)(1)b. or G.S. 116-41.15(b)(1)b.

(3) An amount up to two million dollars ($2,000,000), if the sum of funds described in ~~G.S. 116-41.15(a)(3) or G.S. 116-41.15(b)(3);~~G.S. 116-41.15(a)(1)c. or G.S. 116-41.15(b)(1)c.

~~the board of trustees may recommend to the Board, for its approval, the establishment of an endowed chair or chairs.~~

(b) The Board, in considering whether to approve the ~~recommendation,~~ recommendation made pursuant to subsection (a) of this section, shall include in its consideration the programs already existing in The University of North Carolina. If the Board approves the recommendation, the chair or chairs shall be established. The chair or chairs, the property of the constituent

institution, may be named in honor of a donor, benefactor, or honoree of the institution, at the option of the board of trustees.

"**§ 116-41.18. ~~Distinguished Professors Endowment Trust Fund; selection~~ Selection of Distinguished Professors.**

(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the Distinguished ~~Professorship.~~ Professorship in a STEM area. Once given, that designation shall be retained by the distinguished professor as long as ~~he~~ the distinguished professor remains in the full-time service of the institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution.

(a1) No rule shall prevent the constituent institutions of The University of North Carolina from selecting holders of Distinguished Professorships from among existing faculty members or newly hired faculty members.

(b) The Board of Governors of The University of North Carolina shall promulgate rules to implement this section.

(c) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina the sum of two million dollars ($2,000,000) for fiscal year 1985-86, and the sum of two million dollars ($2,000,000) for fiscal year 1986-87, to implement this section.

"**§ 116-41.19. ~~Distinguished Professors Endowment Trust Fund; promulgation of rules.~~Promulgation of rules; list of STEM subject areas.**

(a) The Board of Governors of The University of North Carolina shall promulgate rules to implement this Part.

(b) No later than December 15, 2024, and annually thereafter, the Board of Governors shall identify and provide to the Joint Legislative Education Oversight Committee a list of degree programs in STEM subject areas and the number of distinguished professorships at each constituent institution funded pursuant to this Part in each STEM subject area. The Board of Governors shall make the list of degree programs in STEM subject areas available on its website."

SECTION 8.18.(b) The nonrecurring funds appropriated in this act to the Distinguished Professors Endowment Trust Fund for the 2023-2025 fiscal biennium shall be used to provide matching funds only for selected distinguished professors in STEM subject areas, as defined by the Board of Governors, in accordance with Part 4A of Article 1 of Chapter 116 of the General Statutes, as amended by this section.

SECTION 8.18.(c) Subsection (a) of this section is effective when this act becomes law and applies to distinguished professorships established on or after that date.

COLLABORATORY STUDY NEXT-GENERATION ENERGY AND RESEARCH DEVELOPMENT

SECTION 8.19.(a) Of the nonrecurring funds appropriated in this act for each year of the 2023-2025 fiscal biennium to the Board of Governors of The University of North Carolina to be allocated to the University of North Carolina at Chapel Hill for the North Carolina Collaboratory (Collaboratory) for next-generation energy and research development, the Collaboratory shall develop academic research partnerships with North Carolina businesses working in the field of next-generation energies and shall leverage those partnerships to perform research and development on next-generation energy technologies, including, but not limited to,

lithium batteries; computer chip manufacturing; small modular- or micro-nuclear technologies; hydrogen storage, production, and transportation; and grid modeling across numerous scenarios for power generation, storage, and distribution. These funds shall not revert at the end of each year of the 2023-2025 fiscal biennium but shall remain available until expended.

SECTION 8.19.(b) The Collaboratory shall report on its activities pursuant to subsection (a) of this section by March 15, 2024, and annually thereafter while funds are expended under this section, to the Joint Legislative Education Oversight Committee. The report shall include, at a minimum, all academic research partnerships established pursuant to this section, the research and development projects undertaken alone or via those partnerships, and the results of those projects, if any.

REALLOCATION OF FUNDS BETWEEN PATRIOT STAR FAMILY SCHOLARSHIP NONPROFIT CORPORATIONS

SECTION 8.20.(a) Of the recurring funds appropriated in S.L. 2021-180 from the General Fund to the Board of Governors of The University of North Carolina to be allocated to the Marine Corps Scholarship Foundation, Inc., in the 2021-2023 fiscal biennium for the Patriot Star Family Scholarship Program (Program) pursuant to Section 8.3 of S.L. 2021-180, the Marine Corps Scholarship Foundation shall transfer any unencumbered funds remaining at the end of the 2022-2023 fiscal year to the Patriot Foundation in the 2023-2024 fiscal year to be used to award scholarships pursuant to the Program. The Board of Governors shall assist the Marine Corps Scholarship Foundation to facilitate the transfer as needed.

SECTION 8.20.(b) Of the three million dollars ($3,000,000) in nonrecurring funds appropriated in S.L. 2021-180 from the State Fiscal Recovery Fund to the Board of Governors of The University of North Carolina to be allocated to the Marine Corps Scholarship Foundation, Inc., for the North Carolina Patriot Star Family Recovery Scholarship Program (Program) pursuant to Section 8.19 of S.L. 2021-180, the Board of Governors shall transfer any unexpended funds up to three million dollars ($3,000,000) in the 2023-2024 fiscal year to the Patriot Foundation to award scholarships pursuant to the Program.

SECTION 8.20.(c) Subsection (a) of this section becomes effective June 30, 2023.

GREEN INDUSTRY ECONOMIC IMPACT STUDY/NCSU

SECTION 8.21. Of the nonrecurring funds appropriated to the Board of Governors of The University of North Carolina in this act for the 2023-2024 fiscal year to be allocated to North Carolina State University for the College of Agriculture and Life Sciences (CALS), CALS shall study the statewide, regional, and county-level economic impact of the green industry in the State. CALS shall perform the study in consultation with the Department of Agriculture and Consumer Services and The North Carolina Green Industry Council and shall report the results of its study by January 15, 2025, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources. For purposes of the study required pursuant to this section, the green industry refers to the production, design, installation, maintenance, and sale of plants, including trees, shrubs, flowers, sod, and related goods and services, to enhance, beautify, and protect human environments and to provide jobs and economic growth, including at least the following:

(1) Nursery and tree production.
(2) Turfgrass production.
(3) Horticulture input and equipment suppliers.
(4) Landscaping and landscape design services.
(5) Nursery, florists, garden center, and farm supply retailers.
(6) Composting.
(7) Urban forestry.
(8) Parks and airports.

(9) Christmas tree production.
(10) Botanic gardens and arboretums.

CLARIFY DEFINITION OF ELIGIBLE PRIVATE INSTITUTIONS FOR PATRIOT SCHOLARSHIP PROGRAMS

SECTION 8.22.(a) Section 8.3(c)(4) of S.L. 2021-180 reads as rewritten:

"(4) Eligible postsecondary institution. – A school that is any of the following:

a. A constituent institution of The University of North Carolina.

b. A community college under the jurisdiction of the State Board of Community Colleges.

c. ~~A private educational institution as defined in G.S. 143B-1224.~~A junior college, senior college, or university that meets all of the following requirements:

1. Is operated and governed by private interests not under the control of the federal government, the State, or any local government.

2. Has a main permanent campus, as defined in G.S. 116-280(4), located within the State of North Carolina.

3. Does not operate for profit.

4. The curriculum is primarily directed toward the awarding of associate, baccalaureate, or graduate degrees.

5. Meets one of the following requirements:

I. Is a private educational institution, as defined in 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.(b) Section 8.19(c)(4) of S.L. 2021-180 reads as rewritten:

"(4) Eligible postsecondary institution. – A school that is any of the following:

a. A constituent institution of The University of North Carolina.

b. A community college under the jurisdiction of the State Board of Community Colleges.

c. ~~A private educational institution as defined in G.S. 143B-1224.~~A junior college, senior college, or university that meets all of the following requirements:

1. Is operated and governed by private interests not under the control of the federal government, the State, or any local government.

2. Has a main permanent campus, as defined in G.S. 116-280(4), located within the State of North Carolina.

3. Does not operate for profit.

4. The curriculum is primarily directed toward the awarding of associate, baccalaureate, or graduate degrees.

5. Meets one of the following requirements:

I. Is a private educational institution, as defined in 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

constituent institutions on a process for awarding up to three academic credit hours for participation in an internship in accordance with the scholarship program.

SECTION 8A.1.(e) Funds for the Program. – Any funds that are unencumbered for the program at the end of each fiscal year shall not revert to the General Fund but shall remain available for the purposes of this section. The Authority may use up to one percent (1%) of the funds appropriated each fiscal year for the program for administrative costs.

SECTION 8A.1.(f) Reporting. – By September 1, 2024, and each year thereafter in which grants are received under the program, the Authority, in consultation with the Washington Center, shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the implementation of the scholarship program, including the number of participating students and the amount of awards for each semester or summer term or shortened seminar program by constituent institution.

SECTION 8A.1.(g) This section applies beginning with the award of scholarship grants in the 2023-2024 academic year.

STATE EDUCATION ASSISTANCE AUTHORITY DISBURSE STATE'S SCHOLARSHIPS FOR CHILDREN OF WARTIME VETERANS

SECTION 8A.2.(a) G.S. 116-204 reads as rewritten:

"**§ 116-204. Powers of Authority.**

The Authority is hereby authorized and empowered:

…

(11a) To be responsible for the disbursement and accounting of funds for the State's Scholarships for Children of Wartime Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes.

…."

SECTION 8A.2.(b) G.S. 116B-7 reads as rewritten:

"**§ 116B-7. Distribution of fund.**

…

(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the ~~Department of Military and Veterans Affairs~~ Board of Governors of The University of North Carolina to be allocated to the State Education Assistance Authority to partially fund the program of Scholarships for Children of War Veterans established by Part 2 of Article 14 of Chapter 143B of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of Military and Veterans Affairs and (ii) are enrolled in public institutions of higher education of this State."

SECTION 8A.2.(c) G.S. 143B-1211 reads as rewritten:

"**§ 143B-1211. Powers and duties of the Department of Military and Veterans Affairs.**

It shall be the duty of the Department of Military and Veterans Affairs to do all of the following:

…

(11) Manage and maintain the State's Scholarships for Children of Wartime Veterans in accordance with Part 2 of Article 14 of Chapter 143B of the General Statutes and in support of the Veterans' Affairs ~~Commission.~~Commission; provided, however, the disbursement of scholarships to the children of wartime veterans shall be performed by the State Education Assistance Authority established pursuant to Article 23 of Chapter 116 of the General Statutes.

…."

SECTION 8A.2.(d) G.S. 143B-1220 reads as rewritten:

"**§ 143B-1220. Veterans' Affairs Commission – creation, powers and duties.**

There is hereby created the Veterans' Affairs Commission of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall have the following functions and duties, as delegated by the Secretary of Military and Veterans Affairs:

…

(3) To promulgate rules and regulations concerning the awarding of scholarships for children of North Carolina veterans as provided by this Article. The Commission shall make rules and regulations consistent with the provisions of this Article. All rules and regulations not inconsistent with the provisions of this Chapter heretofore adopted by the State Board of Veterans' Affairs shall remain in full force and effect unless and until repealed or superseded by action of the Veterans' Affairs Commission. All rules and regulations adopted by the Commission shall be enforced by the Department of Military and Veterans ~~Affairs;~~ Affairs and, in the disbursement of scholarships, the Authority, as directed by the Department on behalf of the Commission; and

…."

SECTION 8A.2.(e) G.S. 143B-1224 reads as rewritten:

"**§ 143B-1224. Definitions.**

As used in this Part the terms defined in this section shall have the following meaning:

…

(2a) "Authority" means the State Education Assistance Authority established pursuant to Article 23 of Chapter 116 of the General Statutes.

…."

SECTION 8A.2.(f) G.S. 143B-1225 reads as rewritten:

"**§ 143B-1225. Scholarship.**

…

(b) The Veterans' Affairs Commission shall select recipients for scholarships and notify the Authority of the recipients for the disbursement of scholarships in accordance with the provisions of G.S. 143B-1227. When notifying the Authority of the recipients, the Veterans' Affairs Commission shall indicate the recipients that qualify for scholarships funded with monies from the Escheat Fund. If a child is awarded a scholarship under this Part, the Commission shall notify the recipient by May 1st of the year in which the recipient enrolls in college."

SECTION 8A.2.(g) G.S. 143B-1227 reads as rewritten:

"**§ 143B-1227. Administration and funding.**

(a) The administration of the scholarship program shall be vested in the Department of Military and Veterans Affairs, and the disbursing and accounting activities required shall be ~~a~~ the responsibility of the ~~Department of Military and Veterans Affairs.~~ Authority. The Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may notify the Authority of the need to suspend or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Part as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as defined in this Part, such reports and other information as it may need to carry out the provisions of this Part. The ~~Department of Military and Veterans Affairs~~ Authority shall disburse scholarship payments for recipients certified eligible by the Department of Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

(b) Funds for the support of this program shall be appropriated to the ~~Department of Military and Veterans Affairs~~ Board of Governors of The University of North Carolina to be allocated to the Authority as a reserve for payment of the allocable costs for room, board, tuition, and other charges, and shall be placed in a separate budget code from which disbursements shall be made. Funds to support the program shall be supported by receipts from the Escheat Fund, as provided by G.S. 116B-7, but those funds may be used only for worthy and needy residents of this State who are enrolled in public institutions of higher education of this State. ~~In the event the said appropriation for any year is insufficient to pay the full amounts allocable under the provisions of this Part, such supplemental sums as may be necessary shall be allocated from the Contingency and Emergency Fund.~~ The method of disbursing and accounting for funds allocated for payments under the provisions of this section shall be in accordance with those standards and procedures prescribed by the Director of the Budget, pursuant to the State Budget Act.

(c) Allowances for room and board in State educational institutions shall be at such rate as established by the Secretary of the Department of Military and Veterans Affairs.

(d) Scholarship recipients electing to attend a private educational institution shall be granted a monetary allowance for each term or other academic period attended under their respective scholarship awards. All recipients under Class I-B scholarship shall receive an allowance at one rate, irrespective of course or institution; all recipients under Classes I-A, II, III and IV shall receive a uniform allowance at a rate higher than for Class I-B, irrespective of course or institution. The amount of ~~said~~ the allowances shall be determined by the Director of the Budget and made known prior to the beginning of each fall quarter or semester; provided that the Director of the Budget may change the allowances at intermediate periods when in his or her judgment such changes are necessary. Disbursements by the State shall be to the private institution concerned, for credit to the account of each recipient attending ~~said~~ the institution. The manner of payment to any private institution shall be as prescribed by the ~~Department of Military and Veterans Affairs.~~ Authority. The participation by any private institution in the program shall be subject to the applicable provisions of this Part and to examination by State auditors of the accounts of scholarship recipients attending or having attended private institutions. The ~~Veterans' Affairs Commission~~ Authority may defer making an award or may suspend an award in any private institution which does not comply with the provisions of this Part relating to ~~said~~ the institutions.

(e) Irrespective of other provisions of this Part, the ~~Veterans' Affairs Commission~~ Authority may prescribe special procedures for adjusting the accounts of scholarship recipients who for reasons of illness, physical inability to attend class or for other valid reason satisfactory to the ~~Veterans' Affairs Commission~~ Authority may withdraw from State or private educational institutions prior to the completion of the term, semester, quarter or other academic period being attended at the time of withdrawal. Such procedures may include, but shall not be limited to, paying the recipient the dollar value of his or her unused ~~entitlements~~ scholarship for the academic period being attended, with a corresponding deduction of this period from his or her remaining scholarship eligibility time.

(f) From the funds appropriated from the General Fund each fiscal year to support the program, the Authority may use up to one hundred fifty thousand dollars ($150,000) each fiscal year for administrative costs for the disbursement and accounting activities for the program."

SECTION 8A.2.(h) This section applies beginning with scholarships awarded for the 2024-2025 academic year.

PERMIT NCSSM AND UNCSA TUITION SCHOLARSHIPS TO BE USED FOR SUMMER TUITION AND ESTABLISH INSTITUTIONAL TRUST FUND

SECTION 8A.3.(a) Part 6 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 6. Tuition Grant for High School Graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts.

"**§ 116-209.89. Definitions.**

The following definitions apply in this Part:

(1) Academic term. – Any of the following:

a. One fall semester.

b. One spring semester.

c. One summer term.

(2) Summer term. – All instruction received in one summer between academic years.

"**§ 116-209.90. Tuition grants for graduates to attend a constituent institution.**

(a) Within the funds available, a high school graduate from the North Carolina School of Science and Mathematics (NCSSM) or the University of North Carolina School of the Arts (UNCSA) in each school year who meets the following conditions shall be eligible for a tuition grant awarded under this Part:

(1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Enrolls as a full-time student in a constituent institution of The University of North Carolina in the next academic year after graduation.

(b) Students who receive initial tuition grants as a cohort of a high school graduating class of NCSSM or UNCSA shall also be eligible to apply for tuition grants for subsequent academic ~~years~~ terms for up to a total of ~~four~~ eight academic ~~years,~~ terms, provided that tuition grants are only used for undergraduate tuition.

(b1) A student must be continuously enrolled in an undergraduate program at a constituent institution of The University of North Carolina after the award of the initial tuition grant to be eligible for tuition grants in subsequent academic ~~years.~~ terms. The Authority shall have the discretion to waive this requirement if the student is able to demonstrate that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

(c) The amount of the tuition grant to each graduate shall be determined and distributed as provided in G.S. 116-209.91.

"**§ 116-209.91. Administration of tuition grants.**

(a) The Authority shall administer the tuition grants provided for in this Part 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 tuition grants when a student withdraws. The Authority shall not approve any grant until it receives proper certification from the appropriate constituent institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the Authority shall remit, at the times it prescribes, the tuition grant to the constituent institution on behalf, and to the credit, of the student. In the event a student on whose behalf a tuition grant has been paid is not enrolled in an undergraduate program and carrying a minimum academic load as of the tenth classroom day following the beginning of the school term for which the tuition grant was paid, the constituent institution shall refund the full amount of the tuition grant to the Authority.

(b) Except as otherwise provided in this section, the amount of the grant awarded to a student shall cover the tuition cost at the constituent institution in which the student is enrolled. No tuition grant awarded to a student under this section shall exceed the cost of attendance at a constituent institution for which the student is enrolled.

(c) If a student, who is eligible for a tuition grant under this section, also receives a scholarship or other grant covering the cost of attendance at the constituent institution for which the tuition grant is awarded, then the amount of the tuition grant shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each constituent institution.

(c1) The Authority shall place all funds appropriated to, or otherwise received by, the Authority for the award of tuition grants under this Part into an institutional trust fund established in accordance with the provisions of G.S. 116-36.1. All interest earned on these funds shall also be placed in the institutional trust fund established pursuant to this subsection. The monies in the institutional trust fund may be used only for the purposes set forth in this Part.

(d) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full tuition grant as provided by this Part, each eligible student shall receive a pro rata share of funds available for the academic ~~year~~ term covered by the appropriation in the preceding fiscal year.

(e) The Authority may use up to five percent (5%) of the funds appropriated each year for tuition grants under this Part for administrative costs."

SECTION 8A.3.(b) G.S. 116-209.90(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) Within the funds available, an eligible graduate in each school year who meets the following conditions shall qualify for a tuition grant awarded under this Part:

(1) Is a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(2) Enrolls as a full-time student in an eligible institution of higher education in the next academic year after graduation.

(3) Submits a completed Free Application for Federal Student Aid (FAFSA) form."

SECTION 8A.3.(c) G.S. 116-209.91(c1), as enacted by subsection (a) of this section, becomes effective June 30, 2023. Subsection (b) of this section applies beginning with graduates from the 2023-2024 school year. Except as otherwise provided, this section is effective when it becomes law and applies beginning with graduates of the North Carolina School of Science and Mathematics and the University of North Carolina School of the Arts from the 2022-2023 school year.

REVISE TEACHING FELLOWS PROGRAM

SECTION 8A.4.(a) Part 3 of Article 23 of Chapter 116 of the General Statutes reads as rewritten:

"Part 3. North Carolina Teaching Fellows Program.

"**§ 116-209.60. Definitions.**

The following definitions apply in this Part:

(1) Commission. – The North Carolina Teaching Fellows Commission.

(2) Director. – The Director of the North Carolina Teaching Fellows Program.

(3) Forgivable loan. – A forgivable loan made under the Program.

(4) Program. – The North Carolina Teaching Fellows Program.

(5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.

(5a) Qualifying licensure area. – A teacher licensure area in one of the following subjects:

a. Either of the following, as identified pursuant to G.S. 116-209.62(h):

1. Special education.

2. STEM.

b. Elementary education (K-6).

(5b) Qualifying teacher. – A teacher in a North Carolina public school who meets the following criteria:

a. Received a forgivable loan under the Program.

b. Graduated within 10 years from an educator preparation program leading to teacher licensure, excluding any authorized deferment for extenuating circumstances.

(6) STEM. – Science, technology, engineering, and mathematics.

(7) Trust Fund. – The North Carolina Teaching Fellows Program Trust Fund.

…

"**§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the System Office of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective ~~STEM or special education~~ teachers in qualifying licensure areas in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in ~~STEM or special education licensure areas.~~qualifying licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the System Office of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans and other Program purposes, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill ~~STEM or special education~~ qualifying licensure areas in the public schools of the State.

(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, (iii) mentoring and coaching support to forgivable loan recipients, and (iv) extracurricular enhancement activities of the Program in accordance with the following:

(1) The Authority shall transfer the greater of six hundred thousand dollars ($600,000) or ten percent (10%) of the available funds from the Trust Fund to ~~the General Administration of The University of North Carolina~~ The University of North Carolina System Office at the beginning of each fiscal year for the Program's administrative costs, the salary of the Director of the Program and other Program staff, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.

…

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher

recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates in ~~STEM and special education~~ qualifying licensure areas to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

(1) Grade point averages.

(2) Performance on relevant career and college readiness assessments.

(3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills.

(4) Demonstrated commitment to serve in a ~~STEM or special education~~ qualifying licensure area in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with up to ~~eight~~ 10 institutions of higher education with approved educator preparation programs selected by the Commission that represent a diverse selection of both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

(1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.

(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in ~~STEM or special education~~ qualifying licensure areas.

(3) Demonstrates high rates of graduates passing exams required for teacher licensure.

(4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.

(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.

(6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.

(7) Is approved by the State Board of Education as an educator preparation program.

(8) For an educator preparation program enrolling loan recipients in a program of study leading to licensure in elementary education (K-6), provides training that is aligned with the Science of Reading in accordance with G.S. 115C-269.20. The Commission shall contract with a third-party entity to biennially evaluate whether a program identified in this subdivision is providing training that is aligned with the Science of Reading.

(g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at up to ~~eight~~ 10 selected institutions for completion of a program leading to initial teacher licensure as follows:

(1) North Carolina high school seniors. – Forgivable loans of up to ~~four thousand one hundred twenty-five dollars ($4,125)~~ five thousand dollars ($5,000) per semester for up to eight semesters.

(2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to ~~four thousand one hundred twenty-five dollars ($4,125)~~ five thousand dollars ($5,000) per semester for up to six semesters.

(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to ~~four thousand one hundred twenty-five dollars ($4,125)~~ five thousand dollars ($5,000) per semester for up to four semesters.

(4) Students matriculating at institutions of higher education who are changing to an approved program of study at a selected educator preparation program. – Forgivable loans of up to ~~four thousand one hundred twenty-five dollars ($4,125)~~ five thousand dollars ($5,000) per semester for up to four semesters.

Forgivable loans may be used for tuition, fees, the cost of books, and expenses related to obtaining licensure.

(h) Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each qualifying licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.

…

(j) Annual Report. – The Commission, in coordination with the Authority, the Department of Public Instruction, and the selected educator education programs participating in the Program shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

(1) Forgivable loans awarded from the Trust Fund, including the following:
   a. Demographic information regarding recipients.
   b. Number of recipients by institution of higher education and program.
   c. Information on number of recipients by anticipated ~~STEM and special education~~ qualifying licensure area.

(2) Placement and repayment rates, including the following:
   a. Number of graduates who have been employed in a ~~STEM or special education~~ qualifying licensure area within two years of program completion.
   b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
   c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.
   d. Number of graduates employed in a ~~STEM or special education~~ qualifying licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.
   e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a ~~STEM or special education~~ qualifying licensure area.

…

"**§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.**

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after graduation, whichever is later. If a forgivable loan is terminated, the note shall be made payable to the Authority 90 days after termination of the forgivable loan. The forgivable loan may be terminated upon the recipient's withdrawal from the Program or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – ~~The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year the teacher was awarded the forgivable loan, in any combination of the following:~~For every year a qualifying teacher remains a qualifying teacher, the Authority shall forgive the loan amount received over one year of enrollment in an educator preparation program and any interest accrued on that amount.

~~(1) One year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.~~

~~(2) Two years at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.~~

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 8A.4.(b) Educator preparation programs enrolling loan recipients in a program of study leading to licensure in elementary education (K-6) shall be determined to provide training that is aligned with the Science of Reading according to the following time line:

(1) Notwithstanding G.S. 116-209.62(f)(8), as enacted by this section, for programs selected prior to August 1, 2024, the program shall be deemed to provide training that is aligned with the Science of Reading for the 2024-2025 academic year if the program meets either of the following requirements:

a. Is rated "strong" or "good" on the February 15, 2023, report of the Board of Governors of The University of North Carolina on the Science of Reading Educator Preparation Programs Coursework Implementation required by Section 8.4 of S.L. 2021-180.

b. Received a grade of "A" or higher in reading foundations on the June 2023 report on Strengthening Elementary Reading Instruction of the National Council on Teacher Quality.

(2) In accordance with G.S. 116-206.62(f)(8), the third-party entity selected by the Commission shall determine whether a program is providing training that is aligned with the Science of Reading for the 2025-2027 academic years and each subsequent two academic years thereafter.

SECTION 8A.4.(c) This section applies to applications for the award of funds beginning in the 2024-2025 academic year.

EXPAND ELIGIBILITY FOR OPPORTUNITY SCHOLARSHIPS, REQUIRE A SEQUENCE OF COURSES FOR EARLY HIGH SCHOOL GRADUATION, AND ESTABLISH THE EARLY GRADUATE SCHOLARSHIP PROGRAM

SECTION 8A.6.(a) G.S. 115C-562.1(3), (3c), and (5c) are repealed.

SECTION 8A.6.(b) G.S. 115C-562.1 is amended by adding a new subdivision to read:

"(3a) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:

a. Is eligible to attend a North Carolina public school pursuant to Article 25 of this Chapter. A child who is the age of 4 on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements established by the Authority pursuant to G.S. 115C-562.2(d) and those findings are submitted to the Authority.

b. Has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit.

c. Has not been placed in a nonpublic school or facility by a public agency at public expense."

SECTION 8A.6.(c) G.S. 115C-562.2 reads as rewritten:

"**§ 115C-562.2. Scholarship grants.**

(a) The Authority shall make available no later than February 1 annually applications to eligible students for the award of scholarship grants to attend any nonpublic ~~school.~~ school on a full- or part-time basis. Information about scholarship grants and the application process shall be made available on the Authority's Web site. Beginning March 15, the Authority shall begin awarding scholarship grants ~~according to the following criteria:~~to students who have applied by March 1 in the following order:

(1) ~~First priority shall be given to eligible~~ Eligible students who received a scholarship grant for the school year prior to the school year for which the students are ~~applying if those students have applied by March 1.~~applying.

(2) ~~After scholarship grants have been awarded to prior recipients as provided in subdivision (1) of this subsection, scholarships shall be awarded with remaining funds as follows:~~Eligible students qualifying for a scholarship grant in the amount provided under subdivision (1) of subsection (b2) of this section.

~~a. At least fifty percent (50%) of the remaining funds shall be used to award scholarship grants to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program.~~

~~b. Repealed by Session Laws 2020-97, s. 3.3(a), effective September 4, 2020.~~

~~c. Any remaining funds shall be used to award scholarship grants to all other eligible students.~~

(3) Eligible students qualifying for a scholarship grant in the amount provided under subdivision (2) of subsection (b2) of this section.

(4) Eligible students qualifying for a scholarship grant in the amount provided under subdivision (3) of subsection (b2) of this section.

(5) All other students.

~~(b) Scholarship grants awarded to eligible students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or~~

~~reduced-price lunch program shall be, per year per eligible student, in an amount of up to ninety percent (90%) as a full-time student or up to forty-five percent (45%) as a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year. Scholarship grants awarded to eligible students residing in households with an income level in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program shall be for amounts of not more than ninety percent (90%) of the required tuition and fees as a full-time student or forty-five percent (45%) of the required tuition and fees as a part-time student for the nonpublic school the eligible child will attend. Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school. No scholarship grant shall exceed, per year per eligible student, an amount equal to ninety percent (90%) for a full-time student or forty-five percent (45%) for a part-time student of the average State per pupil allocation for average daily membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.~~

(b1) Repealed by Session Laws 2021-180, s. 8A.3(e), effective July 1, 2021.

(b2) Scholarship grants shall be awarded to eligible students as follows:

(1) For students residing in households with an income level not in excess of the amount required for the student to qualify for the federal free or reduced-price lunch program, per year per eligible student, an amount of up to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

(2) For students residing in households with an income level between the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of two hundred percent (200%) of that amount, per year per eligible student, an amount of up to ninety percent (90%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

(3) For students residing in households with an income level of between two hundred percent (200%) of the amount required for the student to qualify for the federal free or reduced-price lunch program and not in excess of four hundred fifty percent (450%) of that amount, per year per eligible student, an amount of up to sixty percent (60%) of the average State per pupil allocation for average daily membership in the prior fiscal year.

(4) For all students, per year per eligible student, an amount of up to forty-five percent (45%) of the average State per pupil allocation for average daily membership in the prior fiscal year, unless the student qualifies for a higher amount under this subsection.

(b3) Tuition and fees for a nonpublic school may include tuition and fees for books, transportation, equipment, or other items required by the nonpublic school.

(b4) No scholarship grant shall exceed, per year per eligible student, an amount equal to one hundred percent (100%) of the average State per pupil allocation for average daily membership in the prior fiscal year, and no scholarship grant shall exceed the required tuition and fees for the nonpublic school the eligible student will attend.

(b5) In addition to the amount of the scholarship grant, for any student receiving a scholarship grant in grades three, eight, or 11, the Authority shall provide to the nonpublic school an amount equal to the cost of the nationally standardized test required to be administered as provided in G.S. 115C-562.5.

…."

SECTION 8A.6.(d) G.S. 115C-562.3 reads as rewritten:

"**§ 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.

~~(3) Number of students previously enrolled in local school administrative units or charter schools in the prior semester by the previously attended local school administrative unit or charter school.~~

(4) Nonpublic schools in which scholarship grant recipients are enrolled, including numbers of scholarship grant students at each nonpublic school.

(5) Nonpublic schools deemed ineligible to receive scholarships.

(c) The Authority shall report annually, no later than December 1, to the Department of Public Instruction and the Joint Legislative Education Oversight Committee on the following:

(1) Learning gains or losses of students receiving scholarship grants. The report shall include learning gains or losses of participating students on a statewide basis and shall compare, to the extent possible, the learning gains or losses of eligible students by nonpublic school to the statewide learning gains or losses of public school students with similar socioeconomic backgrounds, using aggregate standardized test performance data provided to the Authority by nonpublic schools and by the Department of Public Instruction. The report shall, at a minimum, analyze the aggregate performance of students receiving scholarship grants in grades three, eight, and 11 on the designated nationally standardized test in comparison to national outcomes for that test.

(2) Competitive effects on public school performance ~~on standardized tests~~ as a result of the scholarship grant program. The report shall analyze the impact of the availability of scholarship grants on public school performance ~~on standardized tests~~ by local school administrative units to the extent possible, and shall provide comparisons of the impact by geographic region and between rural and urban local school administrative units.

This report shall be conducted by an independent research organization to be selected by the Authority, which may be a public or private entity or university. The independent research organization shall report to the Authority on the results of its research. The Joint Legislative Education Oversight Committee shall review reports from the Authority and shall make ongoing recommendations to the General Assembly as needed regarding improving administration and accountability for nonpublic schools accepting students receiving scholarship grants.

(d) For any fiscal year in which the Authority uses funds from the Reserve as provided under G.S. 115C-562.8(e), the Authority shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal year on at least the following:

(1) The methodology used by the Authority for determining the awards for the school year, including the number of eligible students and the amount of scholarship grants that were awarded under G.S. 115C-562.2.

(2) The actual number of eligible students and the amount of scholarship grants received by eligible students for that school year.

(3) The amount of funds used from the Reserve, as permitted under G.S. 115C-562.8(e), to fully fund the awards.

(4) Any legislative recommendations, including funding amounts, for the scholarship grant program for the next fiscal year."

SECTION 8A.6.(g) G.S. 115C-562.8 reads as rewritten:

"**§ 115C-562.8. The Opportunity Scholarship Grant Fund Reserve.**

(a) The Opportunity Scholarship Grant Fund Reserve is established as a reserve to be administered by the Board of Governors of The University of North Carolina for the purpose of allocating funds to the Authority for the award of scholarship grants in accordance with this Part. The Reserve shall consist of monies appropriated from the General Fund to the Reserve by the General Assembly and any interest accrued to it thereon. These funds shall be used to award scholarship grants to eligible students for the school year that begins in the fiscal year following

the fiscal year in which the appropriation is made to the Reserve. The Board of Governors shall only use monies in the Reserve in accordance with the purposes set forth in this section. Funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year that are unexpended at the end of the fiscal year after the fiscal year in which the funds were appropriated shall be first used for the purpose set forth in subdivision (1) of subsection (d) of this section, if applicable. After funds are used for this purpose, any unexpended funds from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be carried forward for one fiscal year and may be used for the purposes set forth in this section. Funds carried forward pursuant to this section that have not been spent within one fiscal year shall revert to the General Fund.

(b) The General Assembly finds that, due to the critical need in this State to provide opportunity for school choice for North Carolina students, it is imperative that the State provide an increase of funds for 15 years to the Opportunity Scholarship Grant Fund Reserve. Therefore, there is appropriated from the General Fund to the Reserve the following amounts for each fiscal 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	~~$206,540,000~~$415,540,000
2026-2027	~~$221,540,000~~$430,540,000
2027-2028	~~$236,540,000~~$445,540,000
2028-2029	~~$251,540,000~~$460,540,000
2029-2030	~~$266,540,000~~$475,540,000
2030-2031	~~$281,540,000~~$490,540,000
2031-2032	~~$296,540,000~~$505,540,000

For the 2032-2033 fiscal year and each fiscal year thereafter, there is appropriated from the General Fund to the Reserve the sum of ~~three hundred eleven million five hundred forty thousand dollars ($311,540,000)~~ five hundred twenty million five hundred forty thousand dollars ($520,540,000) to be used for the purposes set forth in this section. When developing the base budget, as defined by G.S. 143C-1-1, for each fiscal year specified in this subsection, the Director of the Budget shall include the appropriated amount specified in this subsection for that fiscal year.

(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain up to two and one-half percent (2.5%) of the funds appropriated each fiscal year for administrative costs associated with the scholarship grant program.

(d) Any unexpended funds at the end of a fiscal year from the funds appropriated in a particular fiscal year to be used for the award of scholarships in the following fiscal year shall be used as follows:

(1) Up to ~~five hundred thousand dollars ($500,000)~~ one million dollars ($1,000,000) may be used by the Authority to contract with ~~a nonprofit corporation~~ one or more nonprofit corporations representing parents and families for outreach and scholarship education and application assistance for parents and students pursuant to Part 4A of this Article.

(2) Any remaining funds shall be carried forward for one fiscal year pursuant to subsection (a) of this section.

(e) The Authority shall make reasonable efforts to ensure the amount of scholarship grants awarded for a school year do not exceed the funds that are available for the awards to eligible students in each fiscal year. However, notwithstanding subsection (a) of this section, to ensure that as many eligible students receive scholarship grants in a timely manner as possible, the Authority may use up to thirty percent (30%) of the unencumbered cash balance in the Reserve in a fiscal year if the funds required to award scholarship grants to eligible students for a school year exceed the funds available for the distribution of those awards. If the Authority expends funds in excess of those available in the Reserve for a particular school year, the Authority shall submit the report required by G.S. 115C-562.7(b1)."

SECTION 8A.6.(h) Notwithstanding G.S. 115C-562.3(a), as enacted by this act, as part of a student's application for a scholarship grant pursuant to Part 2A of Article 39 of Chapter 115C of the General Statutes for the 2024-2025 school year, a parent shall certify to the State Education Assistance Authority that the domicile requirements of G.S. 115C-562.1(3a), as enacted by this act, are met for eligibility purposes in lieu of submitting evidence electronically to the State Education Assistance Authority through a domicile determination system. The State Education Assistance Authority shall select six percent (6%) of the applications for the 2024-2025 school year to verify the domicile requirements are met for the award of a scholarship grant to an eligible student. As evidence of domicile, the State Education Assistance Authority may accept the submission of any of the documents set forth under G.S. 115C-562.3(a). If a parent fails to cooperate with verification efforts under this section, the State Education Assistance Authority shall revoke the award of the scholarship grant to the eligible student. In addition, if the State Education Assistance Authority determines that the certification of the parent contains falsified information, the parent may be subject to administrative, civil, or criminal penalties. The State Education Assistance Authority shall include a notice of the potential for the imposition of penalties when requesting certification as part of the application process.

SECTION 8A.6.(i) The Superintendent of Public Instruction shall study and report the following to the Joint Legislative Education Oversight Committee by March 1, 2024:

(1) For the purpose of comparing student performance, recommendations for a nationally standardized test for use in third grade and a nationally standardized test for use in eighth grade that would be appropriate for administering to (i) students in nonpublic schools who are receiving Opportunity Scholarships beginning with the 2024-2025 school year and (ii) students attending schools in public school units.

(2) Alignment between the nationally standardized test selected pursuant to subdivision (1) of this subsection and the standard course of study for third grade and eighth grade, respectively, including a crosswalk between the standards assessed by the nationally standardized test and the standard course of study.

(3) Feasibility of developing a through-grade assessment for third and eighth grade that would meet the following criteria:
   a. Assess mastery of the standard course of study.
   b. Consist of multiple testing events throughout the year that are aggregated into a summative score.
   c. Replace the current end-of-grade assessments for third and eighth grade.
   d. Yield data that can be used with the Education Value-Added Assessment System (EVAAS).
   e. Comply with federal law.

SECTION 8A.6.(j) The State Education Assistance Authority shall designate as the nationally standardized assessment to be administered by nonpublic schools, in accordance with

G.S. 115C-562.5(a)(4), the tests recommended by the Superintendent of Public Instruction for use in third grade and eighth grade in accordance with subsection (i) of this section.

SECTION 8A.6.(k) G.S. 115C-12(9d)a. reads as rewritten:

"a. The Board may develop exit standards that shall be required for high school graduation. The Board shall develop a sequence of courses that shall be available in all local school administrative units to allow a student to complete the credits required for graduation in a three-year period. The Board shall indicate on a student's transcript if the student graduates from a public high school within three years of entering the ninth grade. A local board of education shall not require any additional credits beyond those mandated by the Board for high school graduation. The Board shall require the following for high school graduation:

1. Successful completion of instruction in cardiopulmonary resuscitation as provided in G.S. 115C-81.25(c)(10).
2. A passing grade in the semester course on the Founding Principles of the United States of America and the State of North Carolina described in G.S. 115C-81.45(d)(1)."

SECTION 8A.6.(*l*) G.S. 115C-12(9d)b.2. reads as rewritten:

"2. The Board shall not require any student to prepare a high school graduation project as a condition of graduation from high ~~school; local boards of education may, however, require their students to complete a high school graduation as provided in G.S. 115C-47(54a).~~school."

SECTION 8A.6.(m) G.S. 115C-47(54a) is repealed.

SECTION 8A.6.(n) G.S. 115C-12(32) reads as rewritten:

"(32) Duty to Encourage Early Entry of Motivated Students into Four-Year College Programs. –

a. The State Board of Education, in cooperation with the Education Cabinet, shall work with local school administrative units, the constituent institutions of The University of North Carolina, local community colleges, and private colleges and universities to (i) encourage early entry of motivated students into two-year or four-year ~~college~~ postsecondary programs and to (ii) ensure that there are opportunities at two-year and four-year institutions for academically talented high school students to get an early start on college coursework, either at nearby institutions or through distance learning.

b. The State Board of Education shall also adopt policies directing school guidance counselors in all public school units to make ninth grade students aware of the potential to complete the high school courses required for college entry in a three-year ~~period.~~period and for the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes for those students."

SECTION 8A.6.(o) G.S. 115C-47 is amended by adding a new subdivision to read:

"(53a) To Encourage Early High School Graduation. – Local boards of education shall offer a sequence of courses in accordance with G.S. 115C-12(9d) and to advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(p) G.S. 115C-218.85(a) is amended by adding a new subdivision to read:

"(6) A charter school may offer a sequence of courses in accordance with G.S. 115C-12(9d) and shall advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(q) G.S. 115C-238.66(1) is amended by adding a new sub-subdivision to read:

"f. The board of directors may offer a sequence of courses in accordance with G.S. 115C-12(9d) and shall advise students using this sequence to graduate within three years of entering the ninth grade of the availability of early graduate scholarships under Part 7 of Article 23 of Chapter 116 of the General Statutes."

SECTION 8A.6.(r) Governing bodies of other public school units that offer a sequence of courses in accordance with G.S. 115C-12(9d) and all local boards of education shall report to the Department of Public Instruction on the number of rising eleventh graders utilizing the sequence of courses to complete the credits required for graduation in a three-year period by May 15, 2025, and May 15, 2026. The Department of Public Instruction shall report the total number of rising eleventh graders utilizing the sequence of courses to complete the credits required for graduation in a three-year period by public school unit to the Fiscal Research Division by June 1, 2025, and June 1, 2026.

SECTION 8A.6.(s) The State Board of Education shall adopt an emergency rule no later than November 1, 2023, to establish the graduation requirements and sequence of courses required by this section. Governing bodies of public school units shall advise students beginning with the 2023-2024 school year of this sequence, the option to graduate within three years of entering the ninth grade, and the availability of early graduate scholarships. Students enrolled in the tenth grade during the 2023-2024 school year who complete the sequence of courses required for graduation in a three-year period shall be eligible to graduate in the 2024-2025 school year.

SECTION 8A.6.(t) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:

"Part 7. The Early Graduate Scholarship Program.

"**§ 116-209.100. Definitions.**

The following definitions apply to this Part:

(1) Eligible postsecondary institution. – A school that is:
  a. A constituent institution of The University of North Carolina as defined in G.S. 116-2(4).
  b. A community college as defined in G.S. 115D-2(2).
  c. A nonprofit postsecondary institution as defined in G.S. 116-280(3).

(2) Matriculated status. – Being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an eligible postsecondary institution.

(3) Program. – The Early Graduate Scholarship Program.

(4) Reserve Fund. – Reserve Fund for Early Graduate Scholarships.

(5) Scholarship. – An Early Graduate Scholarship for education awarded under this Part.

"**§ 116-209.101. Eligibility requirements for a scholarship and duration of scholarship.**

(a) In order to be eligible to receive a scholarship under this Part, a student seeking a degree, diploma, or certificate at an eligible postsecondary institution must meet all of the following requirements:

(1) Graduate from a State public high school within three years of entering the ninth grade. The Department of Public Instruction shall indicate on a student's

transcript provided to the Authority that the student is an early graduate pursuant to this section.

(2) Qualify as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(3) Meet enrollment standards by being admitted, enrolled, and classified as a student in a matriculated status at an eligible postsecondary institution.

(4) Submit a Free Application for Federal Student Aid (FAFSA).

(b) A student is eligible to receive the scholarship for no more than two semesters in the two academic years immediately following the student's graduation from high school.

"**§ 116-209.102. Scholarship amounts; amounts dependent on availability of funds.**

(a) The amount of a scholarship awarded under this Part to a student at an eligible postsecondary institution shall be determined annually by the Authority using a payment schedule that is based upon a corresponding value of student financial need as defined by federal methodology to the income eligibility for a scholarship grant awarded under G.S. 115C-562.2. The Authority shall publish the payment schedule for the Program in an easily accessible and understandable format. No scholarship awarded to a student under this Part shall exceed the cost of attendance at the eligible postsecondary institution in which the student is enrolled.

(b) If a student who is eligible for a scholarship under this Part also receives a scholarship or other grant covering the cost of attendance at the eligible postsecondary institution for which the scholarship is awarded, then the amount of the scholarship shall be reduced by an appropriate amount determined by the Authority so that the total amount of scholarships and grants received by the student does not exceed the cost of attendance for the institution. The cost of attendance shall be determined by the Authority for each eligible postsecondary institution.

(c) In the event there are not sufficient funds to provide each eligible student who has applied in accordance with the application process and the schedule established by the Authority with a full scholarship as provided by this Part, the Authority shall first award scholarships to those students whose student financial need as defined by federal methodology corresponds to those eligible to be awarded scholarship grants in accordance with G.S. 115C-562.2(b2)(1) and (b2)(2).

"**§ 116-209.103. Scholarship administration; reporting requirements.**

(a) The scholarships provided for in this Part shall be administered by the Authority under rules adopted by the Authority in accordance with the provisions of this Part. The rules shall include an application process and schedule, notification and disbursement procedures, and standards for reporting.

(b) The Authority shall report no later than December 1, 2026, and annually thereafter to the Joint Legislative Education Oversight Committee. The report shall contain, for the previous academic year, the dollar amount of awards disbursed, the number of eligible students receiving funds, and a breakdown of the eligible postsecondary institutions that received the funds.

(c) Scholarship funds unexpended shall remain available for future scholarships to be awarded under this Part.

"**§ 116-209.104. Reserve Fund for Early Graduate Scholarships.**

(a) There is established the Reserve Fund for Early Graduate Scholarships as a reserve consisting of the following monies:

(1) Funds appropriated by the General Assembly for the Program from the General Fund in the Current Operations Appropriations Act for a fiscal year.

(2) All interest earned on these funds.

(b) Monies in the Reserve Fund shall not revert at the end of each fiscal year but shall remain available until expended for the purposes of this Part.

(c) The Authority may use up to one and one-half percent (1.5%) of the funds available in the Reserve Fund each fiscal year for administrative costs related to the Program."

SECTION 8A.6.(u) Subsections (a) through (j) of this section are effective July 1, 2023, and apply to application and award of scholarship grants beginning with the 2024-2025 school year. Subsection (t) of this section is effective when this act becomes law and applies to application and award of scholarships beginning with the 2025-2026 academic year. The remainder of this section is effective when this act becomes law.

LONGLEAF COMMITMENT COMMUNITY COLLEGE GRANT

SECTION 8A.7.(a) Program Established. – Of the 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 to be allocated to the State Education Assistance Authority for the Longleaf Commitment Grant Program (Program) from the Escheat Fund and the General Fund, the Authority shall administer the Program for the 2023-2025 fiscal biennium to award grants to eligible students graduating from high school at the end of the 2022-2023 school year to cover tuition and fees at a community college for up to two years.

SECTION 8A.7.(b) Eligible Students. – A student shall be considered an eligible student to receive a grant under the Program if the student meets all of the following requirements:

(1) Graduates from high school during the 2022-2023 school year or receives a high school equivalency diploma during the 2022-2023 school year.

(2) Qualifies as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.

(3) Completes the Free Application for Federal Student Aid (FAFSA) for the 2023-2024 academic year and, if applicable, renews the FAFSA for the 2024-2025 academic year.

(4) Has an Expected Family Contribution (EFC) below fifteen thousand dollars ($15,000).

(5) Enrolls in the Fall 2023 semester and maintains enrollment in at least six credit hours per semester in curriculum courses at a community college.

SECTION 8A.7.(c) Award Amounts. – Grants awarded under the Program shall be for a minimum amount of seven hundred dollars ($700.00) per eligible student with a maximum grant of up to two thousand eight hundred dollars ($2,800) per eligible student per year for up to two years, which includes cost of tuition and a fee allowance.

SECTION 8A.7.(d) Administration. – The Authority may adopt rules for the administration of the Program. Of the 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 to be allocated to the State Education Assistance Authority for the Program from the General Fund, the Authority may use up to one percent (1%) of the total appropriations for the Program from all funding sources in each fiscal year for administrative costs related to the Program.

SECTION 8A.7.(e) Reports. – The Authority shall submit the following reports to the Joint Legislative Education Oversight Committee regarding the Program:

(1) By March 15, 2024, recommendations for a permanent community college grant program that incorporates the goals of the Longleaf Commitment Grant Program established in this section and the Need-Based Scholarship Program for Public Colleges and Universities established in Part 5 of Article 23 of Chapter 116 of the General Statutes.

(2) An initial report by September 1, 2024, and a final report by September 1, 2025, on the implementation of the Program. These reports shall contain, for each academic year, the amount of grant funds disbursed and the number of eligible students receiving funds.

CONFORM SEAA REQUIREMENTS WITH FEDERAL CHANGES TO FAFSA SIMPLIFICATION ACT

SECTION 8A.9.(a) G.S. 116-143.3(c) reads as rewritten:

"(c) Any dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member shall be eligible to be charged the in-State tuition rate, if the dependent relative qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3). ~~The dependent relatives shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit.~~ In the event the member of the Armed Forces is reassigned outside of North Carolina or retires, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is reassigned or retires. In the event the member of the Armed Forces receives an Honorable Discharge from military service, the dependent relative shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent relative establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent relative was enrolled at the time the member is discharged."

SECTION 8A.9.(b) G.S. 143B-421.1 reads as rewritten:

"**§ 143B-421.1. Selective Service ~~registration.~~registration, State employment.**

(a) ~~A~~ Any person ~~who is required under~~ subject to 50 United States Code Appx. § 453 (Military Selective Service Act) ~~to present himself for and submit to registration and fails~~ shall register as required by that act. Any person who fails to do so in accordance with any proclamation or any rule or regulation issued under this section, shall be ineligible ~~for:~~

~~(1)~~ ~~Employment~~ for employment by or service for the State, or a political subdivision of the State, including all boards and commissions, departments, agencies, institutions, and instrumentalities.

~~(2)~~ ~~State-supported scholarships, programs for financial assistance for postsecondary education, or loans insured by any State agency, including educational assistance authorized under Article 23 of Chapter 116 of the General Statutes.~~

(b) It shall be the duty of all persons or officials having charge of and authority over either the hiring of ~~employees or granting of educational assistance,~~ employees, as described in this section, to adopt rules and regulations which shall require applicants to indicate on a form whether they are in compliance with the registration requirements described in subsection (a). Rules and regulations issued under the authority of this section shall provide that an applicant be given not less than 30 days after notification of a proposed finding of ineligibility for employment ~~or benefits~~ to provide the issuing official with information that he is in compliance with the registration requirements described in subsection (a). The issuing official may afford such person an opportunity for a hearing to establish his compliance or for any other purpose.

(c) A person may not be denied a right, privilege, or benefit under State law by reason of failure to present himself for and submit to registration under 50 U.S.C.S. Appx. § 453 ~~if:~~if all of the following apply:

(1) The requirement for the person to so register has terminated or become inapplicable to the ~~person; and~~person.

(2) The person shows by a preponderance of the evidence that the failure of the person to register was not a knowing and willful failure to register."

SECTION 8A.9.(c) This section is effective when it becomes law and applies beginning with the 2023-2024 academic year.

CONFORM IN-STATE TUITION FOR MILITARY-RELATED INDIVIDUALS TO FEDERAL LAW

SECTION 8A.10.(a) G.S. 115D-39(a) reads as rewritten:

"(a) The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this ~~Chapter; provided, however, that when~~ Chapter, except as follows:

(1) When an employer other than the ~~Armed Forces,~~ employer of a qualifying federal services member, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition ~~rate; provided further, however, a~~ rate.

(2) A community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families ~~transferred by the Armed Forces,~~ of qualifying federal services member transferred to a permanent duty station, consistent with the provisions of G.S. 116-143.3, into the State.

(3) ~~Notwithstanding these requirements, a~~ A refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2).

(4) ~~Also, a~~ A nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes."

SECTION 8A.10.(b) G.S. 116-143.3 reads as rewritten:

"**§ 116-143.3. Tuition of ~~Armed Forces personnel~~ qualifying federal services members and their spouses and dependents.**

(a) Definitions. – The following definitions apply in this section:

(1) ~~The term "abode" shall mean the~~ Abode. – The place where a person actually lives, whether temporarily or permanently; the term "abide" shall mean to live in a given place.

(2) ~~The term "Armed Forces" shall mean the~~ Armed Forces. – The United States Air Force, Army, Coast Guard, Marine Corps, and Navy; the North Carolina National Guard; and any reserve component of the foregoing.

(2a) Dependent. – A spouse or dependent child.

(3) Repealed by Session Laws 2007-484, s. 15, effective August 30, 2007.

(4) Qualifying federal services member. – Any of the following:

a. A member of the Armed Forces who is on active duty for a period of more than 30 days, as defined in 10 U.S.C. § 101.

b. A member of the Foreign Service, as defined in 22 U.S.C. § 3903, who is on active duty for a period of more than 30 days.

(b) Any ~~active duty member of the Armed Forces qualifying for admission~~ qualifying federal services member admitted to an institution of higher ~~education~~ education, as defined in ~~G.S. 116-143.1(a)(3)~~ G.S. 116-143.1(a)(3), but not qualifying as a resident for tuition purposes

under G.S. 116-143.1 shall be charged the in-State tuition rate and applicable mandatory fees for enrollments while the ~~member of the Armed Forces is abiding in this State incident to active military duty~~ qualifying federal services member's permanent duty station is in this State. In the event the ~~active duty member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is reassigned. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the member shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the member establishes residency in North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the member was enrolled at the time the member is discharged.

(b1), (b2) Repealed by Session Laws 2004-130, s. 1, effective August 1, 2004.

(c) Any ~~dependent relative of a member of the Armed Forces who is abiding in this State incident to active military duty, as defined by the Board of Governors of The University of North Carolina and by the State Board of Community Colleges while sharing the abode of that member~~ dependent of a qualifying federal services member with a permanent duty station in this State shall be eligible to be charged the in-State tuition rate, if the dependent ~~relative~~ qualifies for admission to an institution of higher ~~education~~ education, as defined in G.S. 116-143.1(a)(3). The dependent ~~relatives~~ shall comply with the requirements of the Selective Service System, if applicable, in order to be accorded this benefit. In the event the ~~member of the Armed Forces~~ qualifying federal services member is reassigned outside of North Carolina or retires, the dependent ~~relative~~ shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent ~~relative~~ is continuously enrolled in the degree or other program in which the dependent ~~relative~~ was enrolled at the time the member is reassigned or retires. In the event the qualifying federal services member is an active duty member of the Armed Forces and receives an Honorable Discharge from military service, the dependent ~~relative~~ shall continue to be eligible for the in-State tuition rate and applicable mandatory fees so long as the dependent ~~relative~~ establishes residency within North Carolina within 30 days after the discharge and is continuously enrolled in the degree or other program in which the dependent ~~relative~~ was enrolled at the time the member is discharged.

(c1) A dependent ~~relative~~ child who resides with a member of the Armed Forces who is reassigned outside of the State incident to active military duty shall remain eligible to be charged the in-State tuition rate if all of the following are met:

(1) At the time the dependent ~~relative~~ child applies for admission to the institution of higher education, as defined in G.S. 116-143.1(a)(3), the dependent ~~relative~~ child both:
   a. Is enrolled in a North Carolina high school.
   b. Meets the requirements of subsection (c) of this section.

(2) Upon admission, the dependent ~~relative~~ child enrolls in the institution of higher education no later than the fall academic semester immediately following notice of admission and remains continuously enrolled.

(d) The person applying for the benefit of this section has the burden of proving entitlement to the benefit.

(e) A person charged less than the out-of-state tuition rate solely by reason of this section shall not, during the period of receiving that benefit, qualify for or be the basis of conferring the benefit of G.S. 116-143.1(g), (h), (i), (j), (k), or (*l*)."

SECTION 8A.10.(c) G.S. 116-235(b)(1) reads as rewritten:

"(1) Admission of Students. – The School shall admit students in accordance with criteria, standards, and procedures established by the Board of Trustees. To be

eligible to be considered for admission, an applicant must be either a legal resident of the State, as defined by G.S. 116-143.1(a)(1), or a ~~student whose parent is an active duty member of the Armed Forces, as defined by G.S. 116-143.3(2), who is abiding in this State incident to active military duty at the time the application is submitted,~~ dependent of a qualifying federal services member eligible under G.S. 116-143.3, provided the student shares the abode of that parent; eligibility to remain enrolled in the School shall terminate at the end of any school year during which a student becomes a nonresident of the State. The Board of Trustees shall ensure, insofar as possible without jeopardizing admission standards, that an equal number of qualified applicants is admitted to the program and to the residential summer institutes in science and mathematics from each of North Carolina's congressional districts. In no event shall the differences in the number of qualified applicants offered admission to the program from each of North Carolina's congressional districts be more than two and one-half percentage points from the average number per district who are offered admission."

SECTION 8A.10.(d) This section is effective when it becomes law. Qualifying federal services members and their spouses and dependent children shall be eligible to be charged the in-State tuition rate beginning with the 2024-2025 academic year.

ALLOW PREAPPROVAL OF PESA EXPENSES IN LIEU OF EXPENSE REPORTS, AS RECOMMENDED BY THE INTERNAL AUDITOR

SECTION 8A.11.(a) G.S. 115C-592(b2) reads as rewritten:

"(b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive the scholarship funds in two equal amounts, one-half in each semester of the school year. The first deposit of funds to a PESA shall be subject to the execution of the parental agreement required by G.S. 115C-595. The parent shall then receive an electronic account with the prepaid funds loaded in the electronic account at the beginning of the school year. ~~After the initial disbursement of funds, each subsequent, semester disbursement of funds shall be subject to the submission by the parent of an expense report. The expense report shall be submitted electronically and shall include documentation that the student received an education, as described in G.S. 115C-595(a)(1), for no less than 70 days of the applicable semester.~~ Requests for qualifying educational expenses are subject to a preapproval process established by the Authority prior to the disbursement of funds from the electronic account. An expense report shall not be required for any expenses that have been preapproved by the Authority. The electronic account shall be renewed upon the receipt of the parental agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent school years."

SECTION 8A.11.(b) G.S. 115C-595(a)(1) reads as rewritten:

"(1) Use at least a portion of the scholarship funds to provide an ~~education~~ education, for no less than 70 days of each semester, to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science."

SECTION 8A.11.(c) This section is effective when it becomes law.

ALLOW CASH BASIS ACCOUNTING FOR SCHOOLS PARTICIPATING IN THE OPPORTUNITY SCHOLARSHIP PROGRAM

SECTION 8A.12.(a) G.S. 115C-562.5(a)(6) reads as rewritten:

"(6) Contract with a certified public accountant to perform a financial review, consistent with generally accepted methods of accounting ~~principles,~~ or any 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:

Fiscal Year	**Appropriation**
2023-2024	$48,943,166
2024-2025	$49,943,166
2025-2026	$50,943,166
2026-2027	$51,943,166
2027-2028	$52,943,166
2028-2029	$53,943,166
2029-2030	$54,943,166
2030-2031	$55,943,166
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.

(2) Total amount of scholarship funding awarded.

(3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.

(4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.

(5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article.

(b) For any fiscal year in which the Authority uses funds as provided under G.S. 115C-600(b), the Authority shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by April 1 of that fiscal year on at least the following:

(1) The methodology used by the Authority for determining the awards for the school year, including the number of eligible students and the amount of scholarship funds that were awarded under G.S. 115C-592.

(2) The actual number of eligible students and the amount of scholarship funds received by eligible students for that school year.

(3) The amount of funds used pursuant to G.S. 115C-600(b) to fully fund the awards.

(4) Any legislative recommendations, including funding amounts, for the Program for the next fiscal year."

SECTION 8A.13.(c) G.S. 115C-597(a)(4) reads as rewritten:

"(4) Monitoring and control of spending scholarship funds deposited in a ~~personal education savings account.~~PESA."

SECTION 8A.13.(d) This section is effective June 30, 2023, and applies beginning with the award of scholarship funds for the 2023-2024 school year.

PRIMARY CARE MEDICINE AND PSYCHIATRY TARGETED ASSISTANCE PROGRAM

SECTION 8A.14.(a) G.S. 116-209.45 reads as rewritten:

"**§ 116-209.45. Forgivable Education Loans for Service Program and Fund.**

(a) Policy. – The General Assembly finds that it is in the public interest to provide financial assistance in the form of forgivable loans for service to qualified students who are committed to working in the State in order to respond to critical employment shortages.

(b) Definitions. – The following definitions apply in this section:

(1) Eligible Institution. – Notwithstanding G.S. 116-201(b)(5) and G.S. 116-201(b)(6) and for purposes of this section only, an institution of higher education that is any of the following:

a. A postsecondary constituent institution of The University of North Carolina as defined in G.S. 116-2(4).

b. A community college as defined in G.S. 115D-2(2).

c. through e. Repealed by Session Laws 2012-142, s. 9.2(a), effective July 1, 2012.

f. Another public or nonprofit postsecondary institution offering a program of study not otherwise available in North Carolina that is deemed to be eligible under rules promulgated by the Authority.

g. An eligible private postsecondary institution as defined in G.S. 116-280(3).

(1a) Eligible county. – A county designated as a development tier one or development tier two area in the annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08.

(2) Fund. – The Forgivable Education Loans for Service Fund.

(2a) Healthcare facility. – Any hospital, clinic, or other medical practice of any size that provides in-person healthcare services to patients in an eligible county. It is the intent of the General Assembly that a majority of the services provided by a healthcare facility are in-person services to residents of eligible counties.

(3) Loan. – A forgivable loan made under the Program.

(3a) Primary Care Medicine and Psychiatry Targeted Assistance Program. – A targeted assistance program administered through the Forgivable Education Loans for Service Program to provide forgivable loans to certain students who agree to practice primary care medicine or psychiatry on a full-time basis at healthcare facilities located in eligible counties, as set forth in subsection (c1) of this section.

(4) Program. – The Forgivable Education Loans for Service Program.

(c) Establish Forgivable Education Loans for Service Program. – There is established the Forgivable Education Loans for Service Program to be administered by the Authority. The purpose of the Program is to facilitate and promote the making, insuring, and collection of loans from the Forgivable Education Loans for Service Fund. The Program shall ~~initially~~ target future teachers, nurses, and allied health ~~professionals.~~professionals, including the professionals described in subsection (c1) of this section, to further the purposes of the Program in responding to high-need employment shortages in the State.

(c1) Loans for Students in the Primary Care Medicine and Psychiatry Targeted Assistance Program. – The Primary Care Medicine and Psychiatry Targeted Assistance Program is established for the purpose of addressing the critical demand for physicians practicing primary care medicine and psychiatry in the rural and highest-need areas of the State through a forgivable loan for service program. Unless otherwise provided under this subsection, the Authority shall administer the Primary Care Medicine and Psychiatry Targeted Assistance Program in the same manner as the Forgivable Education Loans for Service Program as set forth in this section and in accordance with the following criteria:

(1) Loan amount. – To the extent funds are made available for the Primary Care Medicine and Psychiatry Targeted Assistance Program, the Authority shall award loans to students as follows:

a. Students enrolled in a medical school at an institution of higher education that is an eligible institution pursuant to sub-subdivision a. or g. of subdivision (1) of subsection (b) of this section for the purpose of obtaining licensure as a physician under Article 1 of Chapter 90 of the General Statutes to practice either primary care medicine or psychiatry may qualify for an award of loans in an amount of up to twenty-five thousand dollars ($25,000) per academic year, per student, for a total amount of loans of up to one hundred thousand dollars ($100,000) per student.

b. The Authority shall give priority for the award of loans under this subsection to qualified applicants residing in eligible counties.

c. To the extent funds provided for the Primary Care Medicine and Psychiatry Targeted Assistance Program are insufficient to award forgivable loans to qualified applicants, the Authority may establish a lottery process for selection of loan recipients in accordance with the requirements established by this subsection.

(2) Repayment through service. – The Authority shall forgive a loan awarded under this subsection through service repayment according to the following:

a. The total amount of any loan awarded in one academic year, and any interest accrued on the loan, shall be forgiven if the loan recipient serves in one year of full-time employment as a licensed physician practicing primary care medicine or psychiatry in a healthcare facility located in an eligible county. The Authority may verify compliance with all or a portion of the requirements of this sub-subdivision by requiring the loan recipient, his or her employer, or both to complete an attestation of qualifying employment.

b. If the loan recipient is practicing primary care medicine or psychiatry in a healthcare facility located in a county that loses its status as an eligible county before the recipient completes his or her service obligation for the total amount of loans awarded under this subsection, the loan recipient's employment as a physician practicing primary care medicine or psychiatry shall continue to be deemed qualifying for the purposes of loan forgiveness in accordance with this section as long as the recipient is employed in a healthcare facility located in that county without a break in service.

c. The Authority may provide for accelerated repayment and less than full-time employment options.

(d) Establish Forgivable Loans for Service Fund. – There is established the Forgivable Education Loans for Service Fund to be administered by the Authority. The purpose of the Fund is to provide financial assistance to qualified students to enable them to obtain the requisite education beyond the high school level to work in North Carolina in certain high-need professions as identified by the General Assembly and to respond to current as well as future employment shortages in North Carolina. The Authority shall reserve any funds made available for the Primary Care Medicine and Psychiatry Targeted Assistance Program for the purpose of administering the award of loans pursuant to subsection (c1) of this section.

(e) Eligibility for Loans. – The Authority shall establish the criteria for initial and continuing eligibility to participate in the Program. All loan recipients shall be residents of North Carolina and shall attend an eligible institution.

The Authority shall adopt standards deemed appropriate by the Authority to ensure that only qualified, potential recipients receive a loan under the Program. The standards may include minimum grade point average and satisfactory academic progress.

(f) Loan Terms and Conditions. – ~~The~~ Except as otherwise provided in subsection (c1) of this section, following terms and conditions shall apply to each loan made pursuant to this section:

(1) Promissory note. – All loans shall be evidenced by promissory notes made payable to the Authority.

(2) Interest. – All promissory notes shall bear an interest rate established by the Authority that does not exceed ten percent (10%) and is in relation to the current interest rate for nonneed-based federal loans made pursuant to Title IV of the Higher Education Act of 1965, as amended. Interest shall accrue from the date of disbursement of the loan funds.

(3) Loan amount. – The Authority shall establish the amount of the loan based on funds available and factors such as the recipient's educational program, enrollment status, and field of study.

(4) Repayment. – The Authority shall establish the criteria for loan forgiveness for employment in a designated field in North Carolina. These criteria may provide for accelerated repayment and less than full-time employment options. The Authority shall collect cash repayments when service repayment is not completed. The Authority shall establish the terms for cash repayment,

including a minimum monthly repayment amount and maximum period of time to complete repayment.

(5) Death and disability. – The Authority may forgive all or part of a loan if it determines that it is impossible for the recipient to repay the loan in cash or service because of the death or disability of the recipient.

(6) Hardship. – The Authority may grant a forbearance, a deferment, or both in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner.

(7) Other. – The Authority may establish other terms and conditions that are necessary or convenient to effectuate the Program.

(g) Advisory Group. – The Authority shall appoint an advisory group composed of, at minimum, appropriate representatives from higher education institutions and health and labor departments, agencies, or commissions to make recommendations to the Authority regarding the Authority's future apportionment and distribution of Program loans based on projected labor market shortages, higher education enrollment projections, and other relevant information.

(h) Use of Fund Monies. – All funds appropriated to or otherwise received by the Authority to provide loans through the Program, all funds received as repayment of loans, and all interest earned on these funds shall be placed in the Fund. The Fund shall be used only for loans made pursuant to this section and for administrative costs of the Authority, including costs of administering the former Teaching Fellows Program transferred to the Authority under G.S. 116-209.27.

(i) ~~Rule-making~~ Rulemaking Authority. – The Authority may adopt rules necessary to implement, administer, and enforce the provisions of this section.

(j) Report to the General Assembly. – The Authority shall report no later than December 1, 2013, and annually thereafter to the Joint Legislative Education Oversight Committee regarding the Fund and loans awarded from the Fund."

SECTION 8A.14.(b) The State Education Assistance Authority (Authority), in consultation with the Department of Health and Human Services, Office of Rural Health, shall report no later than January 15, 2025, to the Joint Legislative Education Oversight Committee and the Joint Legislative Oversight Committee on Health and Human Services on strategies to increase the pipeline of physicians practicing primary care medicine and psychiatry in the State. The report shall include recommendations for at least the following:

(1) Statewide and local options for programs and initiatives to do the following:

a. Complement the Primary Care Medicine and Psychiatry Targeted Assistance Program, as enacted by subsection (a) of this section.

b. Increase the number of physicians practicing primary care medicine and psychiatry in high-need areas of the State, including eligible counties, as defined in G.S. 116-209.45(b)(1a), as enacted by subsection (a) of this section.

(2) Any other matter the Authority deems relevant to the report.

SECTION 8A.14.(c) Of the nonrecurring funds appropriated from the ARPA Temporary Savings Fund to the Board of Governors of The University of North Carolina for the 2023-2025 fiscal biennium to be allocated to the State Education Assistance Authority (Authority) for the Primary Care Medicine and Psychiatry Targeted Assistance Program (Program) to be administered through the Forgivable Education Loans for Service Program in accordance with G.S. 116-209.45, as amended by this section, the Authority shall use those funds to provide forgivable loans under the Program to qualifying students enrolled in a medical school at a qualifying institution of higher education beginning in the 2024-2025 academic year.

COMMON DIGITAL TRANSCRIPT

SECTION 8A.15.(a) For purposes of this section, the following definitions apply:

(1) Authority. – State Education Assistance Authority.
(2) Eligible public education entity. – Any of the following:
a. A public school unit.
b. A community college.
c. A constituent institution of The University of North Carolina.

SECTION 8A.15.(b) Of the nonrecurring funds appropriated in this act for the 2023-2024 fiscal year to the Board of Governors of The University of North Carolina to be allocated to the Authority for the creation of a common digital transcript, the Authority, in consultation with the Department of Public Instruction, the Community Colleges System Office, and The University of North Carolina System Office, shall contract with the College Foundation, Inc., to design, develop, and maintain a common digital transcript for students enrolled in eligible public education entities. The transcript shall meet at least the following criteria:

(1) Be available to all students.
(2) Be secure and confidential.
(3) Be compatible with data systems used by eligible public education entities.
(4) Be free of cost to students who are enrolled in or have been enrolled in an eligible public education entity.

SECTION 8A.15.(c) No later than March 15, 2024, the Authority shall report to the Joint Legislative Education Oversight Committee on the progress made by the College Foundation, Inc., in designing and developing the digital transcript, including at least the following:

(1) Any additional steps to be taken for this purpose and a time line for completing those steps and publishing the transcript to students.
(2) Estimates of additional costs needed to design, develop, and maintain the digital transcript, including operational costs.

REVISE REPORTING REQUIREMENTS FOR SEAA AND DNPE

SECTION 8A.16.(a) G.S. 115C-562.4 reads as rewritten:

"**§ 115C-562.4. Identification of nonpublic schools and distribution of scholarship grant information.**

(a) The Division shall provide annually by ~~February 1~~ December 31 to the Authority a list of all nonpublic schools operating in the State that meet both of the requirements of Part 1 or Part 2 of this ~~Article.~~ Article and the requirements of G.S. 115C-652.5(a)(7). The Division shall notify the Authority of any schools included in the list that the Division has determined to be ineligible within five business days of the determination of ineligibility. The Division shall create, in collaboration with the Authority, a unique identifier for each nonpublic school and provide the unique identifiers to the Authority for all nonpublic schools that are registered with the Division.

(b) The Authority shall provide information about the scholarship grant program to the Division, including applications and the obligations of nonpublic schools accepting eligible students receiving scholarship grants. The Division shall ensure that information about the scholarship grant program is provided to all qualified nonpublic schools on an annual basis."

SECTION 8A.16.(b) 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:

…

(8) Provide the following information annually to the Division:
a. Name and address of the school, including physical location address. A school with more than one physical location shall establish a

separate notice of intent for each physical location and shall provide all information required by this subdivision for each physical location.

b. The name of the owners and chief administrator.

c. Number of students in attendance at the school as of October 1.

…

(e) If a nonpublic school terminates operation during the school's regular schedule and fails to (i) report the date of the closure to the Division within 14 days and (ii) return funds owed to the Authority in a timely manner for students who received scholarship grants, any other nonpublic school opened during that school year or subsequent school years by an owner or chief administrator listed in the report submitted to the Division under subdivision (7) of subsection (a) of this section for that closed school shall be ineligible to receive scholarship grants until such time the Authority determines the obligation to return those funds has been satisfied."

SECTION 8A.16.(c) G.S. 115C-596 reads as rewritten:

"**§ 115C-596. Identification of nonpublic schools and distribution of personal education student account information.**

(a) List of Nonpublic Schools. – The Division shall provide annually by ~~February 1~~ December 31 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter. The list shall include whether a Part 1 or 2 nonpublic school has met the requirements of G.S. 115C-562.5(a)(7).

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education student accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

(c) Unique Identifier. – The Division shall create, in collaboration with the Authority, a unique identifier for each nonpublic school and provide the unique identifiers to the Authority for all nonpublic schools that are registered with the Division."

ALLOW THE AUTHORITY TO USE ADMINISTRATIVE FUNDS FROM OPPORTUNITY SCHOLARSHIPS FOR PERSONAL EDUCATION STUDENT ACCOUNTS

SECTION 8A.17. Notwithstanding G.S. 115C-562.8(c) and G.S. 115C-597(d), for the 2023-2024 fiscal year only, if the actual costs of administering the Personal Education Student Accounts for Children with Disabilities Program exceed the funds authorized for administration of that program pursuant to G.S. 115C-597(d), the Authority may allocate unused funds set aside for administration costs from the Opportunity Scholarship Grant Fund Reserve pursuant to G.S. 115C-562.8(c) for the additional administrative costs of the Personal Education Student Accounts for Children with Disabilities Program.

PART IX. HEALTH AND HUMAN SERVICES

PART IX-A. AGING AND ADULT SERVICES

CONFORMING PARITY CHANGES PERTAINING TO THE STATE-COUNTY SPECIAL ASSISTANCE IN-HOME PROGRAM

SECTION 9A.1. G.S. 108A-47.1(b) reads as rewritten:

"(b) All county departments of social services shall participate in the State-County Special Assistance in-home program by making Special Assistance in-home slots available to individuals who meet the eligibility requirements established by the Department pursuant to subsection (a) of this section. ~~By February 15, 2013, the Department shall establish a formula to determine the need for additional State-County Special Assistance in-home slots for each county. Beginning July 1, 2014, and each July 1 thereafter, the Department shall review and revise the formula as 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.

(4) Any other information requested by the Office of Rural Health as necessary for evaluating the success of the Community Health Grant Program.

FUNDS FOR NC DENTAL SOCIETY FOUNDATION'S MISSIONS OF MERCY DENTAL CLINICS

SECTION 9B.3. Funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, and allocated as a directed grant to the NC Dental Society Foundation for its Missions of Mercy dental clinics shall not be spent for any purpose other than to provide direct services to patients and to purchase necessary dental supplies. None of these directed grant funds may be spent for administrative purposes.

EXPANSION OF THE NC LOAN REPAYMENT PROGRAM/INCENTIVES FOR THE RECRUITMENT AND RETENTION OF HEALTH PROVIDERS IN OUTPATIENT PRIMARY CARE SETTINGS IN RURAL, UNDERSERVED AREAS

SECTION 9B.4.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health (ORH), the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty-five million dollars ($25,000,000) for the 2024-2025 fiscal year shall be allocated to the North Carolina Loan Repayment Program (NC LRP) to be used as follows:

(1) Expansion of current program. – The sum of nine million dollars ($9,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of nine million dollars ($9,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to support expansion of the current NC LRP.

(2) Primary care physicians initiative. – The sum of five million dollars ($5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of five million dollars ($5,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to establish within the NC LRP a new primary care physicians initiative. The purpose of this initiative is to target the recruitment and retention of additional licensed allopathic or osteopathic primary care physicians in rural, underserved areas of the State who specialize in Family Medicine, General Internal Medicine, General Surgery (within critical access hospitals only), General Pediatrics, Obstetrics/Gynecology, or Psychiatry. For each year of the 2023-2025 fiscal biennium, at least two million dollars ($2,000,000) of these allocated funds shall be used to target the recruitment and retention of at least an additional 15 licensed allopathic or osteopathic primary care physicians specializing in Family Medicine, General Pediatrics, or Psychiatry.

(3) Behavioral health providers initiative. – The sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to establish within the NC LRP a new behavioral health providers initiative targeting the recruitment and retention of additional licensed behavioral health providers in rural, medically underserved areas of the State to provide outpatient primary care services. For the purpose of this initiative, "licensed behavioral health providers" means any of the following providers specializing in mental or behavioral health, or both:

a. Licensed Clinical Addiction Specialists

b. Licensed Clinical Mental Health Counselors (formerly known as 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.

(3) The total number of additional licensed providers enrolled in the NC LRP that received incentives funded by subdivision (a)(2) through (a)(4) 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.
(4) The length of time each NC LRP participant remains employed at a practice site in a rural or medically underserved area.
(5) Recommendations for improving recruitment and retention efforts under the NC LRP.

EXPANSION OF THE MEDICAL ASSISTANT APPRENTICESHIP INITIATIVE PILOT PROGRAM

SECTION 9B.5.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health, the sum of one million seven hundred three thousand two hundred fifty dollars ($1,703,250) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one million seven hundred three thousand two hundred fifty dollars ($1,703,250) in nonrecurring funds for the 2024-2025 fiscal year is allocated as a directed grant to the North Carolina Community Health Center Association (NCCHCA), a nonprofit organization, to fund expansion of its Medical Assistant Apprenticeship Initiative (MAAI) pilot program through the addition of a combined total of at least 50 new apprentice placements at the following sites:

(1) Rural Health Group, Inc., a community health center and nonprofit organization with existing MAAI pilot program sites located in Edgecombe, Granville, Halifax, Northampton, Vance, and Warren Counties.
(2) OIC Family Medical Center, a federally qualified health center that is a division of the nonprofit organization known as Opportunities Industrialization Center (OIC), Inc., which has existing MAAI pilot program sites located in Edgecombe and Nash Counties.
(3) New MAAI pilot program sites at additional community health centers, including each of the following community health centers:
    a. Cabarrus Rowan Community Health Centers, Inc., located in Cabarrus County and Rowan County.
    b. Kintegra Health located in Davidson County.
    c. United Health Centers located in Forsyth County.

SECTION 9B.5.(b) The NCCHCA shall include the following information in the two reports required under Section 9B.1 of this act:

(1) An itemized list of program expenditures funded by the grant, including the number and location of all apprentice placements and the number and location of all new pilot program sites.
(2) The number of medical assistant apprentices who successfully complete the program and attain certification.
(3) A description of any benefits derived by community health centers as a result of their participation in the MAAI pilot program.
(4) Any other information the NCCHCA deems relevant to evaluating the success of the MAAI pilot program.

TRANSFER OF POSITIONS TO THE DEPARTMENT OF PUBLIC INSTRUCTION FOR THE CARE AND MAINTENANCE OF GOVERNOR MOREHEAD SCHOOL FOR THE BLIND

SECTION 9B.6. As part of the certification of the budget for the 2024-2025 fiscal year, the Department of Health and Human Services shall transfer to the Department of Public

Instruction for the care and maintenance of the Governor Morehead School for the Blind the following full-time equivalent positions, and associated salaries and benefits, from Budget Code 14410 – Fund Code 1126 – Org. Unit Central Regional Maintenance, or their equivalent:

(1)	60038385	Grounds Supervisor I
(2)	60038381	General Utility Worker
(3)	60038441	Maintenance Mechanic V
(4)	60038395	Maintenance Mechanic IV
(5)	60038388	Maintenance Construction Technician III
(6)	60038389	Painter
(7)	60038396	Painter
(8)	60038442	Maintenance Mechanic V
(9)	60038486	Facility Maintenance Manager
(10)	60038458	Maintenance Mechanic I
(11)	60038386	Maintenance Mechanic II
(12)	60038437	Maintenance Mechanic IV
(13)	60038374	Maintenance Mechanic III
(14)	60038434	Maintenance Mechanic III
(15)	60038383	Boiler Operator
(16)	60038459	Maintenance Mechanic I

FUNDS FOR TELEHEALTH INFRASTRUCTURE GRANT PROGRAM

SECTION 9B.7A.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Central Management and Support, Office of Rural Health (ORH), the sum of five million dollars ($5,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of fifteen million dollars ($15,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated for the telehealth infrastructure grant program authorized by subsection (b) of this section.

SECTION 9B.7A.(b) The ORH shall establish a telehealth infrastructure grant program to award grants on a competitive basis to rural healthcare providers to be used to purchase equipment, high-speed internet access, and any other infrastructure necessary to establish telehealth services, defined as the use of two-way, real-time interactive audio and video where the healthcare provider and the patient can hear and see each other. In awarding grants under this program, the ORH is subject to the following requirements and limitations:

(1) Priority shall be given to independent primary care practices and independent obstetrics and gynecology practices.

(2) The maximum amount of a grant award is two hundred fifty thousand dollars ($250,000) per grantee.

SECTION 9B.7A.(c) By April 1, 2024, and by April 1, 2025, the ORH shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the grants awarded under this section. The report shall include at least all of the following information:

(1) A list of grant recipients.

(2) The total amount of grant funds awarded to each recipient.

MANAGEMENT FLEXIBILITY FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES TO EXPEND CERTAIN ARPA TEMPORARY SAVINGS FUND APPROPRIATIONS FOR PURPOSES RELATED TO CHILD AND FAMILY WELL-BEING

SECTION 9B.9.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, the sum of twenty million dollars ($20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of sixty million

dollars ($60,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated and used to accomplish the following:

(1) To support families and other caregivers of children with high behavioral health or other special needs by expanding intensive supports in the community and increasing structured options for meeting the needs of these children.

(2) To strengthen specialized treatment options for children with complex behavioral health or other special needs.

SECTION 9B.9.(b) The Department of Health and Human Services may allocate these funds to the Division of Child Welfare and Family Well-Being; the Division of Mental Health, Developmental Disabilities, and Substance Use Services; and the Division of Social Services in the amounts and for the programs and initiatives the Department deems necessary, as long as such programs and initiatives are consistent with the purposes described in subdivisions (a)(1) and (a)(2) of this section.

PART IX-C. CHILD AND FAMILY WELL-BEING

PART IX-D. CHILD DEVELOPMENT AND EARLY EDUCATION

NC PRE-K PROGRAMS/STANDARDS FOR FOUR- AND FIVE-STAR RATED FACILITIES

SECTION 9D.1.(a) Eligibility. – The Department of Health and Human Services, Division of Child Development and Early Education, shall continue implementing the prekindergarten program (NC Pre-K). The NC Pre-K program shall serve children who are 4 years of age on or before August 31 of the program year. In determining eligibility, the Division shall establish income eligibility requirements for the program not to exceed seventy-five percent (75%) of the State median income. Up to twenty percent (20%) of children enrolled may have family incomes in excess of seventy-five percent (75%) of median income if those children have other designated risk factors. Furthermore, any age-eligible child who is a child of either of the following shall be eligible for the program: (i) an active duty member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months, or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the Armed Forces who was injured or killed while serving on active duty. Eligibility determinations for NC Pre-K participants may continue through local education agencies and local North Carolina Partnership for Children, Inc., partnerships.

Other than developmental disabilities or other chronic health issues, the Division shall not consider the health of a child as a factor in determining eligibility for participation in the NC Pre-K program.

SECTION 9D.1.(a1) Staff-To-Child Ratio and Class Size. – The classroom shall not exceed a maximum staff-to-child ratio of one to 10 with a maximum class size of 20 children, with at least one teacher and one teacher assistant per classroom. A classroom of 10 children or less shall have at least one teacher. The Child Care Commission shall adopt any rules and the Division of Child Development and Early Education shall revise any rules or policies necessary to implement the provisions of this subsection.

SECTION 9D.1.(b) Multiyear Contracts. – The Division of Child Development and Early Education shall require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing NC Pre-K classrooms.

SECTION 9D.1.(c) Building Standards. – Notwithstanding G.S. 110-91(4), private child care facilities and public schools operating NC Pre-K classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.

SECTION 9D.1.(d) Programmatic Standards. – Except as provided in subsection (c) of this section, entities operating NC Pre-K classrooms shall adhere to all of the policies prescribed by the Division of Child Development and Early Education regarding programmatic standards and classroom requirements.

SECTION 9D.1.(e) NC Pre-K Committees. – Local NC Pre-K committees shall use the standard decision-making process developed by the Division of Child Development and Early Education in awarding NC Pre-K classroom slots and student selection.

SECTION 9D.1.(f) Reporting. – The Division of Child Development and Early Education shall submit an annual report no later than March 15 of each year to the Joint Legislative Oversight Committee on Health and Human Services, the Office of State Budget and Management, and the Fiscal Research Division. The report shall include the following:

(1) The number of children participating in the NC Pre-K program by county.

(2) The number of children participating in the NC Pre-K program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.

(3) The expected NC Pre-K expenditures for the programs and the source of the local contributions.

(4) The results of an annual evaluation of the NC Pre-K program.

SECTION 9D.1.(g) Audits. – The administration of the NC Pre-K program by local partnerships shall be subject to the financial and compliance audits authorized under G.S. 143B-168.14(b).

CHILD CARE SUBSIDY RATES

SECTION 9D.3.(a) The maximum gross annual income for initial eligibility, adjusted annually, for subsidized child care services shall be determined based on a percentage of the federal poverty level as follows:

AGE	INCOME PERCENTAGE LEVEL
0 – 5	200%
6 – 12	133%

The eligibility for any child with special needs, including a child who is 13 years of age or older, shall be two hundred percent (200%) of the federal poverty level.

SECTION 9D.3.(b) Fees for families who are required to share in the cost of care are established based on ten percent (10%) of gross family income. When care is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time copayment.

SECTION 9D.3.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

(1) Religious sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the one-star county market rate or the rate they charge privately paying parents unless prohibited by subsection (f) of this section.

(2) Licensed child care centers and homes with two or more stars shall receive the market rate for that rated license level for that age group unless prohibited by subsection (g) of this section.

(3) No payments shall be made for transportation services charged by child care facilities.

(4) Payments for subsidized child care services for postsecondary education shall be limited to a maximum of 20 months of enrollment. This shall not be determined before a family's annual recertification period.

(5) The Department of Health and Human Services shall implement necessary rule changes to restructure services, including, but not limited to, targeting benefits to employment.

SECTION 9D.3.(d) Provisions of payment rates for child care providers in counties that do not have at least 50 children in each age group for center-based and home-based care are as follows:

(1) Except as applicable in subdivision (2) of this subsection, payment rates shall be set at the statewide or regional market rate for licensed child care centers and homes.

(2) If it can be demonstrated that the application of the statewide or regional market rate to a county with fewer than 50 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

SECTION 9D.3.(e) A market rate shall be calculated for child care centers and homes at each rated license level for each county and for each age group or age category of enrollees and shall be representative of fees charged to parents for each age group of enrollees within the county. The Division of Child Development and Early Education shall also calculate a statewide rate and regional market rate for each rated license level for each age category.

SECTION 9D.3.(f) The Division of Child Development and Early Education shall continue implementing policies that improve the quality of child care for subsidized children, including a policy in which child care subsidies are paid, to the extent possible, for child care in the higher quality centers and homes only. The Division shall define higher quality, and subsidy funds shall not be paid for one- or two-star-rated facilities. For those counties with an inadequate number of four- and five-star-rated facilities, the Division shall continue a transition period that allows the facilities to continue to receive subsidy funds while the facilities work on the increased star ratings. The Division may allow exemptions in counties where there is an inadequate number of four- and five-star-rated facilities for non-star-rated programs, such as religious programs.

SECTION 9D.3.(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. Except as authorized by subsection (f) of this section, no separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

SECTION 9D.3.(h) Payment for subsidized child care services provided with Temporary Assistance for Needy Families Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9D.3.(i) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

(1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
(2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
(3) The child for whom a child care subsidy is sought is a citizen of the United States.

SECTION 9D.3.(j) The Department of Health and Human Services, Division of Child Development and Early Education, shall require all county departments of social services to include on any forms used to determine eligibility for child care subsidy whether the family waiting for subsidy is receiving assistance through the NC Pre-K Program or Head Start.

SECTION 9D.3.(k) Department of Defense-certified child care facilities licensed pursuant to G.S. 110-106.2 may participate in the State-subsidized child care program that provides for the purchase of care in child care facilities for minor children in needy families, provided that funds allocated from the State-subsidized child care program to Department of Defense-certified child care facilities shall supplement and not supplant funds allocated in accordance with G.S. 143B-168.15(g). Payment rates and fees for military families who choose Department of Defense-certified child care facilities and who are eligible to receive subsidized child care shall be as set forth in this section.

CHILD CARE ALLOCATION FORMULA

SECTION 9D.4.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

(1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 9D.3(a) of this act.
(2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:
    a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
    b. The date the remaining funds were distributed to counties.
    c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

    The Division shall submit a report in each year of the 2023-2025 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

(3) The Division shall set aside four percent (4%) of child care subsidy allocations for vulnerable populations, which include a child identified as having special needs and a child whose application for assistance indicates that the child and the child's family is experiencing homelessness or is in a temporary living situation. A child identified by this subdivision shall be given priority for receiving services until such time as set-aside allocations for vulnerable populations are exhausted.

SECTION 9D.4.(b) The Division may reallocate unused child care subsidy voucher funds in order to meet the child care needs of low-income families. Any reallocation of funds shall be based upon the expenditures of all child care subsidy voucher funding, including North Carolina Partnership for Children, Inc., funds within a county. Counties shall manage service levels within the funds allocated to the counties. A county with a spending coefficient over one hundred percent (100%) shall submit a plan to the Division for managing the county's allocation before receiving any reallocated funds.

SECTION 9D.4.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculate the increases outside of the formula process. Additionally, the Department shall do the following:

(1) Deem a county's initial allocation as the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available.

(2) Effective immediately following the next new decennial census data release, implement (i) one-third of the change in a county's allocation in the year following the data release, (ii) an additional one-third of the change in a county's allocation beginning two years after the initial change under this subdivision, and (iii) the final one-third change in a county's allocation beginning the following two years thereafter.

SMART START INITIATIVES

SECTION 9D.5.(a) Policies. – The North Carolina Partnership for Children, Inc., and its Board shall ensure policies focus on the North Carolina Partnership for Children, Inc.'s mission of improving child care quality in North Carolina for children from birth to 5 years of age. North Carolina Partnership for Children, Inc., funded activities shall include assisting child care facilities with (i) improving quality, including helping one-, two-, and three-star-rated facilities increase their star ratings, and (ii) implementing prekindergarten programs. State funding for local partnerships shall also be used for evidence-based or evidence-informed programs for children from birth to 5 years of age that do the following:

(1) Increase children's literacy.

(2) Increase the parents' ability to raise healthy, successful children.

(3) Improve children's health.

(4) Assist four- and five-star-rated facilities in improving and maintaining quality.

SECTION 9D.5.(b) Administration. – Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than ten percent (10%) of the total statewide allocation to all local partnerships. For purposes of this subsection, administrative costs shall include costs associated with partnership oversight, business and financial management, general accounting, human resources, budgeting, purchasing, contracting, and information systems management. The North Carolina Partnership for Children, Inc., shall continue using a single statewide contract management system that incorporates features of the required standard fiscal accountability plan described in G.S. 143B-168.12(a)(4). All local partnerships are required to participate in the contract management system and, directed by the

North Carolina Partnership for Children, Inc., to collaborate, to the fullest extent possible, with other local partnerships to increase efficiency and effectiveness.

SECTION 9D.5.(c) Salaries. – The salary schedule developed and implemented by the North Carolina Partnership for Children, Inc., shall set the maximum amount of State funds that may be used for the salary of the Executive Director of the North Carolina Partnership for Children, Inc., and the directors of the local partnerships. The North Carolina Partnership for Children, Inc., shall base the schedule on the following criteria:

(1) The population of the area serviced by a local partnership.
(2) The amount of State funds administered.
(3) The amount of total funds administered.
(4) The professional experience of the individual to be compensated.
(5) Any other relevant factors pertaining to salary, as determined by the North Carolina Partnership for Children, Inc.

The salary schedule shall be used only to determine the maximum amount of State funds that may be used for compensation. Nothing in this subsection shall be construed to prohibit a local partnership from using non-State funds to supplement an individual's salary in excess of the amount set by the salary schedule established under this subsection.

SECTION 9D.5.(d) Match Requirements. – The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match one hundred percent (100%) of the total amount budgeted for the program in each fiscal year of the 2023-2025 biennium. Of the funds that the North Carolina Partnership for Children, Inc., and the local partnerships are required to match, contributions of cash shall be equal to at least thirteen percent (13%) and in-kind donated resources shall be equal to no more than six percent (6%) for a total match requirement of nineteen percent (19%) for each year of the 2023-2025 fiscal biennium. The North Carolina Partnership for Children, Inc., may carry forward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Only in-kind contributions that are quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Division of Employment Security of the Department of Commerce in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

(1) Be verifiable from the contractor's records.
(2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations.
(3) Not include expenses funded by State funds.
(4) Be supplemental to and not supplant preexisting resources for related program activities.
(5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives.
(6) Be otherwise allowable under federal or State law.
(7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership.
(8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

Failure to obtain a nineteen-percent (19%) match by June 30 of each year of the 2023-2025 fiscal biennium shall result in a dollar-for-dollar reduction in the appropriation for the Program for a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report, to be included in its annual report as required under G.S. 143B-168.12(d), in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

SECTION 9D.5.(e) Bidding. – The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on contract amounts as follows:

(1) For amounts of five thousand dollars ($5,000) or less, the procedures specified by a written policy as developed by the Board of Directors of the North Carolina Partnership for Children, Inc.
(2) For amounts greater than five thousand dollars ($5,000) but less than fifteen thousand dollars ($15,000), three written quotes.
(3) For amounts of fifteen thousand dollars ($15,000) or more but less than forty thousand dollars ($40,000), a request for proposal process.
(4) For amounts of forty thousand dollars ($40,000) or more, a request for proposal process and advertising in a major newspaper.

SECTION 9D.5.(f) Allocations. – The North Carolina Partnership for Children, Inc., shall not reduce the allocation for counties with less than 35,000 in population below the 2012-2013 funding level.

SECTION 9D.5.(g) Performance-Based Evaluation. – The Department of Health and Human Services shall continue to implement the performance-based evaluation system.

SECTION 9D.5.(h) Expenditure Restrictions. – Except as provided in subsection (i) of this section, the Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for the 2023-2025 fiscal biennium shall be administered and distributed in the following manner:

(1) Capital expenditures are prohibited for the 2023-2025 fiscal biennium. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143C-1-1(d)(5).
(2) Expenditures of State funds for advertising and promotional activities are prohibited for the 2023-2025 fiscal biennium.

For the 2023-2025 fiscal biennium, local partnerships shall not spend any State funds on marketing campaigns, advertising, or any associated materials. Local partnerships may spend any private funds the local partnerships receive on those activities.

SECTION 9D.5.(i) Notwithstanding subsection (h) of this section, the North Carolina Partnership for Children, Inc., and local partnerships may use up to one percent (1%) of State funds for fundraising activities. The North Carolina Partnership for Children, Inc., shall include in its annual report required under G.S. 143B-168.12(d) a report on the use of State funds for fundraising. The report shall include the following:

(1) The amount of funds expended on fundraising.
(2) Any return on fundraising investments.
(3) Any other information deemed relevant.

SMART START LITERACY INITIATIVE/DOLLY PARTON'S IMAGINATION LIBRARY

SECTION 9D.6.(a) A portion of the funds allocated in this act to the North Carolina Partnership for Children, Inc., from the Department of Health and Human Services, shall continue to be used to increase access to Dolly Parton's Imagination Library, an early literacy

program that mails age-appropriate books on a monthly basis to children registered for the program.

SECTION 9D.6.(b) The North Carolina Partnership for Children, Inc., may use up to one percent (1%) of the funds for statewide program management and up to one percent (1%) of the funds for program evaluation. Funds allocated under this section shall not be subject to administrative costs requirements under Section 9D.5(b) of this act, nor shall these funds be subject to the child care services funding requirements under G.S. 143B-168.15(b), child care subsidy expansion requirements under G.S. 143B-168.15(g), or the match requirements under Section 9D.5(d) of this act.

INCREASE PROVISION OF IN-HOME CHILD CARE/PILOT PROGRAM

SECTION 9D.8. Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, Division of Child Development and Early Education (Division), the sum of five hundred twenty-five thousand dollars ($525,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to establish a pilot program that provides business and financial assistance in creating new in-home child care programs and sustaining existing in-home child care programs in this State. By January 15, 2024, the Division shall issue a request for application (RFA) for an organization to contract with the Division to administer the pilot program. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division of the General Assembly by January 31, 2025, on the number of child care programs created through the pilot program, by county, and any other information the Division deems relevant.

TRI-SHARE CHILD CARE PILOT PROGRAM

SECTION 9D.9.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Child Development and Early Education, to be allocated to the North Carolina Partnership for Children, Inc., the sum of nine hundred thousand dollars ($900,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to provide the State portion of funding for the Tri-Share Child Care pilot program established by this section. Funds provided under this section shall be divided evenly in each fiscal year among the regional facilitator hubs, as described in subsection (c) of this section, selected to participate in the pilot program. Upon completion of the pilot program, any unexpended funds shall revert to the General Fund.

SECTION 9D.9.(b) The Division of Child Development and Early Education (Division), in collaboration with the North Carolina Partnership for Children, Inc. (NCPC), shall establish a two-year pilot program to implement the Tri-Share Child Care program, a program that creates a public/private partnership to share the cost of child care equally between employers, eligible employees, and the State to:

(1) Make high-quality child care affordable and accessible for working families.
(2) Help employers retain and attract employees.
(3) Help stabilize child care businesses across the State.

SECTION 9D.9.(c) The Division and NCPC shall select up to three local partnerships to serve as regional facilitator hubs to implement and administer the pilot program and act as regional intermediaries between employers, families, child care providers, and the State. The Division and NCPC shall select local partnerships to participate in the pilot program from geographically diverse areas across the State, with one selected from a tier one county. For purposes of this section, a tier one county shall have the same designation as that established by the North Carolina Department of Commerce's 2023 County Tier Designations.

SECTION 9D.9.(d) The local partnerships selected to serve as regional facilitator hubs shall establish and determine program eligibility. For purposes of this pilot program, an employee is eligible to participate in the program if the employee (i) is employed by a

participating employer, (ii) has a household income between one hundred eighty-five percent (185%) and three hundred percent (300%) of the federal poverty level, and (iii) is not otherwise eligible for subsidized child care in this State. An eligible employee may reside outside of the designated region for the respective facilitator hub. Additionally, the regional facilitator hubs shall develop and implement other criteria for the child care program, including, but not limited to, each of the following:

(1) Ensuring payment for the cost of child care is divided equally between an employer, an eligible employee, and the State.
(2) Soliciting participating employers.
(3) Ensuring participating employers agree to (i) identify and recruit eligible employees, (ii) provide the employer portion of each participating employee's child care costs, and (iii) maintain communication with the regional facilitator hub regarding each eligible employee's continued employment and eligibility.
(4) Verifying that child care providers seeking to participate in the program are licensed in this State.
(5) Upon determining an employee's eligibility, ensuring payment by the employee of the employee's portion of the cost of child care.
(6) Coordinating payments between employers and licensed child care providers.

SECTION 9D.9.(e) For purposes of this section, child care includes part-time and full-time care, before and after school care, and summer day camps.

SECTION 9D.9.(f) A regional facilitator hub may use up to nine percent (9%) of its allocation for administrative costs.

SECTION 9D.9.(g) Within six months after completion of the pilot program, the Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The report shall include, at a minimum, each of the following:

(1) The number of children served, by age and county.
(2) Total pilot program costs, including any administrative costs.
(3) The amount of funds needed to expand the program statewide.
(4) The list of employers participating in the pilot program.
(5) Any other relevant information deemed appropriate.

INCREASE CAPACITY/FAMILY CHILD CARE HOMES

SECTION 9D.10.(a) G.S. 110-86(3) reads as rewritten:

"(3) Child care facility. – Includes child care centers, family child care homes, and any other child care arrangement not excluded by G.S. 110-86(2), that provides child care, regardless of the time of day, wherever operated, and whether or not operated for profit.
a. A child care center is an arrangement where, at any one time, there are three or more preschool-age children or nine or more school-age children receiving child care.
b. A family child care home is a child care arrangement located in a residence where, at any one time, more than two children, but less than ~~nine~~ 10 children, receive child ~~care.~~care, provided the arrangement is in accordance with G.S. 110-91(7)b."

SECTION 9D.10.(b) G.S. 110-91(7)b. reads as rewritten:

"b. Family Child Care Home Capacity. – ~~Of the children present at any one time in a family child care home, no more than five children shall be preschool-aged, including the operator's own preschool-age children.~~A family child care home is allowed to provide care for one of the following groups of children, including the operator's own

preschool-age children and excluding the operator's own school-age children up to 13 years of age:

1. A maximum of eight children, with no more than five children who are from birth to 5 years of age, plus three school-age children.
2. A maximum of three children from birth to 24 months of age, plus three children from 2 to 5 years of age and three school-age children up to 13 years of age, for a total of nine children.
3. A maximum of 10 children if all children are older than 24 months of age."

EXTEND COMPENSATION GRANTS FOR CHILD CARE PROGRAMS

SECTION 9D.11. Section 9L.2(b) of S.L. 2021-180, as amended by Section 9L.2(a) of S.L. 2022-74, reads as rewritten:

"**SECTION 9L.2.(b)** Of the funds appropriated in this act from federal Child Care and Development Block Grant funds received pursuant to ARPA to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of five hundred ~~two~~ three million seven hundred ~~seventy-seven~~ninety-three thousand seven hundred ~~eighty-nine~~eleven dollars ~~($502,777,789)~~($503,793,711) in nonrecurring funds shall be allocated for the following in response to the COVID-19 pandemic:

(1) Up to two hundred seventy-four million dollars ($274,000,000) of the funds shall be used as follows:

a. A minimum of two hundred six million dollars ($206,000,000) but no more than two hundred fifteen million dollars ($215,000,000) to (i) reduce the waitlist for children eligible for subsidized child care who are in foster care and (ii) after addressing the waitlist under item (i) of this sub-subdivision, work toward reducing the waitlist for children eligible for subsidized child care. Additionally, the Division shall use a portion of these funds to ~~temporarily increase the child care subsidy reimbursement rates to those recommended in the 2018 Child Care Market Rate Study until the funds expire on September 30, 2024.~~extend the compensation grants portion of the child care stabilization grants, as authorized under Section 3.2(a) of S.L. 2021-25, until these funds are exhausted.

…

(3) Up to two hundred seven million seven hundred seventy-seven thousand seven hundred eighty-nine dollars ($207,777,789) of the funds ~~shall~~ may be used to build the supply of qualified child care teachers with staff bonuses and other teacher pipeline programs, including apprenticeships, stackable courses, and fast-track programs. ~~The Division of Child Development and Early Education shall provide staff bonuses under this subdivision based on the number of months the teacher or staff person has worked at the child care facility with the maximum bonus being provided to a teacher or staff person who has worked at least 12 months at the teacher or staff person's current child care facility.~~"

PART IX-E. HEALTH BENEFITS

CONTINUE MEDICAID ANNUAL REPORT

SECTION 9E.1. The Department of Health and Human Services, Division of Health Benefits (DHB), shall continue the publication of the Medicaid Annual Report and accompanying tables. DHB shall publish the report and tables on its website no later than December 31 following each State fiscal year.

VOLUME PURCHASE PLANS AND SINGLE SOURCE PROCUREMENT

SECTION 9E.2. The Department of Health and Human Services, Division of Health Benefits, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

DURATION OF MEDICAID PROGRAM MODIFICATIONS

SECTION 9E.3. Except for statutory changes or where otherwise specified, the Department of Health and Human Services shall not be required to maintain, after June 30, 2025, any modifications to the Medicaid program required by this Subpart.

ADMINISTRATIVE HEARINGS FUNDING

SECTION 9E.4. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, for administrative contracts and interagency transfers, the Department of Health and Human Services (DHHS) shall transfer the sum of one million dollars ($1,000,000) for the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) for the 2024-2025 fiscal year to the Office of Administrative Hearings (OAH). These funds shall be allocated by OAH for mediation services provided for Medicaid applicant and recipient appeals and to contract for other services necessary to conduct the appeals process. OAH shall continue the Memorandum of Agreement (MOA) with DHHS for mediation services provided for Medicaid recipient appeals and contracted services necessary to conduct the appeals process. Upon receipt of invoices from OAH for covered services rendered in accordance with the MOA, DHHS shall transfer the federal share of Medicaid funds drawn down for this purpose.

ACCOUNTING FOR MEDICAID RECEIVABLES AS NONTAX REVENUE

SECTION 9E.5.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), receivables reserved at the end of the 2023-2024 and 2024-2025 fiscal years shall, when received, be accounted for as nontax revenue for each of those fiscal years. The treatment under this section of any revenue derived from federal programs shall be in accordance with the requirements specified in the Code of Federal Regulations, Title 2, Part 225.

SECTION 9E.5.(b) For the 2023-2024 fiscal year, the Department of Health and Human Services shall deposit from its revenues one hundred sixty-four million five hundred thousand dollars ($164,500,000) with the Department of State Treasurer to be accounted for as nontax revenue. For the 2024-2025 fiscal year, the Department of Health and Human Services shall deposit from its revenues eighty-eight million four hundred thousand dollars ($88,400,000) with the Department of State Treasurer to be accounted for as nontax revenue. These deposits shall represent the return of advanced General Fund appropriations, nonfederal revenue, fund balances, or other resources from State-owned and State-operated hospitals that are used to provide indigent and nonindigent care services. The return from State-owned and State-operated hospitals to the Department of Health and Human Services shall be made from nonfederal resources in the following manner:

(1) The University of North Carolina Hospitals at Chapel Hill shall make the following deposits:

a. For the 2023-2024 fiscal year, the amount of thirty-one million three 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:

	2023-2024	**2024-2025**
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

under Part 2 of Article 7B of Chapter 108A of the General Statutes during the 2023-2024 fiscal year for the Medicaid program.

SECTION 9E.7.(c) Subsections (a) and (b) of this section are effective on the later of the following dates: (i) the first day of the next assessment quarter after this act becomes law or (ii) the first day of the next assessment quarter after the Centers for Medicare and Medicaid Services (CMS) approve a 42 C.F.R. § 438.6(c) preprint submitted in accordance with G.S. 108A-148.1 authorizing healthcare access and stabilization program (HASP) hospital reimbursements for the 2022-2023 fiscal year that are greater than four hundred million dollars ($400,000,000).

SECTION 9E.7.(d) If subsections (a) and (b) of this section do not become effective by April 1, 2024, then subsections (a), (b), and (c) of this section expire on that date.

SECTION 9E.7.(e) If subsections (a) and (b) of this section do not become effective by April 1, 2024, then, of any federal disproportionate share adjustment receipts received in the 2023-2024 fiscal year arising from certified public expenditures for the 2022-2023 fiscal year, the first forty-three million dollars ($43,000,000) shall not be deposited into the Hospital Uncompensated Care Fund under G.S. 143C-9-9 but rather shall be available to the Department of Health and Human Services, Division of Health Benefits, to be used for the Medicaid program.

MEDICAID REBASE TRACKING, TRANSPARENCY, AND PREDICTABILITY

SECTION 9E.8.(a) Due to the uncertainty of the timing and rate of disenrollments for individuals who will lose their Medicaid coverage as a result of the unwinding of the public health emergency related to the COVID-19 pandemic, among other factors, the General Assembly intends to closely monitor the expenditures for the Medicaid program throughout the 2023-2025 fiscal biennium using the reports required by this section. In the event that the Medicaid program experiences, during either year of the 2023-2025 fiscal biennium, a shortfall of funding needed to maintain the existing scope of the Medicaid program, as modified by this act and any other act of the 2023 General Assembly, it is the intent of the General Assembly to appropriate funds from the Medicaid Contingency Reserve to the Division of Health Benefits, in accordance with the conditions described in G.S. 143C-4-11.

SECTION 9E.8.(b) The Department of Health and Human Services, Division of Health Benefits (DHB), shall, on the schedule outlined in subsection (c) of this section, report to the Office of State Budget Management, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division on the following information:

(1) For the initial report, Medicaid enrollment projections for the 2023-2025 fiscal biennium. For each subsequent report, the actual enrollment relative to those projections.

(2) The year-to-date General Fund expenditures for Medicaid through the most recent month for which there is complete data.

(3) Projections on Medicaid General Fund expenditures needed for the remaining months in the 2023-2025 fiscal biennium.

(4) Any Medicaid-related budget challenges identified by DHB for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the estimated cost related to those challenges. Challenges that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(5) Changes to the Medicaid program that are planned to be implemented at any time in the future under the authority granted under G.S. 108A-54(e)(1), the predicted impact of those changes to the Medicaid budget for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated implementation time line for those changes. Planned changes that have been

identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(6) Changes to the Medicaid program required under federal or State law that will be implemented, the predicted impact of those changes to the Medicaid budget for the 2023-2025 fiscal biennium and the 2025-2027 fiscal biennium, and the anticipated implementation time line for those changes. Changes that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(7) Any unanticipated costs to the Medicaid program that were not accounted for in either the model used to create Governor Cooper's Recommended Budget for the 2023-2025 fiscal biennium, or the projection contained in any prior report submitted under this section. Any unanticipated costs that have been identified in a previously submitted report for which there are no updates need not be identified in subsequent reports.

(8) The amount, if any, of funds DHB is requesting to be transferred out of the Medicaid Contingency Reserve, as established under G.S. 143C-4-11, and as much information as possible that meets the requirements under G.S. 143C-4-11(b)(3).

SECTION 9E.8.(c) The reports required under subsection (b) of this section shall be due on the following schedule:

(1) November 1, 2023.
(2) February 1, 2024.
(3) April 1, 2024.
(4) November 1, 2024.
(5) February 1, 2025.
(6) April 1, 2025.

SECTION 9E.8.(d) The annual reporting requirement under G.S. 108A-54(e)(8) shall be temporarily waived for the 2023-2025 fiscal biennium. No report shall be due from the Department of Health and Human Services on January 1, 2024, or January 1, 2025. The annual reporting requirement under G.S. 108A-54(e)(8) shall resume with the report due January 1, 2026, and applies to subsequent years thereafter.

USE OF THE MEDICAID TRANSFORMATION FUND FOR MEDICAID TRANSFORMATION NEEDS

SECTION 9E.9.(a) Claims Run Out. – Funds from the Medicaid Transformation Fund may be transferred to the Department of Health and Human Services, Division of Health Benefits (DHB), for the 2023-2025 fiscal biennium, as needed, for the purpose of paying claims related to services billed under the fee-for-service payment model for recipients who are being, or have been, transitioned to managed care, otherwise known as "claims run out." Funds may be transferred to DHB as the need to pay claims run out arises and need not be transferred in one lump sum. To the extent that any funds are transferred under this subsection, the funds are appropriated for the purpose set forth in this subsection.

SECTION 9E.9.(b) Non-Claims Run Out Medicaid Transformation Needs. – Subject to the fulfillment of conditions specified in subsection (c) of this section, the sum of one hundred twenty million dollars ($120,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one hundred twenty million dollars ($120,000,000) in nonrecurring funds for the 2024-2025 fiscal year from the Medicaid Transformation Fund may be transferred to DHB for the sole purpose of providing the State share for qualifying needs directly related to Medicaid transformation, as required by S.L. 2015-245, as amended. Funds may be transferred to DHB as qualifying needs arise during the 2023-2025 fiscal biennium and need not be transferred in one lump sum. Any amount of funds from the one hundred twenty million dollars ($120,000,000)

made available under this subsection for transfer to DHB in the 2023-2024 fiscal year that has not been transferred to DHB for qualifying needs as of June 30, 2024, shall continue to be available for transfer to DHB as qualifying needs arise during the 2024-2025 fiscal year.

For the purposes of this section, the term "qualifying need" shall be limited to the following Medicaid transformation needs and may include contracts and temporary staffing:

(1) Program design.
(2) Beneficiary and provider experience.
(3) Information technology upgrades, operations, and maintenance.
(4) Data management tools.
(5) Program integrity.
(6) Quality review.
(7) Actuarial rate setting functions.
(8) Technical and operational integration.
(9) BH IDD tailored plan health homes.
(10) Legal fees.
(11) Expenses related to the Enhanced Case Management and Other Services Pilot Program, commonly referred to as the "Healthy Opportunities Pilots."

SECTION 9E.9.(c) Requests for Transfer of Funds for Qualifying Need. – A request by DHB for the transfer of funds pursuant to subsection (b) of this section shall be made to OSBM and shall include the amount requested and the specific qualifying need for which the funds are to be used. None of the funds identified in subsection (b) of this section shall be transferred to DHB until OSBM verifies the following information:

(1) The amount requested is to be used for a qualifying need in the 2023-2025 fiscal biennium.
(2) The amount requested provides a State share that will not result in total requirements that exceed one billion dollars ($1,000,000,000) in nonrecurring funds for the 2023-2025 fiscal biennium.

SECTION 9E.9.(d) Federal Fund Receipts. – Any federal funds received in any fiscal year by DHB that represent a return of State share already expended on a qualifying need related to the funds received by DHB under this section shall be deposited into the Medicaid Transformation Fund.

SECTION 9E.9.(e) Reporting. – No later than January 15, 2024, and every six months thereafter until the final report due July 15, 2025, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on each expenditure that has been funded from the Medicaid Transformation fund in the preceding six months and whether that expenditure is expected to continue into the 2025-2027 fiscal biennium.

EXPAND NORTH CAROLINA INNOVATIONS WAIVER SLOTS

SECTION 9E.10.(a) The Department of Health and Human Services, Division of Health Benefits, shall amend the North Carolina Innovations waiver to increase the number of slots available under the waiver by 350 slots. These additional slots shall be made available upon approval by the Centers for Medicare and Medicaid Services.

SECTION 9E.10.(b) Effective when this act becomes law, Section 9F.14 of S.L. 2021-180 is repealed. Provided that DHB is in compliance with G.S. 108A-54(e), nothing in this subsection shall be construed to prohibit DHB from implementing or continuing any services developed pursuant to Section 9F.14 of S.L. 2021-180 prior to the effective date of this subsection.

MEDICAID SKILLED NURSING FACILITY RATES

SECTION 9E.11. The Department of Health and Human Services, Division of Health Benefits, shall, at a minimum, continue the Medicaid rates for skilled nursing facilities that were in place as of March 15, 2023.

MEDICAID PERSONAL CARE SERVICES RATES

SECTION 9E.12. The Department of Health and Human Services, Division of Health Benefits, shall provide a rate of five dollars and ninety-six cents ($5.96) per 15-minute increment for personal care services provided to Medicaid beneficiaries through Medicaid Direct, Community Alternatives Program for Children (CAP/C), Community Alternatives Program for Disabled Adults (CAP/DA), and Community Alternatives Program Choice (CAP/CO).

INCREASE PRIVATE DUTY NURSING RATES

SECTION 9E.12A. Beginning July 1, 2023, the Department of Health and Human Services, Division of Health Benefits, shall increase to thirteen dollars ($13.00) per 15 minutes the rate paid for private duty nursing services pursuant to Medicaid Clinical Coverage Policies 3G-1: Private Duty Nursing for Beneficiaries Age 21 and Older and 3G-2: Private Duty Nursing for Beneficiaries Under 21 Years of Age.

RATES FOR DURABLE MEDICAL EQUIPMENT

SECTION 9E.13B. The Department of Health and Human Services, Division of Health Benefits, shall increase the Medicaid rate paid for durable medical equipment, provided that the total State share of the costs associated with the rate increase shall not exceed a total of one million dollars ($1,000,000) over a period of 12 months. This rate increase shall be implemented effective upon the date approved by the Centers for Medicare and Medicaid Services.

INCREASE WAGES OF DIRECT CARE WORKERS/INNOVATIONS WAIVER

SECTION 9E.15.(a) It is the intent of the General Assembly to assist in increasing the hourly wages of direct care workers who provide services to Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program, to be termed "Innovations direct care workers" for the purpose of this act, by an industry average rate of six dollars and fifty cents ($6.50) per hour above the North Carolina industry average hourly wage rate, cited in the most recent report, if any, submitted to the Joint Legislative Oversight Committee on Medicaid in accordance with Section 9D.15C of S.L. 2021-180.

To that end, the Department of Health and Human Services, Division of Health Benefits (DHB), shall provide a rate increase to providers who provide services to Medicaid beneficiaries receiving services through the North Carolina Innovations waiver program who are either (i) enrolled in the Medicaid program or (ii) approved financial managers or financial support agencies billing for waiver service hours provided by direct care workers that are hired by employers of record or managing employers under a self-directed option in accordance with Medicaid Clinical Coverage Policy 8-P: North Carolina Innovations.

SECTION 9E.15.(b) Upon implementation of the rate increase required by this section, DHB shall adjust the per member per month (PMPM) capitation amount paid to local management entities/managed care organizations. All LME/MCOs shall be required to implement the increase. This increase shall continue to apply when the BH IDD tailored plans become fully operational and are implemented. DHB shall determine the amount of rate increase under this section. The definition of an Innovations direct care worker under this section includes all workers required for compliance with, or delivery of, the relevant Innovations waiver service 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

provision of services in a legally appropriate manner. The rate increase under this section shall be effective on the effective date approved by the Centers for Medicare and Medicaid Services.

SECTION 9E.15.(c) Prior to receiving the rate increase required under this section, providers who employ Innovations direct care workers shall attest and provide verification to the relevant LME/MCO that this increased funding is being used to the benefit of its Innovations direct care workers, including in the form of an increase in hourly wage, benefits, or associated payroll costs. DHB shall set the standards for documentation that shall be required for verification that the provider used the rate increase in the manner required by this section, and LME/MCOs shall use these same standards. DHB and LME/MCOs shall require verifiable methods of accounting, such as payroll-based journals. Providers receiving a rate increase under this section shall keep documentation of the use of that rate increase and make the documentation available upon request by DHB or by the relevant LME/MCO.

SECTION 9E.15.(d) In addition to other allowable reasons for recoupment of funds, DHB shall recoup part or all of the funds related to the rate increase received by a provider pursuant to this section if DHB determines that the provider did not use the increased funding to the benefit of its Innovations direct care worker employees.

BH IDD TAILORED PLAN UPDATES

SECTION 9E.16.(a1) Section 9D.7(a) of S.L. 2022-74 is repealed.

SECTION 9E.16.(a2) The Division of Health Benefits, Department of Health and Human Services (DHHS), shall implement BH IDD tailored plans, as defined under G.S. 108D-1, no later than July 1, 2024. The initial term of the BH IDD tailored plan contracts shall last not less than four years.

SECTION 9E.16.(b1) It is the intent of the General Assembly that, when BH IDD tailored plans, as defined under G.S. 108D-1, begin, local management entities/managed care organizations (LME/MCOs) accept, as network providers, all providers that meet objective quality standards and accept network rates. DHHS and the LME/MCOs shall develop a proposal for potentially opening the LME/MCO closed provider networks described in G.S. 108D-23 for services and supports that are excluded from prepaid health plan coverage except under BH IDD tailored plan contracts. The proposal shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid no later than February 1, 2024. The proposal shall include any necessary legislative changes, including revisions to the statutory changes in subsections (b2) through (b4) of this section, and shall consider all of the following:

(1) The need to ensure access to care for enrollees while also ensuring the delivery of high-quality services and supports to those enrollees.
(2) The continued exclusion of providers previously terminated by an LME/MCO for cause, including new entities created by the same owners or managing employees of those providers.
(3) The development by DHHS and the LME/MCOs of objective quality standards for the providers that deliver services and supports that are excluded from prepaid health plan coverage except under BH IDD tailored plan contracts.
(4) The need to ensure financial viability and operating stability for existing LME/MCO network providers.
(5) The Medicaid risk category assigned to provider types under G.S. 108C-3(g).

SECTION 9E.16.(b2) G.S. 108D-21 reads as rewritten:

"**§ 108D-21. LME/MCO provider networks.**

~~Each~~ Until the date that BH IDD tailored plans begin operating, each LME/MCO operating the combined 1915(b) and (c) waivers or providing coverage of any services approved under the 1915(i) option shall develop and maintain a closed network of providers to ~~furnish~~ provide mental

health, intellectual or developmental disabilities, ~~and~~ substance ~~abuse~~ use disorder, and traumatic brain injury services to its enrollees. A closed network is the network of providers that have contracted with the local management entity/managed care organization operating the combined 1915(b) and (c) waivers."

SECTION 9E.16.(b3) G.S. 108D-23 reads as rewritten:

"**§ 108D-23. BH IDD tailored plan provider networks.**

~~Each entity operating a BH IDD tailored plan shall develop and maintain a closed network of providers only for the provision of behavioral health, intellectual and developmental disability, and traumatic brain injury services. A closed network is the network of providers that have contracted with the entity operating a BH IDD tailored plan to furnish these services to enrollees. A closed network must include all essential providers, as designated in accordance with G.S. 108D-22(b), that (i) are located within the region for which the entity holds a BH IDD tailored plan contract and (ii) provide any covered behavioral health, intellectual and developmental disability, or traumatic brain injury service in that region.~~

(a) Each LME/MCO shall operate provider networks with respect to its BH IDD tailored plan contract in accordance with this section.

(b) With regard to services and supports that are covered benefits under both standard benefit plans and BH IDD tailored plans, each LME/MCO shall be subject to the same provider network requirements applicable to PHPs under G.S. 108D-22.

(c) With regard to services and supports that are excluded from PHP coverage except under BH IDD tailored plans, each LME/MCO shall operate a closed network, which is the network of providers that have contracted with the LME/MCO to provide those services to enrollees, in accordance with all of the following:

(1) A closed network must include all essential providers designated in accordance with G.S. 108D-22(b) that (i) are located or provide services within the region for which the LME/MCO holds a BH IDD tailored plan contract and (ii) provide any covered behavioral health, intellectual and developmental disability, or traumatic brain injury service in that region.

(2) With regard to services identified by the Department as necessary to improve access for behavioral health, intellectual and developmental disability, and traumatic brain injury services, an LME/MCO shall accept all providers of those services that (i) meet objective quality standards and (ii) accept network rates, notwithstanding the requirement to operate a closed network."

SECTION 9E.16.(b4) Article 3 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"**§ 108D-26. Other provider networks.**

(a) Beginning on the date that BH IDD tailored plans begin operating, each LME/MCO under contract with the Department (i) to provide coverage of services as a PIHP or (ii) to provide coverage of any services approved under the 1915(i) option shall operate a closed network in accordance with this section.

(b) A closed network is the network of providers that have contracted with the LME/MCO to provide to enrollees the services and supports covered by the LME/MCO either as a PIHP or under the 1915(i) option.

(c) With regard to services identified by the Department as necessary to improve access for behavioral health, intellectual and developmental disability, and traumatic brain injury services, an LME/MCO shall accept all providers of those services that (i) meet objective quality standards and (ii) accept network rates, notwithstanding the requirement in this section to operate a closed network."

SECTION 9E.16.(b5) G.S. 108D-1 is amended by adding a new subdivision to read:

"(30a) Prepaid inpatient health plan or PIHP. – A prepaid inpatient health plan, as defined in 42 C.F.R. § 438.2."

SECTION 9E.16.(b6) Subsections (b2) through (b5) of this section become effective July 1, 2024.

SECTION 9E.16.(c) No later than June 1, 2024, DHHS shall develop and submit a proposal to the Joint Legislative Oversight Committee on Medicaid to transition the administration of the Community Alternatives Program for Disabled Adults (CAP/DA) to the BH IDD tailored plans by January 1, 2025, notwithstanding G.S. 108D-40(a)(11).

SECTION 9E.16.(d) It is the intent of the General Assembly that the Medicaid Traumatic Brain Injury waiver be expanded throughout the State. Within 60 days after the effective date of this act, DHHS shall submit an amended waiver application to expand the Traumatic Brain Injury waiver statewide by January 1, 2025, or any later date approved by the Centers for Medicare and Medicaid Services. DHHS shall not implement the waiver expansion if that implementation exceeds the authority of the Division of Health Benefits under G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated to exceed a future authorized budget for the Medicaid program.

SECTION 9E.16.(e) No later than January 1, 2024, DHHS shall develop and submit a proposal to the Joint Legislative Oversight Committee on Medicaid for a Medicaid Reentry Section 1115 Demonstration Opportunity waiver to provide services to the adult incarcerated population, to be managed under BH IDD tailored plan contracts, notwithstanding G.S. 108D-40(a)(9), and to begin no later than January 1, 2025. The proposal shall provide that, upon release from incarceration, Medicaid-eligible individuals shall be transitioned to a managed care plan for which the individual is eligible under G.S. 108D-40 or, if the individual is excluded from managed care, to the Medicaid Direct fee-for-service program. DHHS shall not implement the waiver if that implementation exceeds the authority of the Division of Health Benefits under G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated to exceed a future authorized budget for the Medicaid program.

SECTION 9E.16.(f) Except as otherwise provided, this section is effective when it becomes law.

EXPEDITED MEDICAID PREFERRED DRUG LIST REVIEW FOR DRUGS TREATING SERIOUS MENTAL ILLNESS

SECTION 9E.17.(a) Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as G.S. 108A-68.1A of Part 6 of Article 2 of Chapter 108A of the General Statutes in the following manner:

(1) The new G.S. 108A-68.1A is entitled "Medicaid preferred drug program."

(2) Each paragraph under Section 10.31(d)(2)r.6. of S.L. 2011-145 is codified as separate subsections (a) through (k) with subunits designated accordingly, except that the last paragraph is repealed.

(3) The phrase "Preferred Drug List. –" is deleted from the new subsection (a).

(4) All references to the Division of Medical Assistance are replaced with the Division of Health Benefits.

SECTION 9E.17.(b) Part 6 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-68.1B. Coverage of medication to treat severe mental illness.**

(a) The Department shall provide immediate coverage under the Medicaid program of a new prescription medication approved by the Food and Drug Administration that becomes available to the public if (i) the manufacturer of that medication is enrolled in the federal Medicaid Drug Rebate Program and (ii) the medication is approved for the treatment of any of the following conditions, as defined by the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders:

(1) Bipolar disorders, hypomanic, manic, depressive, and mixed.

(2) Childhood and adolescent depression.

(3) Major depressive disorders, single episode or recurrent.
(4) Obsessive-compulsive disorders.
(5) Paranoid personality disorder and other psychotic disorders.
(6) Schizo-affective disorders, bipolar or depressive.
(7) Schizophrenia.

(b) If the new prescription medication required to be covered under the Medicaid program under subsection (a) of this section is within a class of medications eligible for inclusion on the Department's Preferred Drug List, then, no later than the end of the next calendar quarter following the date the new prescription medication became available to the public, the Department shall, in consultation with the Physician's Advisory Group, review and submit a proposed policy to the Preferred Drug List Policy Review Panel regarding the inclusion of the new prescription medication as either a preferred or nonpreferred drug on the Department's Preferred Drug List.

(c) Within 30 days of the receipt of a proposed policy under subsection (b) of this section, the Preferred Drug List Policy Review Panel shall, in accordance with G.S. 108A-68.1A, hold an open meeting to review the recommended policy and submit policy recommendations about the proposed policy to the Department upon the conclusion of that meeting."

SECTION 9E.17.(c) G.S. 108A-68.1A, as enacted by subsection (a) of this section, reads as rewritten:

"**§ 108A-68.1A. Medicaid preferred drug program.**

…

(h) The Secretary ~~of the Department of Health and Human Services~~ shall establish a Preferred Drug List ~~(PDL)~~ Policy Review ~~Panel within 60 days after the effective date of this section.~~ Panel. The purpose of the ~~PDL~~ Preferred Drug List Policy Review Panel is to review the Medicaid ~~PDL~~ Preferred Drug List recommendations from the Department of Health and Human Services, Division of Health Benefits, and the Physician Advisory Group Pharmacy and Therapeutics ~~(PAG P&T)~~ Committee.

…

(k) After the Department, in consultation with the ~~PAG P&T Committee,~~ Physician Advisory Group Pharmacy and Therapeutics Committee, publishes a proposed policy or procedure related to the Medicaid ~~PDL,~~ Preferred Drug List, the Preferred Drug List Policy Review Panel shall hold an open meeting to review the recommended policy or procedure along with any written public comments received as a result of the posting. The Review Panel shall provide an opportunity for public comment at the meeting. After the conclusion of the meeting, the Review Panel shall submit policy recommendations about the proposed Medicaid ~~PDL~~ Preferred Drug List policy or procedure to the Secretary. The Preferred Drug List Policy Review Panel shall meet no less than once a quarter."

SECTION 9E.17.(d) This section is effective when it becomes law.

RELATIVES PROVIDING CARE TO MINORS ON THE INNOVATIONS WAIVER

SECTION 9E.18.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall seek approval from the Centers for Medicare and Medicaid Services (CMS) to amend NC Medicaid Clinical Coverage Policy 8-P "North Carolina Innovations" to allow Community Living and Support services to be provided by a relative of a Medicaid beneficiary residing in the same home as the beneficiary when that beneficiary is under the age of 18 and when no other provider is available to provide these services, similar to what is currently allowed for beneficiaries age 18 and older.

SECTION 9E.18.(b) DHB shall implement the changes outlined in subsection (a) of this section on the effective date approved by CMS.

FURTHER ADJUST IMPLEMENTATION DATE FOR REQUIRING LME/MCOS TO PAY FOR BEHAVIORAL HEALTH SERVICES PROVIDED TO BENEFICIARIES AWAITING HOSPITAL DISCHARGE

SECTION 9E.19.(a) Section 9D.22(f) of S.L. 2021-180, as amended by Section 9D.9 of S.L. 2022-74, reads as rewritten:

"**SECTION 9D.22.(f)** CMS Approval. – The Department of Health and Human Services, Division of Health Benefits, shall submit to the Centers for Medicare and Medicaid Services (CMS) any State Plan amendments necessary to establish the new Medicaid coverage required by this ~~section.~~ section with a proposed start date of March 1, 2023. The new Medicaid covered services and rates shall be implemented ~~December 31, 2022. If approval from CMS is not granted by December 31, 2022, then~~ as soon as operationally feasible after the approval by CMS. DHB shall retroactively implement services and rates ~~upon approval from CMS to December 31, 2022.~~ to the date approved by CMS. The new Medicaid covered services and rates shall only be implemented to the extent allowable by CMS."

SECTION 9E.19.(a1) Section 9D.22(c) of S.L. 2021-180 reads as rewritten:

"**SECTION 9D.22.(c)** Services Covered. – The clinical coverage policy developed in accordance with this section shall provide Medicaid coverage of the following services in an acute care hospital setting when medically necessary and ordered by a physician or other appropriate provider:

…

Services developed in accordance with this subsection shall be considered outpatient services. Other ancillary services, such as laboratory services, imaging, and prescription drugs, shall continue to be billed as separate and additional services not included as part of this new Medicaid coverage. Notwithstanding G.S. 108D-35, any new services developed in accordance with this subsection shall be limited to beneficiaries enrolled in NC Medicaid Direct or in a BH IDD tailored plan, as defined in G.S. 108D-1. Standard benefit plans, as defined in G.S. 108D-1, shall not be required to cover these newly developed services."

SECTION 9E.19.(b) This section is effective retroactively to December 31, 2022.

DRAFT SMI/SED WAIVER

SECTION 9E.19A.(a) The Department of Health and Human Services, Division of Health Benefits, shall develop a proposed Medicaid 1115 demonstration waiver focused on adults with serious mental illness (SMI), children with serious emotional disturbance (SED), or both. This proposed SMI/SED waiver shall include all of the following:

(1) Receipt of federal financial participation for covered services furnished to Medicaid beneficiaries during stays greater than 15 days for acute care in psychiatric hospitals or residential treatment settings that qualify as institutions of mental disease (IMDs).

(2) Detailed ways in which DHB shall ensure good quality of care in IMDs.

(3) Methods to address improved access to community-based services for beneficiaries with SMI or SED.

(4) Goals to be achieved through the waiver that include the following:

a. Reduced utilization and lengths of stay in hospital emergency departments among Medicaid beneficiaries with SMI or SED while awaiting mental health treatment in specialized settings.

b. Reduced preventable readmissions to acute care hospitals and residential settings by Medicaid beneficiaries with SMI or SED.

c. Improved availability of crisis stabilization services.

d. Improved access to community-based services to address the chronic mental health care needs of Medicaid beneficiaries with SMI or SED.

e. Improved care coordination and continuity of care following episodes of acute care in hospitals and residential treatment facilities.

SECTION 9E.19A.(b) No later than March 1, 2024, DHB shall submit to the Joint Legislative Oversight Committee on Medicaid a report that provides details on the proposed 1115 waiver developed under subsection (a) of this section, a copy of the draft waiver, and estimated costs or savings to the State were the waiver to be implemented.

NORTH CAROLINA – PSYCHIATRY ACCESS LINE

SECTION 9E.19B. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Health Benefits, the sum of one million eight hundred fifty thousand dollars ($1,850,000) in recurring funds for the 2023-2024 fiscal year and the sum of one million nine hundred fifty thousand dollars ($1,950,000) in recurring funds for the 2024-2025 fiscal year shall be used for the North Carolina – Psychiatry Access Line (NC-PAL), a partnership between the Department of Health and Human Services and the Department of Psychiatry & Behavioral Sciences at Duke University. No later than September 1, 2024, and September 1, 2025, NC-PAL shall submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the following information:

(1) The number of consultations provided over the previous fiscal year, broken down by consultations provided by NC-PAL Child Psychiatry and NC-PAL Perinatal Psychiatry.

(2) The geographic regions of the State utilizing the services offered by NC-PAL, by county.

(3) The percentage of NC-PAL consultations that resulted in treatment of an individual by that individual's primary care provider, rather than referral to a specialist.

(4) The estimated number of avoided emergency department visits resulting from the services provided through NC-PAL.

(5) The results of any new pilot program offering consultations with county department of social services offices or residential providers and whether those consultations reduced placement disruptions for children in the custody of county departments of social services or the need for crisis intervention.

PREPAID HEALTH PLANS PERFORMANCE METRICS

SECTION 9E.20. The Department of Health and Human Services, Division of Health Benefits (DHB), shall develop performance standards, including claims payment metrics requiring claims to be paid within a set number of days, applicable to prepaid health plans operating standard benefits plans in accordance with Chapter 108D of the General Statutes. Beginning December 1, 2023, and annually until the expiration of the initial prepaid health plan contract, DHB shall report to the Joint Legislative Oversight Committee on Medicaid and to the Fiscal Research Division on these performance standards as they apply to each individual prepaid health plan.

ADDITIONAL MEDICAID SERVICES FOR FOSTER YOUTH

SECTION 9E.21.(a) The General Assembly finds that youth receiving foster care services through the county child welfare agencies are entitled to trauma-informed interventions and therapy that are also evidence-based, evidence-informed, or both. The Department of Health and Human Services (DHHS), Division of Health Benefits (DHB), shall convene a workgroup composed of county child welfare agencies, representatives with lived experience in child welfare, the nonprofit corporation Benchmarks, prepaid health plans, and local management entities/managed care organizations (LME/MCOs) to identify innovative Medicaid service options to address any gaps in the care of children receiving foster care services. Each LME/MCO

shall identify to the workgroup any innovative practices that the LME/MCO is using that could be an innovative Medicaid service option. Each LME/MCO shall also communicate with healthcare providers in its catchment area about the opportunity to submit concept papers to the workgroup to aid in the identification of these innovative Medicaid service options. Specifically, the workgroup shall identify innovative Medicaid service options that are either of the following:

(1) Models of community evidence-based and evidence-informed practices that support a foster child returning to the child's family in a timely manner and diverting higher level foster care placements.

(2) Models of intensive community or short-term residential treatment options that serve children with high acuity needs that divert a child from higher level placements such as psychiatric residential treatment facility placement. The provision of stepdown options from higher levels of care may be considered.

SECTION 9E.21.(b) No later than three months after the workgroup has completed its work under subsection (a) of this section, DHB shall begin distributing funding, as appropriated in this act and to the extent allowed under G.S. 108A-54(e), through capitated contracts with LME/MCOs and through capitated prepaid health plan contracts under Article 4 of Chapter 108D of the General Statutes, to be used for the innovative Medicaid service options identified by the workgroup. The funding may be used for (i) new services identified by the workgroup that may be implemented regionally or statewide or (ii) expanding a service or modality to a county or region where the service or modality was not previously implemented. DHB shall require all of the following from any entity receiving funding under this subsection:

(1) Time lines for, and establishment of, first- and second-year deliverables for any service that may be a phased-in service.

(2) Identification of required funding, including start-up funding and a three-year budget, including projected revenue sources and amounts.

(3) Specific outcome measures with the attestation of the timely submission of the data to the applicable prepaid health plan and DHB. These outcomes shall be aligned with child welfare safety and permanency measures and shall support positive childhood outcomes.

SECTION 9E.21.(c) DHHS may prioritize the distribution of funds under this section based upon the areas with the greatest need, as identified by the workgroup convened under subsection (a) of this section.

SECTION 9E.21.(d) DHHS shall provide training to all county departments of social services and shall offer training to tribal welfare offices on any Medicaid services funded under subsection (b) of this section and may delegate that training to the relevant LME/MCO. Further, DHHS shall continue to provide to the relevant county departments of social services and tribal welfare offices status updates on implementation within any impacted counties and regions.

SECTION 9E.21.(e) This section is effective when it becomes law.

CHILDREN AND FAMILIES SPECIALTY PLAN

SECTION 9E.22.(a) The Department of Health and Human Services (DHHS) shall issue an initial request for proposals (RFP) to procure a single statewide children and families (CAF) specialty plan contract with services to begin no later than December 1, 2024. The RFP shall be subject to the requirements in G.S. 108D-62, as enacted by subsection (k) of this section. DHHS shall define the services available under the CAF specialty plan and the Medicaid beneficiaries who are eligible to enroll in the CAF specialty plan, except as otherwise specified in this act or in law. For the purposes of this section, the CAF specialty plan shall be as defined under G.S. 108D-1, as amended by subsection (c) of this section.

SECTION 9E.22.(b) DHHS shall request approval from the Centers for Medicare and Medicaid Services (CMS) to require that a child who is automatically enrolled in the children

and families specialty plan under G.S. 108D-62(f) may not elect to enroll instead in a standard benefit plan or a behavioral health and intellectual/developmental disabilities tailored plan unless doing so is in the best interest of the child, as determined by the county department of social services after consultation with the enrollment broker as defined in G.S. 108D-1.

SECTION 9E.22.(c) G.S. 108D-1 reads as rewritten:

"**§ 108D-1. Definitions.**

The following definitions apply in this Chapter:

…

(4) Behavioral health and intellectual/developmental disabilities tailored plan or BH IDD tailored plan. – A capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter, including the requirements pertaining to BH IDD tailored ~~plans.~~plans, but excluding the requirements pertaining only to the CAF specialty plan.

…

(5a) Children and families specialty plan or CAF specialty plan. – A statewide capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter, including the requirements pertaining to the CAF specialty plan, but excluding the requirements only pertaining to BH IDD tailored plans.

…

(30) Prepaid health plan or PHP. – A prepaid health plan, as defined in G.S. 58-93-5, that is under a capitated contract with the Department for the delivery of Medicaid ~~and NC Health Choice~~ services, or a local management entity/managed care organization that is under a capitated PHP contract with the ~~Department to operate a BH IDD tailored plan.~~Department.

…

(36) Standard benefit plan. – A capitated prepaid health plan contract under the Medicaid transformation demonstration waiver that meets all of the requirements of Article 4 of this Chapter except for the requirements pertaining only to a BH IDD tailored ~~plan.~~plan and only to the CAF specialty plan."

SECTION 9E.22.(d) G.S. 108D-5.3 reads as rewritten:

"**§ 108D-5.3. Enrollee requests for disenrollment.**

…

(b) Without Cause Enrollee Requests for Disenrollment. – An enrollee shall be allowed to ~~disenroll~~ request disenrollment from the PHP without cause only during the times specified in 42 C.F.R. § 438.56(c)(2), except that enrollees who are in any of the following groups may request to disenroll at any time:

(1) Beneficiaries who meet the definition of Indian under 42 C.F.R. § 438.14(a).

(2) Beneficiaries who are ~~enrolled in the foster care system.~~described in G.S. 108D-40(a)(14).

~~(3) Beneficiaries who are in the former foster care Medicaid eligibility category.~~

~~(4) Beneficiaries who receive Title IV-E adoption assistance.~~

(5) Beneficiaries who are receiving long-term services and supports in institutional or community-based settings.

(6) Any other beneficiaries who are not required to enroll in a PHP under G.S. 108D-40.

(7) Beneficiaries who are described in G.S. 108D-40(a)(12).

…."

SECTION 9E.22.(e) G.S. 108D-22 reads as rewritten:

"**§ 108D-22. PHP provider networks.**

(a) Except as provided in ~~G.S. 108D-23,~~ G.S. 108D-23 and G.S. 108D-24, each PHP shall develop and maintain a provider network that meets access to care requirements for its enrollees. A PHP may not exclude providers from their networks except for failure to meet objective quality standards or refusal to accept network rates. Notwithstanding the previous sentence, a PHP must include all providers in its geographical coverage area that are designated essential providers by the Department in accordance with subdivision (b) of this section, unless the Department approves an alternative arrangement for securing the types of services offered by the essential providers.

…."

SECTION 9E.22.(f) Article 3 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"**§ 108D-24. Children and families specialty plan networks.**

(a) The entity operating the children and families specialty plan shall develop and maintain a closed network of providers only as provided in this section.

(b) The requirement to operate a closed network is applicable only to the provision of the following services:

(1) Intensive in-home services.

(2) Multisystemic therapy.

(3) Residential treatment services.

(4) Services provided in psychiatric residential treatment facilities.

(c) A closed network is the network of providers that have contracted with the entity operating the CAF specialty plan to provide to enrollees the services described in subsection (b) of this section.

(d) The entity operating the CAF specialty plan shall not exclude federally recognized tribal providers or Indian Health Service providers from its closed network."

SECTION 9E.22.(g) G.S. 108D-35(b) reads as rewritten:

"(b) The capitated contracts required by this section shall not cover any of the following:

(1) Medicaid services covered by the local management entities/managed care organizations (LME/MCOs) under the combined 1915(b) and (c) ~~waivers~~ waivers, 1915(b)(3) services, and any services approved under the 1915(i) option shall not be covered under a standard benefit plan, except that all capitated PHP contracts shall cover the following services:

a. Inpatient behavioral health services.

b. Outpatient behavioral health emergency room services.

c. Outpatient behavioral health services provided by direct-enrolled providers.

d. Mobile crisis management services.

e. Facility-based crisis services for children and adolescents.

f. Professional treatment services in a facility-based crisis program.

g. Outpatient opioid treatment services.

h. Ambulatory detoxification services.

i. Nonhospital medical detoxification services.

j. Partial hospitalization.

k. Medically supervised or alcohol and drug abuse treatment center detoxification crisis stabilization.

l. Research-based intensive behavioral health treatment.

m. Diagnostic assessment services.

n. Early and Periodic Screening, ~~Diagnosis,~~ Diagnostic, and Treatment services.

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:

…

c. ~~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.

(b) The Department may contract with entities operating BH IDD tailored plans under a capitated or other arrangement for the management of behavioral health, intellectual and developmental disability, and traumatic brain injury services for any recipients who are not enrolled in a BH IDD tailored ~~plan.~~plan or the CAF specialty plan."

SECTION 9E.22.(k) Article 4 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"**§ 108D-62. Children and families specialty plan.**

(a) The following definitions apply in this section:

(1) Caretaker relative. – As defined in 42 C.F.R. § 435.4.

(2) Child. – A person who is under the age of 18, is not married, and has not been legally emancipated.

(3) Custodian. – As defined in G.S. 7B-101, or a comparable tribal code.

(4) Foster care. – The placement of a child who is described in G.S. 108D-40(a)(14), or a comparable tribal code, whose custody has been awarded by court order or pursuant to a voluntary placement agreement from the parent, custodian, or guardian (i) to the county department of social services or (ii) to the Eastern Band of Cherokee Indians' Department of Public Health and Human Services.

(5) Guardian. – A guardian of the person as defined in G.S. 35A-1202.

(6) Minor. – A person who is under the age of 18.

(7) Parent. – As defined in 42 C.F.R. § 435.603(b).

(8) Reunification. – As defined in G.S. 7B-101, or a comparable tribal code.

(9) Sibling. – As defined in 42 C.F.R. § 435.603(b).

(b) All of the following shall apply with regard to the CAF specialty plan:

(1) The capitated contract for the CAF specialty plan shall be the result of a request for proposals issued by the Department. Only (i) entities that meet the definition of PHP under G.S. 58-93-5 or under this Chapter and (ii) consortiums established under G.S. 122C-116 are eligible to respond to the request for proposals issued by the Department to operate the CAF specialty plan. Each eligible responding entity may submit only one response to an RFP issued by the Department.

(2) An entity operating the CAF specialty plan shall authorize, pay for, and manage all Medicaid services covered under the plan.

(3) An entity operating the CAF specialty plan shall operate care management functions and provide whole-person, integrated care across healthcare and treatment settings and foster care placements for recipients enrolled in the plan to support family preservation, advance the reunification of families, support the permanency goals of children, and support the health of former foster youth.

(4) An entity operating the CAF specialty plan shall be the single point of care management accountability.

(5) The Department shall establish requirements for the effective operation of the CAF specialty plan that, at a minimum, shall address all of the following:

a. Continuity of care and support across healthcare settings, changes in placement, and when the child transitions into the former foster youth Medicaid eligibility category.

b. Managing care according to competencies specific to the recipients described in G.S. 108D-40(a)(14) and to recipients receiving child protective services in-home services, including medication management, utilization of trauma-informed care, and any other areas determined appropriate by the Department.

c. Coordination of activities with local governments, county departments of social services, the Division of Juvenile Justice of the Department of Public Safety, and other related agencies that support the child welfare system.

d. Approaches to address unmet health-related resource needs.

(c) In addition to the services required to be covered by all PHPs under G.S. 108D-35, the CAF specialty plan shall cover the behavioral health, intellectual and developmental disability, and traumatic brain injury services excluded from standard benefit plan coverage under G.S. 108D-35(b)(1), except that the CAF specialty plan shall not cover any of the following services:

(1) Innovations waiver services.

(2) Traumatic Brain Injury waiver services.

(3) Services provided to recipients residing in or receiving respite services at an intermediate care facility for individuals with intellectual disabilities.

(4) Services provided to recipients determined eligible to participate in and be served under Transitions to Community Living.

(5) Non-Medicaid behavioral health services funded with federal, State, and local funding in accordance with Chapter 122C of the General Statutes or other applicable State and federal law, rules, and regulations.

(d) Unless ineligible under subsection (e) of this section, the following Medicaid recipients shall be eligible to enroll in the CAF specialty plan:

(1) Recipients described in G.S. 108D-40(a)(14) and their children. The children shall be enrolled in the CAF specialty plan for as long as the parent remains enrolled, unless the parent elects to enroll the child in another plan in accordance with subsection (g) of this section.

(2) Adults identified on an open child protective services in-home family services agreement case and any minor children living in the same home.

(3) Adults identified in an open Eastern Band of Cherokee Indians Department of Public Health and Human Services Family Safety program case and any children living in the same home.

(4) The minor siblings of a child in foster care who lived in the same home as that child at the time of the child's removal and with whom household reunification or permanency efforts are ongoing.

(5) Recipients who have a child temporarily in foster care if all of the following are met:

a. A court of competent jurisdiction has not found that aggravated circumstances exist in accordance with G.S. 7B-901(c) or a comparable tribal code.

b. A court of competent jurisdiction has not found that a plan of reunification would be unsuccessful or would be inconsistent with the child's health or safety in accordance with G.S. 7B-906.1(d) or a comparable tribal code.

c. A court of competent jurisdiction has not found that custody or guardianship with the caretaker relative is an inappropriate permanent plan for the juvenile under G.S. 7B-906.2(a)(3), G.S. 7B-906.2(a)(4), or a comparable tribal code.

d. The recipient is any of the following:

1. A parent.

2. A caretaker relative.

3. A custodian.

4. A guardian.

(6) Any other recipients who have had involvement with the child welfare system and whom the Department has determined would benefit from enrollment in the CAF specialty plan.

(e) The following Medicaid recipients shall be not eligible to enroll in the CAF specialty plan:

(1) Recipients who require services that are excluded from coverage by the CAF specialty plan under subsection (c) of this section.

(2) Temporary safety provider caregivers identified on an open child protective services in-home family services agreement case or an open Eastern Band of Cherokee Indians Department of Public Health and Human Services Family Safety program case.

(3) Recipients who are excluded from PHP coverage under G.S. 108D-40(a).

(f) Recipients described in subdivision (d)(1) of this section shall be automatically enrolled in the CAF specialty plan, unless they are also described in G.S. 108D-40(a)(5), in which case they may enroll voluntarily. All other recipients described under subsection (d) of this section may enroll voluntarily in the CAF specialty plan.

(g) Except as limited by any provision of a waiver or State Plan amendment approved by CMS, recipients eligible to enroll in the CAF specialty plan under subsection (d) of this section shall have the option to enroll with a PHP operating a standard benefit plan or, if eligible under G.S. 108D-40(a)(12), a BH IDD tailored plan. A recipient enrolled in the CAF specialty plan who elects 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(b)(1). The recipient's informed consent, or, as applicable, the informed consent of the recipient's custodian or guardian, shall be required prior to the recipient's enrollment with a PHP operating a standard benefit plan.

(h) Recipients who are children enrolled in foster care in this State who exit the custody of the county department of social services may elect to remain enrolled in the CAF specialty plan for 12 months after the date the recipient exits custody. In the case of recipients who achieve reunification, any of the following individuals with whom the recipient reunifies may also elect to remain enrolled in the CAF specialty plan as long as the recipient remains enrolled:

(1) A parent.

(2) A caretaker relative.

(3) A custodian.

(4) A guardian.

(5) A minor sibling."

SECTION 9E.22.(*l*) G.S. 122C-3 reads as rewritten:

"**§ 122C-3. Definitions.**

The following definitions apply in this Chapter:

…

(4a) Children and families specialty plan or CAF specialty plan. – As defined in G.S. 108D-1.

…

(20c) Local management entity/managed care organization (LME/MCO). – A local management entity that is under contract with the Department to operate the combined Medicaid Waiver program authorized under Section 1915(b) and Section 1915(c) of the Social Security Act or to operate a ~~BH IDD tailored plan.~~capitated PHP contract under Article 4 of Chapter 108D of the General Statutes.

…."

SECTION 9E.22.(m) G.S. 122C-115(f), as amended by Section 5.1(a) of S.L. 2023-65, reads as rewritten:

"(f) LME/MCOs operating the BH IDD tailored plans under G.S. 108D-60 may continue to manage the behavioral health, intellectual and developmental disability, and traumatic brain injury services for any Medicaid recipients who are not enrolled in a BH IDD tailored ~~plan.~~plan or the CAF specialty plan."

SECTION 9E.22.(n) G.S. 122C-115.4 reads as rewritten:

"**§ 122C-115.4. Functions of local management entities.**

(a) Local management entities are responsible for the management and oversight of the public system of ~~mental health,~~ services for people with serious mental illness, severe and persistent mental illness, intellectual and developmental disabilities, traumatic brain injuries, and severe substance ~~abuse services~~ use disorders at the community level. An LME shall plan, develop, implement, and monitor services within a specified geographic area to ensure expected outcomes for consumers within available resources.

(a1) Local management entities may perform services within their expertise and experience on a statewide basis or outside their specified geographic area pursuant to contracts or grants awarded to the local management entity.

…."

SECTION 9E.22.(o) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"**§ 122C-115.7. Children and families specialty plan operation.**

An area authority is authorized to operate the CAF specialty plan under a contract with the Department. For purposes of operating the CAF specialty plan only, all of the following apply:

(1) The area authority shall have a statewide catchment area.

(2) Counties are prohibited from withdrawing from or declining to participate in the statewide catchment area of the CAF specialty plan."

SECTION 9E.22.(p) G.S. 122C-116 reads as rewritten:

"**§ 122C-116. Status of area authority; status of consolidated human services agency.**

(a) An area authority is a local political subdivision of the State.

(b) A consolidated human services agency is a department of the county.

(c) One or more area authorities may jointly form a consortium, through an interlocal agreement, for the purpose of responding to requests for proposals issued by the Department and contracting with the Department. The consortium shall be considered a multicounty public authority and a local political subdivision of the State and shall establish, by interlocal agreement, an alternative governance structure that reports to the area boards of each participating area authority. The boards of each participating area authority shall have the option to appoint members of the multicounty public authority board in a manner or with a composition other than as required by G.S. 122C-118.1 by each participating area board adopting a resolution to that effect and receiving written approval from the Secretary.

(d) An area authority may, individually or in concert with other eligible entities such as other area authorities, entities licensed as a prepaid health plan under G.S. 58-93-5, or other permitted bidders, respond to requests for proposals issued by the Department to cover services on a statewide basis and contract with the Department to cover these services. An area authority may, through an interlocal agreement, be designated by other area authorities as the lead applicant to respond to requests for proposals issued by the Department and to contract with the Department to cover services on a statewide basis."

SECTION 9E.22.(q) Except as otherwise provided, this section is effective when it becomes law.

AGENCY REQUESTED CHANGES/DHB

SECTION 9E.23.(a1) G.S. 108A-68.2 reads as rewritten:

"**§ 108A-68.2. Beneficiary lock-in program for certain controlled substances.**

(a) The following definitions apply in this section:

…

(2) Lock-in program. – ~~A requirement that a Medicaid beneficiary select a single prescriber and a single pharmacy for obtaining covered substances.~~A requirement, consistent with 42 C.F.R. § 431.54(e), that restricts the number of prescribers from whom, and the number of pharmacies from which, a Medicaid beneficiary may obtain covered substances.

(2a) Medically necessary. – Having medical necessity as determined in accordance with 10A NCAC 25A .0201.

(3) Prepaid health plan or PHP. – As defined in G.S. 108D-1.

…

(d) This section does not apply to any lock-in program for Medicaid ~~or NC Health Choice~~ beneficiaries who are not enrolled in a Prepaid Health Plan.

(e) A ~~Prepaid Health Plan may~~ PHP shall develop a lock-in program for Medicaid beneficiaries who meet any of the following criteria:

(1) Have filled ~~six~~ 10 or more prescriptions for covered substances in a period of two consecutive ~~months.~~months when not medically necessary.

(2) Have received prescriptions for covered substances from ~~three~~ four or more ~~providers~~ prescribers in a period of two consecutive ~~months.~~months when not medically necessary.

~~(3) Are recommended as a candidate for the lock-in program by a provider.~~

(f) A lock-in program developed pursuant to subsection (e) of this section shall comply with all of the following:

(1) A beneficiary shall not be subject to the lock-in program until the ~~Prepaid Health Plan~~ PHP has notified the beneficiary in writing that the beneficiary will be subject to the lock-in ~~program.~~program and the beneficiary has been provided an opportunity for a hearing.

(2) A beneficiary subject to the lock-in program shall be given the opportunity to select a single prescriber and a single pharmacy from a list of prescribers and pharmacies in the ~~Prepaid Health Plan's~~ PHP's provider network. In accordance with 42 C.F.R. § 431.54(e), the beneficiary may be allowed to select up to two prescribers and two pharmacies when medically necessary as designated by the State. For any beneficiary who fails to select ~~a single prescriber, the Prepaid Health Plan shall use algorithmic guidelines to assign the beneficiary a single prescriber from a list of prescribers in the Prepaid Health Plan's network. For any beneficiary who fails to select a single pharmacy,~~ prescribers or pharmacies, the ~~Prepaid Health Plan~~ PHP shall use algorithmic guidelines to assign the beneficiary ~~a single pharmacy from a list of~~ prescribers or pharmacies enrolled in the ~~Prepaid Health Plan's~~ PHP's network.

(3) A beneficiary shall not be required to use the ~~single prescriber or single pharmacy~~ prescribers or pharmacies selected for the lock-in program to obtain prescriptions drugs covered by the Medicaid program or the ~~Prepaid Health Plan~~ PHP that are not covered substances.

(f1) If a PHP finds that a beneficiary has utilized Medicaid services at a frequency or amount that is not medically necessary, as determined in accordance with utilization guidelines established by the State, the restrictions in subsection (f) of this section may be imposed for a period of two years.

(g) A ~~Prepaid Health Plan's~~ PHP's use of a lock-in program developed pursuant to subsection (e) of this section shall not constitute a violation of the terms of a contract between

the ~~Prepaid Health Plan~~ PHP and the Department that relate to a beneficiary's ability to utilize a prescriber or pharmacy of choice."

SECTION 9E.23.(a2) G.S. 58-51-37(*l*) reads as rewritten:

"(*l*) An insurer's use of a lock-in program developed pursuant to G.S. 58-51-37.1 or G.S. 108A-68.2 is not a violation of this section."

SECTION 9E.23.(b1) G.S. 150B-1(e)(25) reads as rewritten:

"(25) The Department of Health and Human Services with respect to disputes involving the performance, terms, or conditions of a contract between the Department and ~~a~~ any of the following:

a. A prepaid health plan, as defined in G.S. 108D-1.

b. A prepaid inpatient health plan, as defined in 42 C.F.R. § 438.2.

c. A primary care case management entity, as defined in 42 C.F.R. § 438.2."

SECTION 9E.23.(b2) Subsection (b1) of this section applies to disputes arising on or after the date this act becomes law.

SECTION 9E.23.(c1) G.S. 108A-54.3A reads as rewritten:

"**§ 108A-54.3A. Eligibility categories and income thresholds.**

(a) The Department shall provide Medicaid coverage for individuals in accordance with federal statutes and regulations and specifically shall provide coverage for the following populations:

…

(b) The applicable federal poverty guidelines for the eligibility categories in subsection (a) of this section shall be updated annually on April 1 immediately following publication of the federal poverty guidelines."

SECTION 9E.23.(c2) The Revisor of Statutes shall replace all references to "G.S. 108A-54.3A(24)" with "G.S. 108A-54.3A(a)(24)" throughout the General Statutes.

SECTION 9E.23.(c3) Subsection (c1) of this section is effective retroactively to June 26, 2020.

SECTION 9E.23.(d1) G.S. 108A-55.4 reads as rewritten:

"**§ 108A-55.4. ~~Insurers to provide certain information to~~ Requirements related to insurers and the Department of Health and Human Services.**

…

(b) Health insurers, and pharmacy benefit managers regulated as third-party administrators under Article 56 of Chapter 58 of the General Statutes, shall provide, with respect to a subscriber upon request of the Division or its authorized contractor, information to determine during what period the individual or the individual's spouse or dependents may ~~be (or~~ be or may have ~~been)~~ been covered by a health insurer and the nature of the coverage that is or was provided by the health ~~insurer (including~~ insurer, including the subscriber's name, address, identification number, social security number, date of birth and identifying number of the ~~plan)~~ insurance policy, in a manner prescribed by the Division or its authorized contractor. Notwithstanding any other provision of law, every health insurer shall provide, not more frequently than twelve times in a year and at no cost, to the Department of Health and Human Services, Division of Health Benefits, or the Department's or Division's authorized contractor, upon its request, information as necessary so that the Division may (i) identify applicants or recipients who may also be subscribers covered under the benefit plans of the health insurer; (ii) determine the period during which the individual, the individual's spouse, or the individual's dependents may be or may have been covered by the health benefit plan; and (iii) determine the nature of the coverage. To facilitate the Division or its authorized contractor in obtaining this and other related information, every health insurer ~~shall:~~shall do all of the following:

…

(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

($30.00) to seventy dollars ($70.00) for individual Medicaid recipients who are institutionalized and from sixty dollars ($60.00) to one hundred forty dollars ($140.00) for married couples who are Medicaid recipients when both spouses are institutionalized. DHB shall deduct the applicable increased monthly amounts for personal needs from the total monthly income taken into consideration when applying the individual's or couple's income to the cost of institutionalized care. DHB shall submit to the Centers for Medicare and Medicaid Services (CMS) any amendments to the NC Medicaid State Plan or other documents necessary to implement this section. The increase in the personal needs allowance shall be implemented only upon approval and only as of the date approved by CMS.

CONTINUE TO ADDRESS THE REIMBURSEMENT METHODOLOGY USED FOR SERVICES PROVIDED TO SENIOR DUAL ELIGIBLES

SECTION 9E.26.(a) It is the intent of the General Assembly to continue to address the need for changes to the Medicaid reimbursement methodology used for certain services provided to seniors aged 65 and older who are dually enrolled in Medicare and Medicaid. The Department of Health and Human Services, Division of Health Benefits (DHB), shall explore all options available to increase access to Medicaid services for dual eligibles that provide alternatives to nursing home placements, including adult care homes, special care units, and in-home living, and do so in consultation with relevant stakeholders. The following actions shall be taken by DHB, but DHB shall not implement any changes, new programs, or new services if that implementation exceeds DHB's authority under G.S. 108A-54(e)(1) or creates a recurring cost to the State that would reasonably be anticipated to exceed a future authorized budget for the Medicaid program:

(1) Make a formal request to the Centers for Medicare and Medicaid Services for coverage by the Medicare program of services provided to individuals who reside in adult care homes, assisted living settings, or special care units, or to support in-home living of older individuals.

(2) Develop the proposed changes to the current Medicaid personal care services under Clinical Coverage Policy 3L required to implement a per diem payment for personal care services provided in a congregate setting in a manner, similar to the payment methodology used by Washington state, as outlined in the report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled "Establish New Adult Care Home Payment Methodology" dated June 10, 2022.

(3) Develop the proposed service definition and draft clinical coverage policy for Adult Care Home Congregate Care Services (ACH CCS) as a new Medicaid covered service, as outlined in the report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled "Establish New Adult Care Home Payment Methodology" dated June 10, 2022. Additionally, DHB shall develop the proposed per diem rate methodology to be used for these services and create the proposed new independent assessment tool to be used.

(4) Identify what amendments may be needed to the 1115 waiver for Medicaid transformation or the Medicaid State Plan to provide more appropriate reimbursement for services provided to Medicaid recipients residing in adult care homes or other congregate settings.

(5) Propose any pilot program or new Medicaid demonstration waiver to support alternatives to nursing home placement for seniors.

(6) Design innovative payment and service delivery models, including Dual Eligible Special Needs Plans (D-SNPs) and Institutional Equivalent Special Needs Plans (IE-SNPs) for assisted living facilities and adult care homes.

SECTION 9E.26.(b) No later than March 1, 2024, DHB shall submit a report to the Joint Legislative Oversight Committee on Medicaid and the Fiscal Research Division on all of the following as they relate to requirements under subsection (a) of this section:

(1) The details of the request required to be submitted to CMS and the response to the request by CMS.
(2) A draft of the proposed changes to Clinical Coverage Policy 3L and the annual cost or savings to the State associated with the implementation of those changes.
(3) A draft of the proposed service definition for ACH CSS and the associated per diem rate methodology and assessment tool. This includes the annual cost or savings to the State associated with the implementation of any or all of these items.
(4) A draft of any 1115 waiver or State Plan amendments developed in accordance with subdivision (4) of subsection (a) of this section. This includes the annual cost or savings to the State associated with the implementation of the waiver or State Plan amendments.
(5) Details on any pilot program or new Medicaid demonstration waiver being proposed and any annual cost or savings to the State associated with the implementation of each proposed pilot program or demonstration waiver.
(6) Details and a draft of any innovative payment and service delivery models developed, including Dual Eligible Special Needs Plans (D-SNPs) and Institutional Equivalent Special Needs Plans (IE-SNPs) for assisted living facilities and adult care homes.
(7) A description of the stakeholders involved in the development of any plan or proposal.
(8) Any recommended legislative changes.

HASP/FREESTANDING PSYCHIATRIC HOSPITALS

SECTION 9E.27.(a) The Department of Health and Human Services, Division of Health Benefits (DHB), shall develop a proposal to allow freestanding psychiatric hospitals to receive reimbursements through the healthcare access and stabilization program (HASP) authorized under G.S. 108A-148.1, enacted by Section 1.4 of S.L. 2023-7, that are contingent upon the receipt of the nonfederal share of the reimbursements through hospital assessments in which those hospitals participate. In developing the proposal, DHB shall consider whether to assess freestanding psychiatric hospitals under the existing hospital assessment structures in Article 7B of Chapter 108A of the General Statutes or whether to develop another assessment structure. The proposal shall ensure that the entire nonfederal share of the HASP reimbursements to freestanding psychiatric hospitals is funded by increased receipts from hospital assessments. DHB shall create all draft documents required to request federal approval of the developed proposal. No documents shall be submitted requesting federal approval of the developed proposal without further authorization from the General Assembly. DHB shall consult with staff from the Fiscal Research Division, the Legislative Drafting Division, and the Legislative Analysis Division to develop the proposed legislative changes necessary to impose the requisite hospital assessments.

SECTION 9E.27.(b) By March 1, 2024, DHB shall submit a report to the Joint Legislative Oversight Committee on Medicaid with all of the following information related to the proposal developed under subsection (a) of this section:

(1) A detailed description of the proposal.
(2) Copies of the draft documents required to request the federal approval needed to implement the developed proposal.
(3) Proposed legislative changes that would be needed to implement the proposal.

(4) An analysis of any impact to the HASP reimbursements to hospitals other than freestanding psychiatric hospitals that might occur due to the limit on provider assessments established under 42 C.F.R. § 433.68(f).

SECTION 9E.27.(c) This section is effective the date this act becomes law.

PRIMARY CARE PAYMENT REFORM TASK FORCE

SECTION 9E.28.(a) There is established the North Carolina Primary Care Payment Reform Task Force (Task Force) within the Department of Health and Human Services, Division of Health Benefits, for budgetary purposes only.

The Task Force shall be composed of the following members:

(1) The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee.
(2) The Commissioner of the Department of Insurance, or the Commissioner's designee.
(3) The Executive Administrator of the North Carolina State Health Plan for Teachers and State Employees (State Health Plan), or the Executive Administrator's designee.
(4) The Director of the North Carolina Area Health Education Centers Program, or the Director's designee.
(5) The Director of the North Carolina Health Information Exchange Authority, or the Director's designee.
(6) A physician representative of the North Carolina primary care community, as selected by the North Carolina Academy of Family Physicians.
(7) An advanced practice registered nurse representative of the North Carolina primary care community, as selected by the North Carolina Nurses Association.
(8) A representative of the North Carolina commercial health insurance community, as selected by the North Carolina Association of Health Plans.
(9) A representative of a prepaid health plan that is under a capitated contract with the Department for the delivery of Medicaid services, as selected by the North Carolina Association of Health Plans.
(10) A representative of community health centers, as selected by the North Carolina Community Health Center Association.

All members of the Task Force are voting members. Any vacancies that occur for any membership positions that are not held as a function of office shall be filled by the selecting body upon vacancy. The Deputy Secretary for NC Medicaid, or the Deputy Secretary's designee, shall serve as the chair of the Task Force.

SECTION 9E.28.(b) The Task Force established under subsection (a) of this section shall have the following duties:

(1) Establish a definition of primary care to be utilized by the Task Force. This term should be applicable to services and care provided under the NC Medicaid program, the State Health Plan, and commercial insurance.
(2) Conduct an actuarial evaluation of the current healthcare spend on primary care services, both as it relates to the NC Medicaid program and the commercial market, including Medicare Advantage plans.
(3) Determine the adequacy of the primary care delivery system in North Carolina, including the impact this system has on the supply of the primary care providers in this State.
(4) Study the primary care payment landscape in other states, specifically considering states that have implemented a minimum primary care spend.
(5) Identify data collection and measurement systems to inform creation of a primary care investment target for the NC Medicaid program, the State Health

Plan, and commercial insurance. This includes a method by which to measure improvements made toward that target.

(6) Evaluate the need for a permanent Primary Care Payment Reform Task Force, or other similar entity, including which State agency or body is best suited to oversee the work of that group.

(7) Perform any other studies, evaluations, or determinations the Task Force considers necessary.

SECTION 9E.28.(c) No later than April 1, 2024, the Task Force shall submit a report with its findings and recommendations to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on Medicaid. These findings and recommendations shall include specific, concrete, and actionable steps to be undertaken by the State and upon which the General Assembly could act.

SECTION 9E.28.(d) This section shall expire on May 1, 2024.

PART IX-F. HEALTH SERVICE REGULATION

EXTENSION OF TEMPORARY CERTIFICATE OF NEED EXEMPTION

SECTION 9F.1. Section 9E.4A(c) of S.L. 2021-180 reads as rewritten:

"**SECTION 9E.4A.(c)** This section is effective 30 days after this act becomes law, and expires ~~December 31, 2024.~~December 31, 2027."

DIVISION OF HEALTH SERVICE REGULATION REPORT

SECTION 9F.10. Beginning November 1, 2023, and every six months thereafter, the Department of Health and Human Services, Division of Health Service Regulation, shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following for the six-month period preceding the date of the report:

(1) For each facility type the DHSR has a duty imposed by State or federal law to inspect:
   a. The number of facilities seeking initial licensure in the State.
   b. The number of facilities licensed and operating in the State.
   c. The frequency of the inspection requirement.
   d. Whether the DHSR is current on completing the required inspections.

(2) For the Complaint Intake Unit:
   a. The number of complaints received for each facility type.
   b. The applicable time line for investigating these complaints.
   c. Whether the DHSR is current on investigating these complaints.

(3) The total amount of compensatory time accrued by staff, broken down by Section.

(4) The total amount of overtime hours worked by staff, broken down by Section.

(5) The total amount of lapsed salary funds and, of that amount, the total amount used for the following purposes, broken down by Section:
   a. To hire temporary or contract staff to assist the DHSR in performing its duties.
   b. To provide overtime compensation to staff.
   c. To provide salary supplements to staff.
   d. To provide performance bonuses to staff.

(6) An explanation of any problems the DHSR is experiencing with recruiting or retaining staff, broken down by Section.

NEW RURAL EMERGENCY HOSPITAL DESIGNATION

SECTION 9F.11.(a) G.S. 131E-76(3) reads as rewritten:

"(3) "Hospital" means any facility ~~which~~ (i) that has an organized medical staff and ~~which~~ is designed, used, and operated to provide health care, diagnostic and therapeutic services, and continuous nursing care primarily to inpatients where such care and services are rendered under the supervision and direction of physicians licensed under Chapter 90 of the General Statutes, Article 1, to two or more persons over a period in excess of 24 ~~hours.~~ hours or (ii) designated as a rural emergency hospital by the Centers for Medicare and Medicaid Services (CMS) as defined under 42 C.F.R. § 424.575 or under section 125 of Division CC of the Consolidated Appropriations Act of 2021, Public Law 116-260. The term includes facilities for the diagnosis and treatment of disorders within the scope of specific health specialties. The term does not include private mental facilities licensed under Article 2 of Chapter 122C of the General Statutes, nursing homes licensed under G.S. 131E-102, adult care homes licensed under Part 1 of Article 1 of Chapter 131D of the General Statutes, and any outpatient department including a portion of a hospital operated as an outpatient department, on or off of the hospital's main campus, that is operated under the hospital's control or ownership and is classified as Business Occupancy by the Life Safety Code of the National Fire Protection Association as referenced under 42 C.F.R. § 482.41. Provided, however, if the Business Occupancy outpatient location is to be operated within 30 feet of any hospital facility, or any portion thereof, which is classified as Health Care Occupancy or Ambulatory Health Care Occupancy under the Life Safety Code of the National Fire Protection Association, the hospital shall provide plans and specifications to the Department for review and approval as required for hospital construction or renovations in a manner described by the Department."

SECTION 9F.11.(b) Article 5 of Chapter 131E of the General Statutes is amended by adding a new section to read:

"**§ 131E-78.3. Rural emergency hospital.**

(a) A hospital licensed under this Article shall notify the Department and the board of commissioners of the county where the hospital is located if the owner, operator, or governing body of the hospital applies for federal designation as a rural emergency hospital.

(b) Before operating as a rural emergency hospital, the owner, operator, or governing body of the hospital shall comply with each of the following:

(1) Submit a plan to the board of commissioners of the county where the hospital is located that includes an assessment of the current and future health care needs of the county and how the rural emergency hospital will support those needs.

(2) Conduct a public hearing at a location within the county. The owner, operator, or governing body of the hospital shall give notice, in writing, to the board of commissioners in that county and by publication in one or more newspapers of general circulation in the affected area describing the intent to convert to a rural emergency hospital. Publication of notice shall be given at least 15 days before the public hearing is held. All interested persons shall be heard at the public hearing.

(c) The conversion of a critical access hospital or acute care hospital to a rural emergency hospital is not subject to certificate of need review under Article 9 of this Chapter."

SECTION 9F.11.(c) This section is effective when it becomes law.

PART IX-G. MENTAL HEALTH/DEVELOPMENTAL DISABILITIES/SUBSTANCE USE SERVICES

SINGLE-STREAM FUNDING FOR DMH/DD/SUS COMMUNITY SERVICES

SECTION 9G.1.(a) For the purpose of mitigating cash flow problems that many local management entities/managed care organizations (LME/MCOs) experience at the beginning of each fiscal year relative to single-stream funding, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services (DMH/DD/SUS), shall distribute not less than one-twelfth of each LME/MCO's base budget allocation at the beginning of the fiscal year and subtract the amount of that distribution from the LME/MCO's total reimbursements for the fiscal year. For each month of the fiscal year after July, DMH/DD/SUS shall distribute, on the third working day of the month, one-eleventh of the amount of each LME/MCO's single-stream allocation that remains after subtracting the amount of the distribution that was made to the LME/MCO in July of the fiscal year.

SECTION 9G.1.(b) If, on or after June 1, 2024, the Office of State Budget Management (OSBM) certifies a Medicaid budget surplus and sufficient cash in Budget Code 14445 to meet total obligations for the 2023-2024 fiscal year, then DHB shall transfer to DMH/DD/SUS funds not to exceed the amount of the certified surplus or thirty million dollars ($30,000,000), whichever is less, to be used for single-stream funding.

MAXIMIZE ABILITY TO STABILIZE THE BEHAVIORAL HEALTH WORKFORCE IN STATE FACILITIES

SECTION 9G.1A. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of twenty million dollars ($20,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of twenty million dollars ($20,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Division of State Operated Healthcare Facilities (DSOHF) to be used to provide sign-on and retention bonuses to employees working, or hired to work, at one or more healthcare facilities operated by the Secretary of the Department of Health and Human Services under G.S. 122C-181. Notwithstanding any provision of Chapter 126 of the General Statutes, the North Carolina Human Resources Act, to the contrary, the following shall apply to any sign-on or retention bonus provided under this section:

(1) DSOHF is authorized to provide the sign-on or retention bonuses in an amount that does not exceed fifteen percent (15%) of the midpoint of the recipient employee's salary grade.

(2) DSOHF may set intervals of time for issuing the sign-on or retention bonuses. Approval of, or waiver from, the Office of State Human Resources shall not be required.

LOCAL INPATIENT PSYCHIATRIC BEDS OR BED DAYS

SECTION 9G.2.(a) Use of Funds. – Funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, shall continue to be used for the purchase of local inpatient psychiatric beds or bed days. The Department of Health and Human Services (DHHS) shall continue to implement a two-tiered system of payment for purchasing these local inpatient psychiatric beds or bed days based on acuity level with an enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels, as defined by DHHS. The enhanced rate of payment for inpatient psychiatric beds or bed days for individuals with higher acuity levels shall not exceed the lowest average cost per patient bed day among the State psychiatric hospitals. In addition, at the discretion of the Secretary of Health and Human Services, existing funds allocated

to LME/MCOs for community-based mental health, developmental disabilities, and substance use disorder services may be used to purchase additional local inpatient psychiatric beds or bed days.

SECTION 9G.2.(b) Distribution and Management of Beds or Bed Days. – DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, except that DHHS may use up to ten percent (10%) of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for the purchase of local inpatient psychiatric beds or bed days to pay for facility-based crisis services and nonhospital detoxification services for individuals in need of these services, regardless of whether the individuals are medically indigent. For the purposes of this subsection, "medically indigent" shall mean uninsured persons who (i) are financially unable to obtain private insurance coverage, as determined by DHHS and (ii) are not eligible for government-funded health coverage such as Medicare or Medicaid.

In addition, DHHS shall work to ensure that any local inpatient psychiatric beds or bed days purchased in accordance with this section are distributed across the State and according to need, as determined by DHHS. DHHS shall ensure that beds or bed days for individuals with higher acuity levels are distributed across the State and according to greatest need based on hospital bed utilization data. DHHS shall enter into contracts with LME/MCOs and local hospitals for the management of these beds or bed days. DHHS shall work to ensure that these contracts are awarded equitably around all regions of the State. LME/MCOs shall manage and control these local inpatient psychiatric beds or bed days, including the determination of the specific local hospital or State psychiatric hospital to which an individual should be admitted pursuant to an involuntary commitment order.

SECTION 9G.2.(c) Funds to be Held in Statewide Reserve. – Funds appropriated in this act to DHHS for the purchase of local inpatient psychiatric beds or bed days shall not be allocated to LME/MCOs but shall be held in a statewide reserve at the Division of Mental Health, Developmental Disabilities, and Substance Use Services to pay for services authorized by the LME/MCOs and billed by the hospitals through the LME/MCOs. LME/MCOs shall remit claims for payment to DHHS within 15 working days after receipt of a clean claim from the hospital and shall pay the hospital within 30 working days after receipt of payment from DHHS.

SECTION 9G.2.(d) Ineffective LME/MCO Management of Beds or Bed Days. – If DHHS determines that (i) an LME/MCO is not effectively managing the beds or bed days for which it has responsibility, as evidenced by beds or bed days in the local hospital not being utilized while demand for services at the State psychiatric hospitals has not decreased, or (ii) the LME/MCO has failed to comply with the prompt payment provisions of this section, DHHS may contract with another LME/MCO to manage the beds or bed days or, notwithstanding any other provision of law to the contrary, may pay the hospital directly.

SECTION 9G.2.(e) Reporting by LME/MCOs. – LME/MCOs shall be required to report to DHHS regarding the utilization of these beds or bed days.

SECTION 9G.2.(f) Reporting by DHHS. – By no later than December 1, 2024, and by no later than December 1, 2025, DHHS shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on all of the following:

(1) A uniform system for beds or bed days purchased during the preceding fiscal year from (i) existing State appropriations and (ii) local funds.

(2) An explanation of the process used by DHHS to ensure that, except as otherwise provided in subsection (a) of this section, local inpatient psychiatric beds or bed days purchased in accordance with this section are utilized solely for individuals who are medically indigent, along with the number of

medically indigent individuals served by the purchase of these beds or bed days.

(3) The amount of funds used to pay for facility-based crisis services, along with the number of individuals who received these services and the outcomes for each individual.

(4) The amount of funds used to pay for nonhospital detoxification services, along with the number of individuals who received these services and the outcomes for each individual.

(5) Other DHHS initiatives funded by State appropriations to reduce State psychiatric hospital use.

JUSTICE-RELATED BEHAVIORAL HEALTH PROGRAMS

SECTION 9G.2B.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of twenty-nine million dollars ($29,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of seventy million dollars ($70,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used for either or both of the following programs:

(1) Community-based pre-arrest diversion and reentry programs and to fund local partnerships between law enforcement, counties, and behavioral health providers.

(2) Community-based and detention center-based restoration programs.

SECTION 9G.2B.(b) In developing, implementing, or operating any of the programs detailed in subsection (a) of this section, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, shall consult with the Department of Adult Correction (DAC) and may enter into a Memorandum of Understanding (MOU) or a Memorandum of Agreement (MOA) with DAC if it is determined that doing so would be the most effective use of funds or the most effective manner to implement one or more of the services provided.

FUNDS FOR HYPERBARIC OXYGEN THERAPY FOR VETERANS PROGRAM

SECTION 9G.3. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, five hundred thousand dollars ($500,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated as a directed grant to the Community Foundation of NC East, Inc., a nonprofit in Pitt County, to be used to support its HBOT for Veterans Program.

START-UP FUNDS FOR WILKES RECOVERY REVOLUTION, INC.

SECTION 9G.5. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, two million seven hundred twenty thousand dollars ($2,720,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to Wilkes Recovery Revolution, Inc., a nonprofit corporation, to be used to build or purchase a new building, or to remodel or renovate an existing building, in which services will be provided to individuals with substance use disorder. These nonrecurring funds may also be used for one-time start-up costs associated with the provision of those services.

WORKFORCE DEVELOPMENT FUNDS FOR ADULTS WITH IDD

SECTION 9G.6. Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of two million dollars

($2,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to UMAR Services, Inc., a nonprofit corporation, to provide services for adults with intellectual and developmental disabilities (IDD). At least fifty percent (50%) of the funds allocated in each fiscal year shall be utilized by UMAR Services, Inc., to provide workforce development opportunities and vocational services for adults with IDD.

BUILDING A SAFETY NET THROUGH AN ACCOUNTABLE SYSTEM OF CARE FOCUSED ON SUBSTANCE USE AND MENTAL HEALTH ISSUES IN THE WORKPLACE/PILOT PROGRAM

SECTION 9G.6A.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, the sum of two million dollars ($2,000,000) in nonrecurring funds for the 2023-2024 fiscal year shall be allocated to Truusight Health Solutions, LLC, for a two-year public-private partnership pilot program in Cabarrus and Stanly Counties to address the needs of employees requiring access to behavioral health services and to support employers in this State to navigate the complex behavioral health system. The goals of the pilot program are to build a stronger and more connected behavioral health safety net, to reduce the societal costs related to employees with mental health or substance use issues, and to reduce stigma related to accessing behavioral health services. The pilot program shall, at a minimum, meet the following requirements:

(1) Involvement of representatives from local employers, impacted employees, relevant employer health benefit plans, local health systems, community-based behavioral health or substance use disorder treatment providers, a local management entity/managed care organization, and other relevant stakeholders.

(2) The development of requirements and protocols necessary to operationalize an integrated and accountable coordinated system of care as part of the pilot program.

(3) The development and deployment of technology that tracks and manages access to services, including a database of all available substance use disorder treatment services and recovery support services relevant to the pilot program. The technology shall be compatible with NCCare 360 and connect employees and their dependents with both medical and nonmedical services.

SECTION 9G.6A.(b) No earlier than a year after the start date of the pilot program but no later than 18 months after the start date of the pilot program, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, in coordination with Truusight Health Solutions, LLC, shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services. This report is in addition to reports required under Section 4.9 of this act. The report required under this subsection shall contain the following information:

(1) An assessment of the success of the pilot program, including both qualitative and quantitative results detailing the benefits of the pilot program, any barriers or challenges faced by the pilot program, outcomes for both employees and employers and impacts to the counties involved in the pilot program.

(2) Recommendations for permanent implementation of the pilot program, both within Cabarrus and Stanly Counties as well as statewide. These recommendations must be accompanied by estimates of the cost to the State for each recommendation.

AGENCY REQUESTED CHANGES/BEHAVIORAL HEALTH

SECTION 9G.7A.(a1) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new sections to read:

"**§ 122C-115.5. Alignment of counties with an area authority.**

(a) Reserved for future codification purposes.

(b) Reserved for future codification purposes.

(c) Area authorities may add one or more additional counties to their existing catchment area, including through the merger or consolidation of area authorities, upon the adoption of a resolution to that effect by a majority of the members of the area board and the approval of the Secretary.

(d) The Secretary shall direct the dissolution of an area authority upon any of the following:

(1) The termination of a BH IDD tailored plan contract with an area authority.

(2) The Secretary's delivery of a notice of noncompliance to an area authority under G.S. 122C-124.2(c) or G.S. 122C-124.2(d).

(e) When an area authority is dissolved at the direction of the Secretary, all of the following shall occur:

(1) The Secretary shall deliver a notice of dissolution to the board of county commissioners of each of the counties in the dissolved area authority.

(2) The area authority shall be dissolved on a time line established by the Secretary. The Secretary shall allow at least seven but no more than 30 calendar days for all of the following to occur:

a. The completion by the area authority being dissolved of negotiations for a merger or consolidation with one or more compliant area authorities.

b. The submission to the Secretary of any requests for consideration with regard to the realignment with another area authority by any county in the catchment area of the area authority being dissolved.

(3) The area authority being dissolved shall cooperate with the Secretary in order to ensure the uninterrupted provision of services to Medicaid recipients and the other individuals who received services through the area authority.

(4) The Secretary shall assign any contracts, as defined in G.S. 122C-124.2(g), of the area authority being dissolved to the one or more area authorities that (i) are under contract for the operation of a BH IDD tailored plan and (ii) are receiving at least one county from the area authority being dissolved. The Secretary may consult with the area directors and chairs of the area boards of (i) the area authority being dissolved and (ii) the remaining area authorities before assigning these contracts. The Secretary shall take into consideration the factors described in subsection (f) of this section in assigning these contracts.

(5) The Secretary shall assign the State-funded services contract between the area authority being dissolved and the Division of Mental Health, Developmental Disabilities, and Substance Use Services to the area authorities receiving the counties from the area authority being dissolved.

(6) The Secretary shall effectuate and oversee the orderly transfer of all management responsibilities, operations, and contracts of the area authority being dissolved, including the responsibility of paying providers for covered services that are subsequently rendered.

(7) The Secretary shall arrange for the providers of services to be reimbursed for proper, authorized, and valid claims for services rendered that were not previously paid by the area authority being dissolved. These reimbursements shall be made from the remaining fund balance or risk reserve of the area

authority being dissolved, or from other funds of the Department if necessary. In the event there are insufficient assets to satisfy the liabilities of the area authority being dissolved, it shall be the responsibility of the Secretary to satisfy the liabilities of the area authority being dissolved.

(8) Effective until the date that BH IDD tailored plans begin operating, risk reserve funds of the area authority being dissolved may be used only to pay authorized and approved provider claims. Any funds remaining in the risk reserve transferred under this subdivision shall become part of the risk reserve of the area authorities receiving the realigned counties and shall be subject to the same restrictions on the use of the risk reserve applicable to those area authorities.

(9) The Secretary may assume control, in part or in full, of the financial affairs of the area authority and appoint an administrator to exercise the powers assumed by the Secretary. This assumption of control shall have the effect of divesting the area authority of its authority as to the powers assumed, including service delivery, adoption of budgets, expenditures of money, and all other financial powers conferred on the area authority by law.

(10) County funding of the area authority shall continue and shall not be reduced as a result of the dissolution. A county shall not withdraw funds previously obligated or appropriated to the area authority.

(11) Any fund balance or risk reserve available to an area authority at the time of its dissolution that is not utilized to pay liabilities shall be transferred to one or more area authorities contracted to operate the 1915(b)/(c) Medicaid Waiver or a BH IDD tailored plan in all or a portion of the catchment area of the dissolved area authority, as directed by the Department in accordance with G.S. 122C-115.6.

(12) Effective until the date that BH IDD tailored plans begin operating, if the fund balance transferred from the dissolved area authority under subdivision (11) of this subsection is insufficient to constitute fifteen percent (15%) of the anticipated operational expenses arising from assumption of responsibilities from the dissolved area authority, the Secretary shall guarantee the operational reserves for the area authority assuming the responsibilities under the 1915(b)/(c) Medicaid Waiver until the assuming area authority has reestablished fifteen percent (15%) operational reserves.

(f) In considering whether to approve any merger or consolidation of area authorities, or in determining how to assign any contracts, as defined in G.S. 122C-124.2(g), of an area authority following the termination of a BH IDD tailored plan contract under subsection (d) of this section, the Secretary may consider, at a minimum, all of the following factors:

(1) For any area authority receiving a county, the readiness of that area authority to operate the BH IDD tailored plan in the expanded catchment area.

(2) For any area authority receiving a county, the area authority's operational capacity and history of performance.

(3) Whether the distribution among area authorities of the population of individuals covered under BH IDD tailored plans will promote fiscal viability of BH IDD tailored plan contracts.

(4) Assurances of network adequacy and the alignment with existing hospitals and health systems of the area authorities involved in the merger or consolidation.

(5) For any area authority involved in the merger or consolidation, the area authority's experience with prior mergers and consolidations.

(6) Any input received by a county being realigned from one area authority to another.

(7) Geographic contiguity of counties within a catchment area.

(8) For any area authority receiving a county, the number of providers that will have to enter into new contracts with that area authority.

(9) Any input received from a provider or a Consumer and Family Advisory Committee established under G.S. 122C-170 or G.S. 122C-171.

(g) The Secretary's decision to approve or disapprove a merger or consolidation of area authorities is final, and there is no right to appeal the decision to the Office of Administrative Hearings, in accordance with G.S. 150B-1(e)(21), or any other forum.

"**§ 122C-115.6. Transfer of area authority fund balance upon county realignment.**

(a) When a county realigns with another area authority under G.S. 122C-115.5, regardless of whether the realignment was due to the merger of area authorities, the consolidation of area authorities, or another process, a portion of the risk reserve and other funds of the area authority from which the county is disengaging shall be transferred to the area authority with which the county is realigning. The amount of risk reserve and other funds to be transferred shall be determined by the Department in accordance with a formula or formulas developed in accordance with this section.

(b) Any formula developed by the Department under this section shall consider the stability of both the area authority from which the county is disengaging and the area authority with which the county is realigning. The formula shall support (i) the ability for each area authority to carry out its responsibilities under State law, (ii) the successful operation of the 1915(b)/(c) waivers, (iii) the capitated arrangements authorized by G.S. 108D-60(b), and (iv) the successful operation of BH IDD tailored plans under G.S. 108D-60. The formula shall assure that the area authority from which the county is disengaging retains sufficient funds to pay any outstanding liabilities to healthcare providers, staff-related expenses, and other liabilities.

(c) The area authority from which the county is disengaging and the area authority with which the county is realigning shall provide the Department with all financial information requested by the Department that is necessary to determine the amount of funds to be transferred using the formula or formulas developed under this section, upon any of the following:

(1) The Secretary's approval of a county realignment under G.S. 122C-115.5.

(2) The Secretary's delivery of a notice of dissolution to the area authority under G.S. 122C-115.5(e)(1).

(d) Prior to finalizing any formula developed under this section, the Department shall post the proposed formula on its website and provide notice of the proposed formula to all area authorities, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division. The Department shall accept public comment on the proposed formula. The Department shall post the final version of the formula on its website.

(e) The Department may amend the formula as needed to ensure the requirements of subsection (b) of this section are met. Prior to finalizing any amended formula developed under this section, the Department shall post the proposed amended formula on its website and provide notice of the proposed amended formula to all area authorities, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division. The Department shall accept public comment on the proposed amended formula. The Department shall post the final version of the amended formula on its website.

(f) Beginning July 15, 2023, and quarterly thereafter, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division on any funds transferred as a result of county realignments during the previous quarter.

(g) The development, application, and amendment of the formula or formulas under this section shall be exempt from the rulemaking requirements and contested case provisions of Chapter 150B of the General Statutes, as provided in G.S. 150B-1(d)(34) and G.S. 150B-1(e)(27)."

SECTION 9G.7A.(a2) G.S. 122C-3(27a) reads as rewritten:

"(27a) Outpatient treatment physician or center. – As used in Part 7 of Article 5 of this Chapter, a physician or center that provides treatment services directly to the outpatient commitment respondent. An LME/MCO that contracts with an outpatient treatment physician or center to provide outpatient treatment services to a respondent is not an outpatient treatment physician or center. ~~Every~~ Each LME/MCO is responsible for contracting with qualified providers of services in accordance with G.S. 122C-141, 122C-142(a), ~~122C-115.2(b)(1)b.,~~ and 122C-115.4(b)(2) to ensure the availability of qualified providers of outpatient commitment services to clients of LME/MCOs who are respondents to outpatient commitment proceedings and meet the criteria for outpatient commitment. A contracted provider with an LME/MCO shall not be designated as an outpatient treatment physician or center on an outpatient commitment order unless the respondent enrolled with an LME/MCO or is eligible for services through an LME/MCO, or the respondent otherwise qualifies for the provision of services offered by the provider."

SECTION 9G.7A.(a3) G.S. 122C-55(a4) reads as rewritten:

"(a4) An area authority or prepaid health plan may share confidential information regarding any client with any area facility, and any area facility may share confidential information regarding any client of that facility with the area authority or prepaid health plan, when the area authority or prepaid health plan determines the disclosure is necessary to develop, manage, monitor, or evaluate the area authority's or prepaid health plan's network of qualified providers as provided in ~~G.S. 122C-115.2(b)(1)b.,~~ G.S. 122C-141(a), Article 3 of Chapter 108D of the General Statutes, the State Plan, rules of the Secretary, and contracts between the facility and the Department. For the purposes of this subsection, the purposes or activities for which confidential information may be disclosed include, but are not limited to, quality assessment and improvement activities, provider accreditation and staff credentialing, developing contracts and negotiating rates, investigating and responding to client grievances and complaints, evaluating practitioner and provider performance, auditing functions, on-site monitoring, conducting consumer satisfaction studies, and collecting and analyzing performance data."

SECTION 9G.7A.(a4) G.S. 122C-111 reads as rewritten:

"**§ 122C-111. Administration.**

The Secretary shall administer and enforce the provisions of this Chapter and the rules of the Commission and shall operate State facilities. An area director ~~or program director~~ shall ~~(i) manage the public mental health, developmental disabilities, and substance abuse system for the area authority or county program according to the local business plan, and (ii)~~ enforce applicable State laws, rules of the Commission, and rules of the Secretary. The Secretary in cooperation with area ~~and county program~~ directors and State facility directors shall provide for the coordination of public services between area ~~authorities, county programs,~~ authorities and State facilities. ~~The~~ An area authority ~~or county program~~ shall monitor the provision of mental health, developmental disabilities, and substance ~~abuse~~ use disorder services for compliance with the law, which monitoring and management shall not supersede or duplicate the regulatory authority or functions of agencies of the Department."

SECTION 9G.7A.(a5) G.S. 122C-112.1 reads as rewritten:

"**§ 122C-112.1. Powers and duties of the Secretary.**

(a) The Secretary shall do all of the following:

…

~~(3) Establish a process and criteria for the submission, review, and approval or disapproval of LME business plans submitted by area authorities and county programs for the management of mental health, developmental disabilities, and substance abuse services.~~

~~(4) Adopt rules specifying the content and format of LME business plans.~~

~~(5) Review LME business plans and, upon approval of the plan, certify the submitting area authority or county program to manage the delivery of mental health, developmental disabilities, and substance abuse services in the applicable catchment area.~~

…

(7) Conduct regularly scheduled monitoring and oversight of area ~~authority, county programs,~~ authorities and all providers of public services. Monitoring and oversight shall be used to assess ~~compliance with the LME business plan and~~ implementation of core LME functions. Monitoring shall also include the examination of LME and provider performance on outcome measures including adherence to best practices, the assessment of consumer satisfaction, and the review of client rights complaints.

(8) Make findings and recommendations based on information and data collected pursuant to subdivision (7) of this subsection and submit these findings and recommendations to the applicable area authority board, ~~county program director,~~ board of county commissioners, providers of public services, and to the Local Consumer Advocacy Office.

…

(11) Develop a unified system of services provided at the community level, by State facilities, and by providers enrolled or under a contract with the State and an area ~~authority or county program.~~authority.

…

(20) Monitor the fiscal and administrative practices of area authorities ~~and county programs~~ to ensure that the ~~programs~~ area authorities are accountable to the State for the management and use of federal and State funds allocated for mental health, developmental disabilities, and substance ~~abuse~~ use disorder services. The Secretary shall ensure maximum accountability by area authorities ~~and county programs~~ for rate-setting methodologies, reimbursement procedures, billing procedures, provider contracting procedures, record keeping, documentation, and other matters pertaining to financial management and fiscal accountability. The Secretary shall further ensure that the practices are consistent with professionally accepted accounting and management principles.

(21) Provide technical assistance, including conflict resolution, to counties ~~in the development and implementation of area authority and county program business plans and other matters,~~ as requested by the county.

…

(24) Adopt rules regarding the requirements of the federal government for grants-in-aid for mental health, developmental disabilities, or substance ~~abuse~~ use disorder programs which may be made available to area authorities ~~or county programs~~ or the State. This section shall be liberally construed in order that the State and its citizens may benefit from the grants-in-aid.

~~(25) Adopt rules for determining minimally adequate services for purposes of 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~~

~~population requirement of 500,000 to LMEs that are fully compliant with all catchment area requirements, including the minimum population requirements specified in this section.~~

~~(a3) A county that wishes to disengage from a local management entity/managed care organization and realign with another multicounty area authority operating under the 1915(b)/(c) Medicaid Waiver may do so with the approval of the Secretary. The Secretary shall adopt rules to establish a process for county disengagement that shall ensure, at a minimum, the following:~~

~~(1) Provision of services is not disrupted by the disengagement.~~

~~(2) The disengaging county either is in compliance or plans to merge with an area authority that is in compliance with population requirements provided in G.S. 122C-115(a) of this section.~~

~~(3) The timing of the disengagement is accounted for and does not conflict with setting capitation rates.~~

~~(4) Adequate notice is provided to the affected counties, the Department of Health and Human Services, and the General Assembly.~~

~~(5) Provision for distribution of any real property no longer within the catchment area of the area authority.~~

…

(c) ~~Except as authorized in G.S. 122C-115.1, within~~ Within a catchment ~~area designated in the business plan pursuant to G.S. 122C-115.2,~~ area, a board of county commissioners or two or more boards of county commissioners jointly shall establish an area authority with the approval of the Secretary.

~~(c1) Area authorities may add one or more additional counties to their existing catchment area upon the adoption of a resolution to that effect by a majority of the members of the area board and the approval of the Secretary.~~

(d) Except as otherwise provided in this subsection, counties shall not reduce county appropriations and expenditures for current operations and ongoing programs and services of area authorities ~~or county programs~~ because of the availability of State-allocated funds, fees, capitation amounts, or fund balance to the area ~~authority or county program.~~ authority. Counties may reduce county appropriations by the amount previously appropriated by the county for one-time, nonrecurring special needs of the area ~~authority or county program.~~authority.

…."

SECTION 9G.7A.(a7) G.S. 122C-115.2, 122C-115.3, 122C-117(a)(8), 122C-117(a)(12), 122C-124.1, and 108D-60(a)(1)f. are repealed.

SECTION 9G.7A.(a8) G.S. 122C-124.2 reads as rewritten:

"**§ 122C-124.2. Actions by the Secretary to ensure effective management of behavioral health services under the 1915(b)/(c) Medicaid Waiver.**

…

(b) The Secretary's certification under subsection (a) of this section shall be in writing and signed by the Secretary and shall contain a clear and unequivocal statement that the Secretary has determined the local management entity/managed care organization to be in compliance with all of the following requirements:

(1) The LME/MCO has made adequate provision against the risk of insolvency ~~and~~ and, in accordance with G.S. 122C-125.3, is either (i) ~~is~~ not required to be under a corrective action plan ~~in accordance with G.S. 122C-125.2~~ or (ii) ~~is~~ in compliance with a corrective action ~~plan required under G.S. 122C-125.2.~~plan.

…

(c) If the Secretary does not provide a local management entity/managed care organization with the certification of compliance required by this section based upon the LME/MCO's failure to comply with any of the requirements specified in subdivisions (1) through (3) of subsection (b) of this section, the Secretary shall ~~do the following:~~direct the dissolution of

the LME/MCO in accordance with G.S. 122C-115.5 after the Department fulfills any contractual obligations regarding the noncompliance.

~~(1) Prepare a written notice informing the LME/MCO of the provisions of subdivision (1), (2), or (3) of subsection (b) of this section with which the LME/MCO is deemed not to be in compliance and the reasons for the determination of noncompliance.~~

~~(2) Cause the notice of the noncompliance to be delivered to the LME/MCO.~~

~~(3) Not later than 10 days after the Secretary's notice of noncompliance is provided to the LME/MCO, assign the Contract of the noncompliant LME/MCO to a compliant LME/MCO.~~

~~(4) Oversee the transfer of the operations and contracts from the noncompliant LME/MCO to the compliant LME/MCO in accordance with the provisions in subsection (e) of this section.~~

(d) If, at any time, in the Secretary's determination, a local management entity/managed care organization is not in compliance with a requirement of the Contract other than those specified in subdivisions (1) through (3) of subsection (b) of this section, then the Secretary shall ~~do all of the following:~~direct the dissolution of the LME/MCO in accordance with G.S. 122C-115.5 after the Department fulfills any contractual obligations regarding the noncompliance.

~~(1) Prepare a written notice informing the LME/MCO of the provisions of the Contract with which the LME/MCO is deemed not to be in compliance and the reasons therefor.~~

~~(2) Cause the notice of the noncompliance to be delivered to the LME/MCO.~~

~~(3) Allow the noncompliant LME/MCO 30 calendar days from the date of receipt of the notice to respond to the notice of noncompliance and to demonstrate compliance to the satisfaction of the Secretary.~~

~~(4) Upon the expiration of the period allowed under subdivision (3) of this subsection, make a final determination on the issue of compliance and promptly notify the LME/MCO of the determination.~~

~~(5) Upon a final determination that an LME/MCO is noncompliant, allow no more than 30 days following the date of notification of the final determination of noncompliance for the noncompliant LME/MCO to complete negotiations for a merger or realignment with a compliant LME/MCO that is satisfactory to the Secretary.~~

~~(6) If the noncompliant LME/MCO does not successfully complete negotiations with a compliant LME/MCO as described in subdivision (5) of this subsection, assign the Contract of the noncompliant LME/MCO to a compliant LME/MCO.~~

~~(7) Oversee the transfer of the operations and contracts from the noncompliant LME/MCO to the compliant LME/MCO in accordance with the provisions in subsection (e) of this section.~~

~~(e) If the Secretary assigns the Contract of a noncompliant local management entity/managed care organization to a compliant LME/MCO under subdivision (3) of subsection (c) of this section, or under subdivision (6) of subsection (d) of this section, the Secretary shall oversee the orderly transfer of all management responsibilities, operations, and contracts of the noncompliant LME/MCO to the compliant LME/MCO. The noncompliant LME/MCO shall cooperate with the Secretary in order to ensure the uninterrupted provision of services to Medicaid recipients. In making this transfer, the Secretary shall do all of the following:~~

~~(1) Arrange for the providers of services to be reimbursed from the remaining fund balance or risk reserve of the noncompliant LME/MCO, or from other funds of the Department if necessary, for proper, authorized, and valid claims~~

~~for services rendered that were not previously paid by the noncompliant LME/MCO.~~

~~(2) Effectuate an orderly transfer of management responsibilities from the noncompliant LME/MCO to the compliant LME/MCO, including the responsibility of paying providers for covered services that are subsequently rendered.~~

~~(3) Oversee the dissolution of the noncompliant LME/MCO, including transferring to the compliant LME/MCO all assets of the noncompliant LME/MCO, including any balance remaining in its risk reserve after payments have been made under subdivision (1) of this subsection. Risk reserve funds of the noncompliant LME/MCO may be used only to pay authorized and approved provider claims. Any funds remaining in the risk reserve transferred under this subdivision shall become part of the compliant LME/MCO's risk reserve and subject to the same restrictions on the use of the risk reserve applicable to the compliant LME/MCO. If the risk reserves transferred from the noncompliant LME/MCO are insufficient, the Secretary shall guarantee any needed risk reserves for the compliant LME/MCO arising from the additional risks being assumed by the compliant LME/MCO until the compliant LME/MCO has established fifteen percent (15%) risk reserves. All other assets shall be used to satisfy the liabilities of the noncompliant LME/MCO. In the event there are insufficient assets to satisfy the liabilities of the noncompliant LME/MCO, it shall be the responsibility of the Secretary to satisfy the liabilities of the noncompliant LME/MCO.~~

~~(4) Following completion of the actions specified in subdivisions (1) through (3) of this subsection, direct the dissolution of the noncompliant LME/MCO and deliver a notice of dissolution to the board of county commissioners of each of the counties in the dissolved LME/MCO. An LME/MCO that is dissolved by the Secretary in accordance with the provisions of this section may be dissolved at any time during the fiscal year.~~

…

(g) As used in this section, the following terms mean:

…

(2) Contract. – ~~The~~ A contract between the Department of Health and Human Services and a local management entity for the operation of the 1915(b)/(c) Medicaid ~~Waiver.~~Waiver or a BH IDD tailored plan."

SECTION 9G.7A.(a9) G.S. 122C-125 is repealed.

SECTION 9G.7A.(a10) G.S. 122C-125.2 is repealed.

SECTION 9G.7A.(a11) Article 4 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"**§ 122C-125.3. LME/MCO solvency; corrective action plan.**

(a) In its contracts with LME/MCOs, the Department shall establish solvency standards based on industry-standard financial accounting measures such as the current ratio of assets to liabilities, defensive interval ratio of current assets to average monthly expenditure, capital reserves, and profit and loss. The contracts shall require the development of a corrective action plan when an LME/MCO does not meet the solvency standards specified in the contract.

(b) Each LME/MCO shall provide the Department with monthly financial reports containing the data needed to calculate the financial accounting measures and assess the LME/MCO's adherence to the solvency standards established in the contract.

(c) On a quarterly basis, beginning on April 1, 2024, the Department shall publish to its website a dashboard reporting all of the following information for each LME/MCO for the previous quarter:

(1) Each solvency standard applicable to the LME/MCO under its contracts with the Department, including any applicable minimum or maximum threshold.

(2) The financial position of the LME/MCO relative to each solvency standard applicable to the LME/MCO under its contracts with the Department.

(3) Whether the LME/MCO is under any corrective action plan related to the solvency standards applicable to the LME/MCO under its contracts with the Department, and whether the LME/MCO is in compliance with any such corrective action plan.

(d) The Department shall notify the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid, and the Fiscal Research Division when the information required under subsection (c) of this section has been published to the Department's website."

SECTION 9G.7A.(a12) G.S. 122C-141 reads as rewritten:

"**§ 122C-141. Provision of services.**

(a) ~~The~~ An area authority ~~or county program~~ shall contract with other qualified public or private providers, agencies, institutions, or resources for the provision of services, and, subject to the approval of the Secretary, is authorized to provide services directly. ~~The area authority or county program shall indicate in its local business plan how services will be provided and how the provision of services will address issues of access, availability of qualified public or private providers, consumer choice, and fair competition. The Secretary shall take into account these issues when reviewing the local business plan and considering approval of the direct provision of services.~~ Unless an area authority ~~or county program~~ requests a shorter time, any approval granted by the Secretary shall be for not less than one year. The Secretary shall develop criteria for the approval of direct service provision by area authorities ~~and county programs~~ in accordance with this ~~section and as evidenced by compliance with the local business plan.~~ section. For the purposes of this section, a qualified public or private provider is a provider that meets the provider qualifications as defined by rules adopted by the Secretary.

(b) All area authority ~~or county program~~ services provided directly or under contract shall meet the requirements of applicable State statutes and the rules of the Commission and the Secretary. The Secretary may delay payments and, with written notification of cause, may reduce or deny payment of funds if an area authority ~~or county program~~ fails to meet these requirements.

(c) The area authority ~~or board of county commissioners of a county program~~ may contract with a health maintenance organization, certified and operating in accordance with the provisions of Article 67 of Chapter 58 of the General Statutes for the area authority ~~or county program,~~ to provide mental health, developmental disabilities, or substance ~~abuse~~ use disorder services to enrollees in a health care plan provided by the health maintenance organization. The terms of the contract must meet the requirements of all applicable State statutes and rules of the Commission and Secretary governing both the provision of services by an area authority ~~or county program~~ and the general and fiscal operation of an area authority ~~or county program~~ and the reimbursement rate for services rendered shall be based on the usual and customary charges paid by the health maintenance organization to similar providers. Any provision in conflict with a State statute or rule of the Commission or the Secretary shall be void; however, the presence of any void provision in that contract does not render void any other provision in that contract which is not in conflict with a State statute or rule of the Commission or the Secretary. Subject to approval by the Secretary and pending the timely reimbursement of the contractual charges, the area authority ~~or county program~~ may expend funds for costs which may be incurred by the area authority ~~or county program~~ as a result of providing the additional services under a contractual agreement with a health maintenance organization.

…."

SECTION 9G.7A.(a13) G.S. 122C-154 reads as rewritten:

"**§ 122C-154. Personnel.**

Employees under the direct supervision of the area director are employees of the area authority. For the purpose of personnel administration, Chapter 126 of the General Statutes applies unless otherwise provided in this Article. ~~Employees appointed by the county program director are employees of the county. In a multicounty program, employment of county program staff shall be as agreed upon in the interlocal agreement adopted pursuant to G.S. 122C-115.1.~~ Notwithstanding G.S. 126-9(b), an employee of an area authority may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. Any salary that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the employee. The area board shall not authorize any salary adjustment that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources."

SECTION 9G.7A.(a14) G.S. 108D-60 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:

…

(3) During the initial contract term for BH IDD tailored plans, BH IDD tailored plans shall be operated only by LME/MCOs that meet certain criteria established by the Department. Any LME/MCO desiring to operate a BH IDD tailored plan shall make an application to the Department in response to this set of criteria. Approval to operate a BH IDD tailored plan will be contingent upon a comprehensive readiness review. ~~The constituent counties of the existing LME/MCOs may change, or existing LME/MCOs may merge or be acquired by another LME/MCO, as allowed under Chapter 122C of the General Statutes, prior to operating a BH IDD tailored plan, provided that the Department ensures every county in the State is covered by an LME/MCO that operates a BH IDD tailored plan.~~ The Department ~~shall issue no more than seven and no fewer than five regional BH IDD tailored plan contracts and~~ shall not issue any statewide BH IDD tailored plan contracts.

…

(c) Notwithstanding G.S. 108D-40(a)(12) and subdivision (10) of subsection (a) of this section, upon the dissolution of an area authority under G.S. 122C-115.5 and as part of the orderly transfer of operations of the area authority being dissolved, the enrollees of the area authority being dissolved may be served temporarily through one, or any combination, of the following delivery systems, in the following priority order:

(1) A BH IDD tailored plan that has received a certificate of compliance under G.S. 122C-124.2.

(2) An arrangement authorized under subsection (b) of this section, including one operated by the area authority being dissolved, notwithstanding the requirement under subsection (b) of this section that such an arrangement must be with an entity operating a BH IDD tailored plan.

(3) The Medicaid fee-for-service program.

(4) A standard benefit plan.

(5) Any other system allowed under State law for the delivery of Medicaid services.

(d) In exercising the authority under subsection (c) of this section, the Department shall select the delivery system based on priority order as long as the number of changes in delivery system for the enrollee are minimized and access to care is uninterrupted.

(e) Notwithstanding G.S. 108D-40(a)(12) and subdivision (10) of subsection (a) of this section, when an enrollee of an LME/MCO cannot access services covered for the enrollee under an LME/MCO's contract, as defined in G.S. 122C-124.2(g), from providers experienced in addressing the enrollee's health care needs, the Secretary may enroll the individual in any service delivery system available to the Department."

SECTION 9G.7A.(a15) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(34) The Department of Health and Human Services with respect to the development, application, and amendment of any formula under G.S. 122C-115.6."

SECTION 9G.7A.(a16) G.S. 150B-1(e)(21) reads as rewritten:

"(21) The Department of Health and Human Services for actions taken under ~~G.S. 122C-124.2.~~G.S. 122C-124.2, for decisions to approve or disapprove a merger or consolidation of area authorities under G.S. 122C-115.5, and for decisions to approve or disapprove a county request for realignment under G.S. 108D-46(b)."

SECTION 9G.7A.(a17) G.S. 150B-1(e) is amended by adding a new subdivision to read:

"(27) The Department of Health and Human Services with respect to the development and application of any formula under G.S. 122C-115.6."

SECTION 9G.7A.(a18) Section 3.5A of S.L. 2021-62 is repealed.

SECTION 9G.7A.(a19) Section 9D.13(b) of S.L. 2022-74 is repealed.

SECTION 9G.7A.(a20) In order to bring the existing local management entities/managed care organizations (LME/MCOs) into compliance with the minimum population requirements of G.S. 122C-115(a), as amended by subsection (a6) of this section, the Secretary of the Department of Health and Human Services (Secretary) is directed to reduce the number of LME/MCOs in the State in accordance with this subsection. All of the following shall apply with regard to this reduction in LME/MCOs:

(1) The reduction shall result in a total of no more than five, and at least four, LME/MCOs. The requirement to maintain at least four LME/MCOs pertains only to the Secretary's authority to direct the dissolution, merger, or consolidation of LME/MCOs under this subsection and shall not prevent the Secretary from further reducing the number of LME/MCOs under the authorities granted in Article 4 of Chapter 122C of the General Statutes.

(2) The reduction in the number of LME/MCOs may be achieved through the dissolution of one or more LME/MCOs or by the merger or consolidation of existing LME/MCOs. The Secretary is authorized to direct the dissolution, merger, or consolidation of any LME/MCOs to meet the requirements of this subsection.

(3) The Secretary shall redefine the regions covered under the BH IDD tailored plan contracts as needed due to the reduction in the number of LME/MCOs to ensure that all counties in the State are covered by a BH IDD tailored plan contract. The Secretary shall amend the BH IDD tailored plan contracts as necessary to conform to the redefined BH IDD tailored plan regions.

(4) G.S. 122C-115.5(e)(4) through G.S. 122C-115.5(e)(12) and G.S. 122C-115.6 shall apply to any dissolutions of LME/MCOs directed by the Secretary under this subsection.

(5) G.S. 122C-115.5(f) and G.S. 122C-115.6 shall apply to any mergers or consolidations of LME/MCOs directed by the Secretary under this subsection.

(6) The dissolutions, mergers, and consolidations of LME/MCOs, and the redefined BH IDD tailored plan regions, that are directed by the Secretary

under this subsection shall be effective no later than 90 days after the date this act becomes law.

(7) Any dissolution, merger, or consolidation of an LME/MCO directed by the Secretary under this subsection and any alteration of the BH IDD tailored plan regions under this subsection are not appealable in any forum.

SECTION 9G.7A.(b1) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new section to read:

"**§ 122C-124.3. Actions by the Secretary in response to county concerns.**

(a) A county that has concerns about the performance of the area authority with which it is aligned shall provide written notice of its concerns to the Secretary, the area director of the area authority, the chair of the area board, and the chairs of the Joint Legislative Oversight Committee on Health and Human Services.

(b) Upon the Secretary's receipt of a notice from a county under subsection (a) of this section, the Department shall evaluate the performance concerns to determine their validity. If the performance concerns are valid, then all of the following shall occur:

(1) The Secretary shall direct the area authority to promptly address and resolve the performance concerns raised by the county.

(2) If the concerns involve the area authority's performance under a contract, as defined in G.S. 122C-124.2(g), then (i) the Secretary shall take all actions necessary to ensure that the area authority complies with the terms of the contract and (ii) if the area authority does not come into compliance with the terms of the contract within the time frame contemplated in the contract, then the Secretary shall follow the processes specified in the contract and under 42 C.F.R. Part 438, Subpart I, which may include intermediate sanctions or termination of the contract."

SECTION 9G.7A.(b2) G.S. 108D-1 is amended by adding a new subdivision to read:

"(34) RFP. – A request for proposals."

SECTION 9G.7A.(b3) Article 4 of Chapter 108D of the General Statutes is amended by adding a new section to read:

"**§ 108D-46. Consideration of county requests.**

(a) For purposes of this section, the term "applicable RFP" means any RFP for a BH IDD tailored plan for a contract term subsequent to the initial BH IDD tailored plan contract term.

(b) A county may request to realign with another LME/MCO in accordance with all of the following:

(1) No earlier than six months prior to the issuance of an applicable RFP, the Secretary shall provide a period of at least 60 days for counties to submit a written request, in the format required by the Secretary, to disengage from the LME/MCO with which they are aligned and to realign with another LME/MCO. The Secretary shall notify counties of the time period for submitting a request.

(2) A county submitting a request must attach a written statement from the local Consumer and Family Advisory Committee under G.S. 122C-170 and any Provider Advisory Council of the LME/MCO with which the county is requesting to disengage, indicating whether the entity providing the statement supports the request.

(3) In making a decision on the county's request, the Secretary shall consider all factors in G.S. 122C-115.5(f).

(4) The Secretary shall have 30 days to approve or disapprove the county's request and notify the county of the Secretary's decision.

(5) If the request is approved by the Secretary, then the realignment shall be effective with the next BH IDD tailored plan contract term and shall be reflected in the applicable RFP.

(6) If the request is approved by the Secretary, then the Secretary shall ensure, at a minimum, that the provision of services is not disrupted by the realignment.

(7) The Secretary's decision under this subsection to approve or disapprove a county request for realignment is final, and there is no right to appeal the decision to the Office of Administrative Hearings, in accordance with G.S. 150B-1(e)(21), or any other forum.

(c) To ensure Medicaid service predictability, minimize administrative burden for providers, and promote fiscal and operational stability, the county request process is limited to the time period provided in subdivision (b)(1) of this section.

(d) The Department shall establish a process for consulting with counties annually regarding PHP performance under the BH IDD tailored plan contracts or the standard benefit plan contracts."

SECTION 9G.7A.(b4) No later than the date that BH IDD tailored plans begin, the Secretary of the Department of Health and Human Services (DHHS) shall have available to the leadership of all counties a dedicated, issue-resolution channel for the purposes of addressing concerns or issues related to an enrollee of any Medicaid capitated prepaid health plan contract provided under Chapter 108D of the General Statutes. The concerns and issues raised through this channel, and the accompanying resolutions to those concerns and issues, shall be used by DHHS to inform, drive, and implement systemic improvements to the delivery of care through the Medicaid program.

SECTION 9G.7A.(c1) G.S. 122C-112.1(a)(6) reads as rewritten:

"(6) Establish comprehensive, cohesive oversight and monitoring procedures and processes to ensure continuous compliance by area authorities, ~~county programs,~~ third-party contractors of area authorities, and all providers of public services with State and federal policy, law, and standards. The procedures shall include the development and use of critical performance measures and report cards for each area ~~authority and county program.~~authority."

SECTION 9G.7A.(c2) G.S. 122C-112.1(a)(9) reads as rewritten:

"(9) Provide ongoing and focused technical assistance to area authorities ~~and county programs~~ in the implementation of the LME functions and the establishment and operation of community-based programs. ~~The technical assistance required under this subdivision includes, but is not limited to, the technical assistance required under G.S. 122C-115.4(d)(2).~~ The Secretary shall include in the State Plan a mechanism for monitoring the Department's success in implementing this duty and the progress of area authorities ~~and county programs~~ in achieving these functions."

SECTION 9G.7A.(c3) G.S. 122C-115.4(c) reads as rewritten:

"(c) Subject to subsection (b) of this ~~section and~~ section, all applicable State and federal laws and ~~rules~~ rules, and contractual requirements established by the Secretary, an LME may contract with a public or private entity for the implementation of LME functions designated under subsection (b) of this section. An LME shall direct its subcontractor to remove staff from, or cancel, any such contract when directed by the Secretary to achieve compliance with State and federal law, rule, policy, or standards, and contractual requirements."

SECTION 9G.7A.(c4) Subsections (d) and (e) of G.S. 122C-115.4 are repealed.

SECTION 9G.7A.(c5) G.S. 122C-115.4(f)(3) is repealed.

SECTION 9G.7A.(c6) Subsection (c3) of this section applies to area authority contracts entered into or amended on or after the date this act becomes law.

SECTION 9G.7A.(d1) Part 2 of Article 4 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"**§ 122C-121.1. Area authority key personnel.**

(a) As used in this section, key personnel means the key personnel designated by the Department in a contract, as defined in G.S. 122C-124.2(g), with the area authority.

(b) The Secretary may discharge an employee of an area authority who is in a position designated as key personnel if the employee has failed to substantially comply with the requirements of the applicable key personnel role description contained in the area authority's contract, as defined in G.S. 122C-124.2(g), with the Department.

(c) The Secretary's decision to discharge an employee of an area authority under subsection (b) of this section is not subject to appeal to the Office of Administrative Hearings, in accordance with G.S. 150B-1(e)(28)."

SECTION 9G.7A.(d2) G.S. 150B-1(e) is amended by adding a new subdivision to read:

"(28) The Department of Health and Human Services with respect to any decision under G.S. 122C-121.1(b) to discharge an employee of an area authority who is in a position designated as key personnel."

SECTION 9G.7A.(d3) G.S. 122C-121 reads as rewritten:

"**§ 122C-121. Area director.**

(a) The area director is an employee of the area board, shall serve at the pleasure of the board, and shall be appointed in accordance with ~~G.S. 122C-117(7).~~ G.S. 122C-117(a)(7). As used in this subsection, "employee" means an individual and does not include a corporation, a partnership, a limited liability corporation, or any other business association.

(a1) The area board shall establish the area director's salary under Article 3 of Chapter 126 of the General Statutes. Notwithstanding G.S. 126-9(b), an area director may be paid a salary that is in excess of the salary ranges established by the State Human Resources Commission. Any salary that is higher than the maximum of the applicable salary range shall be supported by documentation of comparable salaries in comparable operations within the region and shall also include the specific amount the board proposes to pay the director. The area board shall not authorize any salary adjustment that is above the normal allowable salary range without obtaining prior approval from the Director of the Office of State Human Resources.

(a2) The area board shall not provide the director with any benefits that are not also provided by the area board to all permanent employees of the area ~~program,~~ authority, except that the area board may, in its discretion, offer severance benefits, relocation expenses, or both, to an applicant for the position of director as an incentive for the applicant to accept an offer of employment. The director shall be reimbursed only for allowable employment-related expenses at the same rate and in the same manner as other employees of the area ~~program.~~authority.

(b) The area board shall evaluate annually the area director for performance based on criteria established by the Secretary and the area board. In conducting the evaluation, the area board shall consider comments from the board of county commissioners.

(c) The area director is the administrative head of the area ~~program.~~ authority. In addition to the duties under G.S. 122C-111, the area director shall:

(1) Appoint, supervise, and terminate area ~~program~~ authority staff.
(2) Administer area authority services.
(3) Develop the budget of the area authority for review by the area board.
(4) Provide information and advice to the board of county commissioners through the county manager.
(5) Act as liaison between the area authority and the Department.

(d) Except when specifically waived by the Secretary, the area director shall meet all the 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:

	Name of Recipient Entity	**2023-2024**	**2024-2025**
(1)	Addiction Professionals of North Carolina, Inc.	$200,000	$0
(2)	Adult & Teen Challenge of Sandhills, North Carolina	$0	$78,462
(3)	Bridge to Recovery, Inc.	$1,000,000	$0
(4)	Clay County	$0	$1,000,000
(5)	Columbus Regional Healthcare System	$0	$1,400,000

(6)	Freedom Farm Ministries	$950,000	$0
(7)	Ground 40 Ministries	$750,000	$0
(8)	Pamlico County	$0	$1,000,000
(9)	Safer Communities Ministry, Inc.	$400,000	$0
(10)	The Samaritan Colony, Inc.	$300,000	$0
(11)	Solus Christus	$92,461	$0
(12)	Surry County	$0	$1,000,000

SECTION 9G.8.(d) Recipients of funds allocated under subsection (c) of this section shall not use these funds for any purpose other than to fund opioid remediation programs, services, and activities within the State of North Carolina.

SECTION 9G.8.(e) By September 1, 2024, recipients of funds allocated under subsection (c) of this section for the 2023-2024 fiscal year, and by September 1, 2025, recipients of funds allocated under subsection (c) of this section for the 2024-2025 fiscal year shall report to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services; the Joint Legislative Oversight Committee on Health and Human Services; and the Fiscal Research Division on the use of these allocated funds. The report shall include at least all of the following for each recipient:

(1) An itemized list of expenditures.

(2) The types of opioid remediation programs, services, and activities funded, broken down by geographic location and the number of people served at each location.

REPORT ON IMPLEMENTATION STATUS OF NEW ELECTRONIC HEALTH RECORDS SYSTEM AT STATE PSYCHIATRIC HOSPITALS

SECTION 9G.9. By December 1, 2023, and by December 1, 2024, the Department of Health and Human Services, Division of State-Operated Healthcare Facilities, shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the status of the following:

(1) Execution of a contract that provides for full implementation of a new electronic health records system within each of the State psychiatric hospitals under the jurisdiction of the Secretary of Health and Human Services pursuant to G.S. 122C-181.

(2) Full implementation of a new electronic health records system within each of the State psychiatric hospitals under the jurisdiction of the Secretary of Health and Human Services pursuant to G.S. 122C-181.

(3) Training of the State's psychiatric hospitals' staff on the use of the newly implemented electronic health records system.

PART IX-H. PUBLIC HEALTH

LOCAL HEALTH DEPARTMENTS/COMPETITIVE GRANT PROCESS TO IMPROVE MATERNAL AND CHILD HEALTH

SECTION 9H.1.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium to award competitive grants to local health departments for the improvement of maternal and child health shall be used to continue administering a competitive grant process for local health departments based on maternal and infant health indicators and the county's detailed proposal to invest in evidence-based programs to achieve the following goals:

(1) Improve North Carolina's birth outcomes.

(2) Improve the overall health status of children in this State from birth to age 5.

(3) Lower the State's infant mortality rate.

SECTION 9H.1.(b) The plan for administering the competitive grant process shall include at least all of the following components:

(1) A request for application (RFA) process to allow local health departments to apply for and receive State funds on a competitive basis. The Department shall require local health departments to include in the application a plan to evaluate the effectiveness, including measurable impact or outcomes, of the activities, services, and programs for which the funds are being requested.

(2) A requirement that the Secretary prioritize grant awards to those local health departments that are able to leverage non-State funds in addition to the grant award.

(3) Ensures that funds received by the Department to implement the plan supplement and do not supplant existing funds for maternal and child health initiatives.

(4) Allows grants to be awarded to local health departments for up to two years.

SECTION 9H.1.(c) No later than July 1 of each year, as applicable, the Secretary shall announce the recipients of the competitive grant awards and allocate funds to the grant recipients for the respective grant period. After awards have been granted, the Secretary shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services on the grant awards that includes at least all of the following:

(1) The identity and a brief description of each grantee and each program or initiative offered by the grantee.

(2) The amount of funding awarded to each grantee.

(3) The number of persons served by each grantee, broken down by program or initiative.

SECTION 9H.1.(d) No later than February 1 of each fiscal year, each local health department receiving funding pursuant to this section in the respective fiscal year shall submit to the Division of Public Health a written report of all activities funded by State appropriations. The report shall include the following information about the fiscal year preceding the year in which the report is due:

(1) A description of the types of programs, services, and activities funded by State appropriations.

(2) Statistical and demographical information on the number of persons served by these programs, services, and activities, including the counties in which services are provided.

(3) Outcome measures that demonstrate the impact and effectiveness of the programs, services, and activities based on the evaluation protocols developed by the Division, in collaboration with the University of North Carolina Gillings School of Global Public Health, pursuant to Section 12E.11(e) of S.L. 2015-241, and reported to the Joint Legislative Oversight Committee on Health and Human Services on April 1, 2016.

(4) A detailed program budget and list of expenditures, including all positions funded, matching expenditures, and funding sources.

REPORT ON PREMIUM ASSISTANCE PROGRAM WITHIN AIDS DRUG ASSISTANCE PROGRAM

SECTION 9H.2. Upon a determination by the Department of Health and Human Services, Division of Public Health, that, in six months or less, it will no longer be feasible to operate the health insurance premium assistance program implemented within the North Carolina AIDS Drug Assistance Program (ADAP) on a cost-neutral basis or in a manner that achieves savings to the State, the Department shall submit a report to the Joint Legislative Oversight

Committee on Health and Human Services notifying the Committee of this determination along with supporting documentation and a proposed course of action with respect to health insurance premium assistance program participants.

LIMITATION ON USE OF STATE FUNDS

SECTION 9H.3. G.S. 143C-6-5.5 reads as rewritten:

"**§ 143C-6-5.5. Limitation on use of State funds for abortions.**

(a) No State funds may be used for the performance of abortions or to support the administration of any governmental health plan or government-offered insurance policy offering abortion, except that this prohibition shall not apply where (i) the life of the mother would be endangered if the unborn child were carried to term or (ii) the pregnancy is the result of a rape or incest. Nothing in this section shall be construed to limit medical care provided after a spontaneous miscarriage.

(b) No State funds may be used by a State agency to renew or extend existing contracts or enter into new contracts for the provision of family planning services, pregnancy prevention activities, or adolescent parenting programs with any provider that performs abortions. Nothing in this subsection shall be construed to prevent a State agency from paying any healthcare provider for services authorized under the State Health Plan for Teachers and State Employees or the Medicaid program."

USE OF JUUL SETTLEMENT FUNDS

SECTION 9H.4.(a) There is appropriated from the Youth Electronic Nicotine Dependence Abatement Fund created in Section 9G.10(a) of S.L. 2021-180 to the Department of Health and Human Services, Division of Public Health (DPH), the sum of eleven million two hundred fifty thousand dollars ($11,250,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of eleven million two hundred fifty thousand dollars ($11,250,000) in nonrecurring funds for the 2024-2025 fiscal year to be allocated and used as follows:

(1) Up to seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used to support data monitoring to track tobacco/nicotine use and exposure among youth and young adults and populations at risk; for independent evaluation of the reach, effectiveness, and outcomes of the State's evidence based programs designed to help youth addicted to nicotine through electronic cigarettes and other new and emerging tobacco and nicotine products quit; and to prepare the report required by subsection (c) of this section.

(2) The remainder of these allocated funds for each year of the 2023-2025 fiscal biennium shall be used to fund evidence-based electronic cigarette and nicotine dependence prevention and cessation activities targeting students in grades four through 12.

SECTION 9H.4.(b) Funds allocated under subsection (a) of this section shall remain available for expenditure in the amounts and for the purposes specified in subsection (a) of this section until expended.

SECTION 9H.4.(c) Annually, beginning November 1, 2023, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the expenditures made from the Youth Electronic Nicotine Dependence Abatement Fund during the preceding fiscal year. The report shall include at least all of the following:

(1) An itemized list of expenditures and for each expenditure, an indication of the authority under this section for the expenditure.

(2) An evaluation of the reach, effectiveness, and outcomes of each activity funded pursuant to subdivision (a)(2) of this section.

(3) An evaluation of the reach, effectiveness, and outcomes of each activity funded by Section 9G.10 of S.L. 2021-180, as amended by Section 9G.3 of S.L. 2022-74.

REQUIREMENT AND FUNDING FOR THE OFFICE OF THE CHIEF MEDICAL EXAMINER TO CONDUCT TOXICOLOGY SCREENING IN ALL CHILD DEATH CASES UNDER THE JURISDICTION OF A MEDICAL EXAMINER

SECTION 9H.7.(a) G.S. 130A-385 is amended by adding a new subsection to read:

"(a1) The Office of the Chief Medical Examiner shall conduct comprehensive toxicology screening in all child death cases that fall under the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or G.S. 130A-384."

SECTION 9H.7.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the recurring sum of one hundred sixty-four thousand six hundred ninety-six dollars ($164,696) for each year of the 2023-2025 fiscal biennium and the nonrecurring sum of five hundred fifty thousand dollars ($550,000) for the 2023-2024 fiscal year shall be allocated and used to comply with the toxicology screening requirements of G.S. 130A-385(a1), as enacted by this act. The OCME may use these allocated funds to create a permanent full-time Chemist I position and a permanent full-time Chemistry Technician I position to enable comprehensive toxicology screening in all child deaths that fall within the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or G.S. 130A-384.

SECTION 9H.7.(c) By December 30, 2024, and December 30, 2025, the OCME shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of these allocated funds. The report shall include at least all of the following:

(1) The total number of child deaths during the preceding fiscal year that fell within the jurisdiction of the medical examiner pursuant to G.S. 130A-383 or G.S. 130A-384.

(2) The total number of child deaths reported under subdivision (1) of this subsection for which toxicology screening was completed pursuant to G.S. 130A-385(a1), as enacted by this act.

(3) An explanation for any delay or failure to complete the toxicology screening required by G.S. 130A-385(a1), as enacted by this act.

SECTION 9H.7.(d) Subsections (a) of this section becomes effective January 1, 2024, and applies to child death cases pending or initiated on or after that date. The remainder of this section becomes effective on July 1, 2023.

AUTOPSY REQUIREMENT IN SUSPECTED DEATH BY DISTRIBUTION CASES; INCREASED AUTOPSY FEES; FUNDING TO INCREASE THE AUTOPSY CAPACITY OF THE MEDICAL EXAMINER SYSTEM; STRATEGIC PLAN FOR IMPROVING THE MEDICAL EXAMINER SYSTEM; ANNUAL AUTOPSY CENTERS REPORT

AUTOPSY REQUIREMENT IN SUSPECTED DEATH BY DISTRIBUTION CASES

SECTION 9H.8.(a) If Senate Bill 189, 2023 Regular Session, becomes law, then the amendments made to G.S. 130A-389 by Section 5 of that act are repealed.

SECTION 9H.8.(b) G.S. 130A-389 reads as rewritten:

"**§ 130A-389. Autopsies.**

(a) ~~If,~~ The Chief Medical Examiner or a competent pathologist designated by the Chief Medical Examiner shall perform an autopsy or other study in each of the following cases:

(1) If, in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be ~~made; or, if~~ made.

(2) If an autopsy or other study is requested by the district attorney of the county or by any superior court ~~judge, an autopsy or other study shall be made by the Chief Medical Examiner or by a competent pathologist designated by the Chief Medical Examiner.~~judge.

(3) In any case in which the district attorney of the county asserts to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred, a complete autopsy shall be performed.

A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request.

The fee for the autopsy or other study shall be two thousand eight hundred dollars ($2,800) to be paid as follows:

(1) Except as provided in subdivision (2) of this subsection, the county in which the deceased resided shall pay a fee of one thousand seven hundred fifty dollars ($1,750) and the State shall pay the remaining balance of one thousand fifty dollars ($1,050).

(2) If the death or fatal injury occurred outside the county in which the deceased resided, the State shall pay the entire fee in the amount of two thousand eight hundred dollars ($2,800).

…."

INCREASED AUTOPSY FEES

SECTION 9H.8.(c) G.S. 130A-389, as amended by subsection (b) of this section, reads as rewritten:

"**§ 130A-389. Autopsies.**

(a) The Chief Medical Examiner or a competent pathologist designated by the Chief Medical Examiner shall perform an autopsy or other study in each of the following cases:

(1) If, in the opinion of the medical examiner investigating the case or of the Chief Medical Examiner, it is advisable and in the public interest that an autopsy or other study be made.

(2) If an autopsy or other study is requested by the district attorney of the county or by any superior court judge.

(3) In any case in which the district attorney of the county asserts to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred, a complete autopsy shall be performed.

A complete autopsy report of findings and interpretations, prepared on forms designated for the purpose, shall be submitted promptly to the Chief Medical Examiner. Subject to the limitations of G.S. 130A-389.1 relating to photographs and video or audio recordings of an autopsy, a copy of the report shall be furnished to any person upon request.

(a1) The fee for the autopsy or other study shall be ~~two~~ five thousand eight hundred dollars ~~($2,800)~~ ($5,800) to be paid as follows:

(1) Except as provided in subdivision (2) of this subsection, the county in which the deceased resided shall pay a fee of ~~one thousand seven hundred fifty dollars ($1,750)~~ three thousand six hundred twenty-five dollars ($3,625) and

the State shall pay the remaining balance of ~~one thousand fifty dollars ($1,050).~~two thousand one hundred seventy-five dollars ($2,175).

(2) If the death or fatal injury occurred outside the county in which the deceased resided, the State shall pay the entire fee in the amount of ~~two~~ five thousand eight hundred dollars ~~($2,800).~~($5,800).

…."

FUNDING TO INCREASE THE AUTOPSY CAPACITY OF THE MEDICAL EXAMINER SYSTEM

SECTION 9H.8.(d) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), the sum of two million dollars ($2,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million dollars ($2,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to increase the capacity of the medical examiner system to perform the autopsies required by G.S. 130A-389(a), as amended by this section.

STRATEGIC PLAN FOR IMPROVING THE MEDICAL EXAMINER SYSTEM

SECTION 9H.8.(e) By March 1, 2024, the OCME, in collaboration with the stakeholders identified in subsection (f) of this section, shall develop and submit to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division a strategic plan for improving the operation and efficiency of the State's medical examiner system to enable the performance of timely, high-quality death investigations of all appropriately identified deaths occurring in North Carolina. The strategic plan shall include an evaluation and recommendations for at least all of the following:

(1) Any proposed reorganization of the medical examiner system, including an estimated time line and process for implementing the proposed reorganization in a manner that will cause the least amount of disruption to the medical examiner system.

(2) Any legislative changes that would be necessary or helpful to implement a proposed reorganization of the medical examiner system.

(3) An explanation of any obstacles that could hinder successful implementation of the proposed reorganization of the medical examiner system.

(4) A long-term plan for the establishment of additional regional autopsy centers across the State, along with suggested locations, assigned county coverage areas, and estimated costs for the establishment and operation of each.

(5) A long-term plan for the Chief Medical Examiner to operate additional regional autopsy centers.

(6) Recruitment strategies for hiring a sufficient number of board-certified forensic pathologists, board-certified toxicologists, and other professional and administrative staff essential to the efficient operation of the medical examiner system.

(7) Any other information the OCME deems relevant or necessary to improving the medical examiner system.

SECTION 9H.8.(f) In developing the strategic plan required by subsection (e) of this section, the OCME shall collaborate with representatives of the following entities:

(1) Licensed funeral establishments.

(2) State and local law enforcement agencies.

(3) North Carolina teaching hospitals.

(4) North Carolina medical schools.

(5) North Carolina institutions of higher education with graduate forensic science or toxicology programs.

ANNUAL AUTOPSY CENTERS REPORT

SECTION 9H.8.(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

(9) Union County

SECTION 9H.10.(b) Union County shall notify the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division when the regional autopsy center funded by this section becomes operational. Upon receiving this notification, the OCME shall enter into a contract with Union County pursuant to which (i) the county-operated regional autopsy center funded by this section shall provide forensic pathology services in the counties specified by subsection (a) of this section and (ii) Union County shall be reimbursed for each autopsy performed by the county-operated regional autopsy center as provided by G.S. 130A-389(a1), as amended by this act. The contract required by this subsection shall include all of the following terms:

(1) A requirement that, at the request of the OCME, the regional autopsy center serve as a backup for performing autopsies for other areas of the State in cases in which the district attorney has asserted to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred.

(2) A requirement that the regional autopsy center be available for critical medical examiner surge capacity, as determined necessary by the OCME.

(3) A provision preserving the authority of the Chief Medical Examiner under G.S. 130A-381 to contract with qualified persons to perform or provide support services for autopsies and other studies and investigations.

SECTION 9H.10.(c) By February 1, 2024, and December 1, 2024, Union County shall submit a progress report to the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the status and operation of the regional autopsy center funded by this section.

EAST CAROLINA UNIVERSITY REGIONAL AUTOPSY CENTER

SECTION 9H.10A.(a) The Department of Health and Human Services, Division of Public Health, Office of the Chief Medical Examiner (OCME), shall ensure that any contract with East Carolina University (ECU) for the performance of forensic pathology services throughout the eastern counties of North Carolina includes all of the following terms:

(1) A requirement that ECU be reimbursed for each completed autopsy as provided by G.S. 130A-389(a1), as amended by this act.

(2) A requirement that ECU, at the request of the OCME, serve as a backup for performing autopsies for other areas of the State in cases in which the district attorney has asserted to the Chief Medical Examiner or the medical examiner of the county in which the body was located that there is probable cause to believe that a violation of G.S. 14-18.4 has occurred.

(3) A requirement that ECU be available for critical medical examiner surge capacity, as determined necessary by the OCME.

(4) A provision preserving the authority of the Chief Medical Examiner under G.S. 130A-381 to contract with qualified persons to perform or provide support services for autopsies and other studies and investigations.

SECTION 9H.10A.(b) ECU shall notify the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division when the new ECU Medical Examiner's Office, listed as project code UNC/ECU23-3 in Section 40.1 of this act, has been completed and commenced operating as the regional autopsy center serving the eastern counties of North Carolina.

SECTION 9H.10A.(c) Annually, beginning February 1, 2024, ECU shall submit a progress report to the Department of Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division on the status of relocating the regional autopsy center serving the eastern counties of North Carolina to the new

ECU Medical Examiner's Office, listed as project code UNC/ECU23-3 in Section 40.1 of this act. The reporting requirements of this subsection terminate upon ECU's submission of a report confirming that this new facility has been completed and commenced operating as the regional autopsy center serving the eastern counties of North Carolina.

SECTION 9H.10A.(d) This section is effective when it becomes law and applies to contracts entered into, extended, or renewed on or after that date.

CAROLINA PREGNANCY CARE FELLOWSHIP

SECTION 9H.11.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of six million two hundred fifty thousand dollars ($6,250,000) in recurring funds for the 2023-2024 fiscal year and the sum of six million two hundred fifty thousand dollars ($6,250,000) in recurring funds for the 2024-2025 fiscal year shall be allocated to Carolina Pregnancy Care Fellowship (CPCF), a nonprofit corporation, to be used as follows:

(1) The sum of two million nine hundred thousand dollars ($2,900,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million nine hundred thousand dollars ($2,900,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide grants for services to pregnancy centers located in this State.

(2) The sum of one million dollars ($1,000,000) in recurring funds for the 2023-2024 fiscal year and the sum of one million dollars ($1,000,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide the following grants to pregnancy centers located in this State:
   a. Grants to purchase durable medical equipment.
   b. Grants to pay for pregnancy care training and training on the use of durable medical equipment.

(3) The sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2023-2024 fiscal year and the sum of two hundred fifty thousand dollars ($250,000) in recurring funds for the 2024-2025 fiscal year shall be used to provide grants to pregnancy centers located in this State to cover the cost of nonreligious, nonsectarian educational training and resources regarding pregnancy.

(4) The sum of two million one hundred thousand dollars ($2,100,000) in recurring funds for the 2023-2024 fiscal year and the sum of two million one hundred thousand dollars ($2,100,000) in recurring funds for the 2024-2025 fiscal year shall be allocated to fund operation of the CPCF Circle of Care Program.

SECTION 9H.11.(b) The CPCF shall establish an application process for the grants authorized by subdivisions (a)(1) through (a)(3) of this section, and any pregnancy center located in this State that applies for these grant funds through the established application process is eligible to receive these grant funds.

SECTION 9H.11.(c) The CPCF may not use more than ten percent (10%) of the total amount of funds allocated by this section for each year of the 2023-2025 fiscal biennium for administrative purposes.

SECTION 9H.11.(d) Funds allocated under this section shall be used for nonsectarian, nonreligious purposes only.

SECTION 9H.11.(e) By July 1, 2025, and July 1 of each odd-numbered year thereafter, the CPCF shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the use of funds allocated under this section. The report shall include at least the following:

(1) The identity and a brief description of each grantee and the amount of funding awarded to each grantee.
(2) The number of persons served by each grantee.
(3) The number of persons served by the Circle of Care Program.

STATEWIDE CONTINUUM OF CARE PROGRAM

SECTION 9H.12.(a) Of the funds appropriated in this act from the ARPA Temporary Savings Fund to the Department of Health and Human Services, Division of Public Health, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds for the 2024-2025 fiscal year shall be allocated to the Human Coalition, a nonprofit organization, to fund operation of the Human Coalition's statewide Continuum of Care Program, as expanded pursuant to Section 9G.6 of S.L. 2021-180. These funds shall be used for nonreligious, nonsectarian purposes only.

SECTION 9H.12.(b) The Human Coalition may use up to ten percent (10%) of the funds allocated for the statewide Continuum of Care Program for each year of the 2023-2025 fiscal biennium for administrative purposes.

SECTION 9H.12.(c) By December 1, 2023, and every six months thereafter through December 1, 2026, the Human Coalition shall report to the Department of Health and Human Services on the status and operation of the statewide Continuum of Care Program authorized by Section 9G.6 of S.L. 2021-180. The report shall include at least all of the following:

(1) A detailed breakdown of expenditures for the program.
(2) The number of individuals served by the program and, for the individuals served, the types of services provided to each.
(3) Any other information requested by the Department of Health and Human Services as necessary for evaluating the success of the program.

SECTION 9H.12.(d) By February 1, 2025, and February 1, 2026, the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status and operation of the statewide Continuum of Care Program. The report shall include at least all of the information specified in subdivisions (c)(1) through (c)(3) of this section.

REVISIONS TO STRENGTHEN THE CHILD FATALITY PREVENTION SYSTEM

ESTABLISHMENT AND FUNDING OF STATE OFFICE OF CHILD FATALITY PREVENTION WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, DIVISION OF PUBLIC HEALTH

SECTION 9H.15.(a) Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 4C. State Office of Child Fatality Prevention.

"**§ 143B-150.25. Definitions.**

The following definitions apply in this Article:

(1) Child Fatality Prevention System. – The statewide system comprised of the following:
  a. Local Teams.
  b. The North Carolina Child Fatality Task Force created in G.S. 7B-1402.
  c. The State Office.
  d. Medical examiner child fatality staff.

(2) Local Team. – A multidisciplinary child death review team that is either a single or multicounty team responsible for performing any type of child fatality review pursuant to Article 14 of Chapter 7B of the General Statutes.

(3) Medical examiner child fatality staff. – Staff within the Office of the Chief Medical Examiner whose primary responsibilities involve reviewing, investigating, training, educating, and supporting death investigations into child fatalities that fall under the jurisdiction of the medical examiner pursuant to G.S. 130A-383.

(4) State Office. – The State Office of Child Fatality Prevention established under this Article.

"**§ 143B-150.26. Establishment and purpose of State Office.**

The State Office of Child Fatality Prevention is established within the Department of Health and Human Services, Division of Public Health, to serve as the lead agency for child fatality prevention in North Carolina. The purpose of the State Office is to oversee the coordination of State-level support functions for the entire North Carolina Child Fatality Prevention System in a way that maximizes efficiency and effectiveness and expands system capacity. The Department shall determine the most appropriate placement for, and configuration of, State Office staff within the Department, subject to the following limitation: medical examiner child fatality staff shall continue to work under the direction of the Chief Medical Examiner and address child fatalities within the jurisdiction of the medical examiner pursuant to G.S. 130A-383, while working collaboratively with the State Office and Local Teams.

"**§ 143B-150.27. Powers and duties.**

The State Office has the following powers and duties:

(1) To coordinate the work of the statewide Child Fatality Prevention System.

(2) To implement and manage a centralized data and information system capable of gathering, analyzing, and reporting aggregate information from child death review teams with appropriate protocols for sharing information and protecting confidentiality.

(3) To create and implement tools, guidelines, resources, and training and provide technical assistance for Local Teams to enable the teams to do the following:

a. Conduct effective reviews tailored to the type of death being reviewed.

b. Make effective recommendations about child fatality prevention.

c. Gather, analyze, and appropriately report on case data and findings while protecting confidentiality.

d. Facilitate the implementation of prevention strategies in their communities.

(4) To work with medical examiner child fatality staff and the North Carolina State Center for Health Statistics to provide Local Teams initial information about child deaths in their respective counties.

(5) To perform research, consult with stakeholders and experts, and collaborate with other organizations and individuals for the purpose of understanding the direct and contributing causes of child deaths as well as evidence-driven strategies, programs, and policies to prevent child deaths, abuse, and neglect in order to inform the work of the Child Fatality Prevention System or as requested by the Child Fatality Task Force.

(6) To educate State and local leaders, including the General Assembly, executive department heads, as well as stakeholders, advocates, and the public, about the Child Fatality Prevention System and issues and prevention strategies addressed by the system.

(7) To collaborate with State and local agencies, nonprofit organizations, academia, advocacy organizations, and others to facilitate the implementation

of evidence-driven initiatives to prevent child abuse, neglect, and death, such as education and awareness initiatives.

(8) To create and implement processes for evaluating the ability of the Child Fatality Prevention System to achieve outcomes sought to be accomplished by the system and to report to the Child Fatality Task Force on these evaluations and on statewide functioning of the Child Fatality Prevention System.

(9) To consider opportunities to seek and administer grant and other non-State funding sources to support State or local Child Fatality Prevention System efforts.

(10) To develop guidance to inform local decisions about the formation and implementation of single versus multicounty Local Teams. The guidance must include a model agreement to be used between or among counties that agree to be part of a multicounty Local Team."

SECTION 9H.15.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the recurring sum of five hundred sixty-nine thousand eight hundred eighty-five dollars ($569,885) and the nonrecurring sum of eighteen thousand one hundred fifteen dollars ($18,115) for the 2023-2024 fiscal year and the recurring sum of seven hundred fifty-eight thousand eight hundred eighty-five dollars ($758,885) for the 2024-2025 fiscal year shall be allocated and used as follows:

(1) Five hundred fifty-four thousand eight hundred eighty-five dollars ($554,885) in recurring funds for each year of the 2023-2025 fiscal biennium for operational costs to establish the State Office of Child Fatality Prevention (State Office) established under Part 4C of Article 3 of Chapter 143B of the General Statutes, as enacted by this section. The Department of Health and Human Services may use up to five hundred fourteen thousand seven hundred thirty-five dollars ($514,735) of these recurring funds for each year of the 2023-2025 fiscal biennium to establish up to five full-time positions within the State Office.

(2) Eighteen thousand one hundred fifteen dollars ($18,115) in nonrecurring funds for the 2023-2024 fiscal year for nonrecurring costs associated with establishing the State Office.

(3) Up to fifteen thousand dollars ($15,000) in recurring funds for each year of the 2023-2025 fiscal biennium to support the work of the Child Fatality Task Force and to pay its members, staff, and consultants in accordance with G.S. 7B-1414, as amended by this act.

(4) One hundred eighty-nine thousand dollars ($189,000) in recurring funds for the 2024-2025 fiscal year shall be distributed among the State's 100 counties, as determined appropriate by the Department, to support implementation of the changes authorized by this act to restructure child death reviews by Local Teams and to offset the costs associated with Local Team participation in the National Fatality Review Case Reporting System.

SECTION 9H.15.(c) The Department of Health and Human Services may not use the funds allocated by subdivisions (b)(1) through (b)(3) of this section for any purposes other than the purposes specified in those subdivisions. Counties shall not use the funds allocated by subdivision (b)(4) of this section for any purposes other than the purposes specified in that subdivision.

SECTION 9H.15.(d) Subsections (b) and (c) of this section become effective July 1, 2023.

TRANSITION PLAN FOR SHIFTING STATE SUPPORT OF THE CHILD FATALITY PREVENTION SYSTEM TO THE STATE OFFICE OF CHILD FATALITY PREVENTION, CREATING AND SUPPORTING A CENTRALIZED DATA AND REPORTING SYSTEM, AND RESTRUCTURING EXISTING CHILD DEATH REVIEW TEAMS

SECTION 9H.15.(e) It is the intent of the General Assembly to restructure North Carolina's Child Fatality Prevention System in order to eliminate the silos and redundancy that exist within the current system, implement centralized coordination of the system, streamline the system's State-level support functions, maximize the usefulness of data and information derived from teams that review child fatalities, ensure that relevant and appropriate information and recommendations from teams that review child fatalities reach appropriate local and State leaders, and strengthen the system's effectiveness in preventing child abuse, neglect, and death. Creation and implementation of a State Office of Child Fatality Prevention is a critical element of this restructuring that must be put in place to facilitate a transition to the restructuring and support of Local Teams and their participation in the National Fatality Review Case Reporting System (NFR-CRS). To that end, the Department of Health and Human Services is directed to accomplish the following:

(1) Not later than July 1, 2024, the Department shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on the status of creating, implementing, and staffing the State Office of Child Fatality Prevention. The report shall include at a minimum the status of preparations for (i) transitioning to the restructuring and support of Local Teams and (ii) participating in the NFR-CRS. Any management staff the Department places within the State Office of Child Fatality Prevention shall work with the Department to take the necessary steps toward fully staffing the State Office and implementing plans that will enable the State Office to carry out the powers and duties of the State Office, as described in G.S. 143B-150.27, and to support a restructured Child Fatality Prevention System consistent with subsections (f) through (i) of this section. The Department shall also ensure during this time that Local Teams receive State-level support either as such support exists prior to the creation of the State Office or from staff within the newly created State Office.

(2) Not later than January 1, 2025, the Department shall ensure all of the following:

a. That the State Office of Child Fatality Prevention is sufficiently staffed and prepared to carry out the powers and duties of the State Office, as described in G.S. 143B-150.27, to support a restructured Child Fatality Prevention System as set forth in subsections (f) through (i) of this section.

b. That any contractual agreements and interagency data sharing agreements necessary for participation in the NFR-CRS, as required in G.S. 7B-1413.5, have been executed.

(3) Not later than July 1, 2025, the Department shall ensure through its State Office of Child Fatality Prevention that all Local Teams have been provided guidelines and training addressing their participation in the NFR-CRS, and Local Teams shall begin utilizing the System for case reporting as specified in G.S. 7B-1413.5.

MODIFICATIONS AND ADDITIONS TO CHILD FATALITY PREVENTION SYSTEM STATUTES TO RESTRUCTURE CHILD DEATH REVIEW TEAMS, IMPLEMENT PARTICIPATION IN THE NATIONAL FATALITY REVIEW CASE REPORTING

SYSTEM, AND CLARIFY THE FUNCTIONS OF THE NORTH CAROLINA CHILD FATALITY TASK FORCE

SECTION 9H.15.(f) Article 14 of Chapter 7B of the General Statutes reads as rewritten:

"Article 14.

"North Carolina Child Fatality Prevention System.

"**§ 7B-1400. Declaration of public policy.**

The General Assembly finds that it is the public policy of this State to prevent the abuse, neglect, and death of juveniles. The General Assembly further finds that the prevention of the abuse, neglect, and death of juveniles is a community responsibility; that professionals from disparate disciplines have responsibilities for children or juveniles and have expertise that can promote their safety and well-being; and that multidisciplinary reviews of the abuse, neglect, and death of juveniles can lead to a greater understanding of the causes and methods of preventing these deaths. It is, therefore, the intent of the General Assembly, through this Article, to establish a statewide multidisciplinary, multiagency child fatality prevention ~~system consisting of the State Team established in G.S. 7B-1404 and the Local Teams established in G.S. 7B-1406.~~ system. The purpose of the system is to assess the records of ~~selected cases in which children are being served by child protective services and the records of all deaths of children~~ child deaths in North Carolina from birth ~~to age 18~~ up until a child's eighteenth birthday, and with respect to these cases, to study data and prevention strategies related to child abuse, neglect, and death, and to utilize multidisciplinary teams to review these deaths in order to (i) develop a communitywide approach to the problem of child abuse and neglect, (ii) understand the causes and contributing factors of childhood deaths, (iii) identify any gaps or deficiencies that may exist in the delivery of services to children and their families by public agencies that are designed to prevent future child abuse, neglect, or death, ~~and~~ (iv) identify and aid in facilitating the implementation of evidence-driven strategies to prevent child death and promote child well-being, and (v) make and implement recommendations for changes to laws, rules, and policies that will support the safe and healthy development of our children and prevent future child abuse, neglect, and death.

"**§ 7B-1401. Definitions.**

The following definitions apply in this Article:

~~(1) Additional Child Fatality. – Any death of a child that did not result from suspected abuse or neglect and about which no report of abuse or neglect had been made to the county department of social services within the previous 12 months.~~

(1a) Child Fatality Prevention System. – The statewide system comprised of the following:

a. Local Teams.

b. The North Carolina Child Fatality Task Force as established in this Article.

c. The State Office.

d. Medical examiner child fatality staff.

(2) Local Team. – ~~A Community Child Protection Team or a Child Fatality Prevention Team.~~A multidisciplinary child death review team that is either a single or multicounty team responsible for performing any type of review pursuant to this Article.

(2a) Medical examiner child fatality staff. – Staff within the Office of the Chief Medical Examiner whose primary responsibilities involve reviewing, investigating, training, educating, or supporting death investigations into child fatalities that fall under the jurisdiction of the medical examiner pursuant to G.S. 130A-383.

(2b) National Fatality Review Case Reporting System or NFR-CRS. – The web-based system used by a majority of states to provide child death review teams with a simple method for capturing, analyzing, and reporting on the full set of information shared at a child death or serious injury review.

(2c) State Office. – The State Office of Child Fatality Prevention established under Part 4C of Article 3 of Chapter 143B of the General Statutes.

~~(3) State Team. – The North Carolina Child Fatality Prevention Team.~~

(4) Task Force. – The North Carolina Child Fatality Task Force.

~~(5) Team Coordinator. – The Child Fatality Prevention Team Coordinator.~~

"**§ 7B-1402. Task Force – creation; membership; vacancies.**

…

(c) All members of the Task Force are voting members. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment. Terms shall be two years. ~~The members shall elect a chair who shall preside for the duration of the chair's term as member. In the event a vacancy occurs in the chair before the expiration of the chair's term, the members shall elect an acting chair to serve for the remainder of the unexpired term.~~

"**§ 7B-1402.5. Task Force – organization; committees, leadership, policies and procedures; public meetings.**

(a) Committees. – The Task Force shall carry out its duties through the work of the following three committees:

(1) A Perinatal Health Committee to address healthy pregnancies, births, and infants.

(2) An Unintentional Death Prevention Committee to address the prevention of deaths resulting from unintentional causes such as motor vehicle or bicycle accidents, poisoning, burning, or drowning.

(3) An Intentional Death Prevention Committee to address the prevention of deaths resulting from intentional causes such as homicide, suicide, abuse, or neglect; and to address the prevention of child abuse and neglect.

(b) Committee Recommendations. – Each Committee shall develop and submit recommendations to the Task Force for consideration. Recommendations shall become final upon the majority vote of the Task Force.

(c) Leadership. – The leadership of the Task Force and its committees shall be organized as follows:

(1) Task Force chair or cochairs. – Task Force members shall elect by a majority vote a chair or two cochairs from among its membership. The Task Force chair or cochairs shall serve for a term of two years and are not subject to term limits.

(2) Committee cochairs. – Task Force members shall elect by a majority vote of the Task Force two cochairs per committee, at least one of whom shall be a Task Force member and one of whom may be a nonmember with expertise in the subject matter of the committee. The committee cochairs shall serve for a term of two years and are not subject to term limits.

(3) Staff. – The Task Force chair or cochairs shall work with the Secretary of the Department of Health and Human Services to hire or designate staff to coordinate the work of the Task Force and its committees. The Secretary shall determine placement of such staff within the Department. In addition to general coordination of the work of the Task Force, Task Force staff may do the following:

a. Educate organizations and individuals, including members of the General Assembly, about the work of the Task Force and its recommendations.
b. Serve as a representative of the Task Force.
c. Assist the Task Force chair in working to advance Task Force recommendations.
d. Assist in any way the Task Force chair or committee cochairs deem necessary in carrying out the duties of the Task Force.

(d) Policies and Procedures. – The Task Force chair or cochairs, committee cochairs, and director or coordinator shall develop, and from time to time revise as necessary, policies and procedures to facilitate the efficient and effective operations of the Task Force. These policies and procedures and any recommended revisions become effective upon approval by a majority vote of the Task Force. The policies and procedures shall address, at a minimum, the following:

(1) The Task Force study process.
(2) Nominations for leadership positions.
(3) Committee membership, including any participation by individuals who are not members of the Task Force.
(4) Conflicts of interest.

"**§ 7B-1403. Task Force – duties.**

The Task Force ~~shall:~~shall do all of the following:

(1) Undertake a ~~statistical~~ study of the incidences and causes of child deaths in this State ~~and establish a profile of child deaths.~~ as well as evidence-driven strategies for preventing future child deaths, abuse, and neglect. The study shall include ~~(i) an analysis of all community and private and public agency involvement with the decedents and their families prior to death, and (ii) an~~ at least all of the following:
   a. Aggregate information from child death reviews compiled by the State Office addressing data on child deaths, the identification of systemic problems, and Local Team recommendations for prevention strategies or changes in law or policy.
   b. A data analysis of all child deaths by age, cause, race and ethnicity, socioeconomic status, and geographic ~~distribution;~~distribution.
   c. Information from subject matter experts that informs the understanding of the causes of child deaths; strategies to prevent child deaths, abuse, and neglect; or a combination of these.
(2) ~~Develop a system for multidisciplinary review of child deaths. In developing such a system, the Task Force shall study the operation of existing Local Teams. The Task Force shall also consider the feasibility and desirability of local or regional review teams and, should it determine such teams to be feasible and desirable, develop guidelines for the operation of the teams. The Task Force shall also examine the laws, rules, and policies relating to confidentiality of and access to information that affect those agencies with responsibilities for children, including State and local health, mental health, social services, education, and law enforcement agencies, to determine whether those laws, rules, and policies inappropriately impede the exchange of information necessary to protect children from preventable deaths, and, if so, recommend changes to them;~~Advise the State Office of Child Fatality Prevention with respect to the operation of an effective statewide system for multidisciplinary review of child deaths and the implementation of evidence-driven strategies to prevent child deaths, abuse, and neglect.

(3) Receive and consider reports from the State ~~Team; and~~Office addressing aggregate data, information, findings, and recommendations resulting from Local Team reviews of child deaths, the functioning of any aspect of the statewide Child Fatality Prevention System, and any other type of report the Task Force deems relevant to carrying out its duties under this Article.

(4) Develop recommendations for changes in law, policy, rules, or the implementation of evidence-driven prevention strategies to be included in the annual report required by G.S. 7B-1412.

(5) Perform any other studies, evaluations, or determinations the Task Force considers necessary to carry out its mandate.

…

"**§ 7B-1406.5. Local Teams; county work.**

(a) Local Team for Each County. – Each county in the State shall have its own Local Team or participate in a multicounty Local Team, as determined in accordance with subsection (b) of this section.

(b) Participation in a Single County Versus Multicounty Local Team. – Each county's local board of county commissioners shall evaluate and determine whether the county will have its own Local Team or be part of a multicounty team. This determination shall be made through consulting all of the following:

(1) The director of the local health department.

(2) The director of the local departments of social services, or if applicable, the consolidated human services director.

(3) The guidance created by the State Office that addresses the formation and implementation of single versus multicounty teams and includes a model agreement to be used between or among counties who agree to be part of a multicounty team.

(c) Mandatory Review of Deaths. – Each Local Team shall review all child deaths of resident children under age 18 in the county or counties comprising the Local Team that fall under one of the following categories of death:

(1) Undetermined causes.

(2) Unintentional injury.

(3) Violence.

(4) Motor vehicle incidents.

(5) Pursuant to criteria set forth in G.S. 7B-1407.5, deaths related to child maltreatment or child deaths involving a child or child's family who was reported or known to child protective services.

(6) Sudden unexpected infant death.

(7) Suicide.

(8) Deaths not expected in the next six months.

(9) Additional infant deaths according to the criteria established by the State Office under G.S. 7B-1407.6.

For cases in which a Local Team is uncertain whether a death falls under a category specified in subdivisions (1) through (9) of this subsection, the State Office shall consult with the Office of the Chief Medical Examiner and appropriate medical professionals to make that determination.

(d) Permissive Review of Deaths. – Each Local Team may review child deaths that fall outside the categories specified in subdivisions (1) through (9) of subsection (c) of this section.

(e) Permissive Review of Active Child Protective Services Cases. – At the request of a director of a local department of social services and pursuant to G.S. 7B-1410(b), a Local Team may elect to review an active case in which a child or children are being served by child protective services. The Local Team is not required to make findings or create reports based upon such reviews. However, the Local Team may develop recommendations based on such reviews to be

submitted to the citizen review panel serving the area in which the Local Team is located and may also include in its recommendations to boards of county commissioners pursuant to G.S. 7B-1407.10(d) recommendations stemming from the review of such cases.

(f) Periodic Training and Best Practices. – Local Teams shall participate in periodic training provided by the State Office. Local Teams shall make every effort to employ best practices in conducting child death reviews, gathering information, selecting participants, and making reports as outlined in guidance provided by the State Office.

"**§ 7B-1407. Local Teams; ~~composition.~~composition and leadership.**

(a) Each Local Team shall consist of representatives of public and nonpublic agencies in the community that provide services to children and their families and other individuals who represent the community. ~~No single team shall encompass a geographic or governmental area larger than one county.~~

(b) Each Local Team shall consist of the following persons:

(1) The director of the county department of social services or the director of the consolidated human services agency and a member of the director's ~~staff;~~staff.

(2) A local law enforcement officer, appointed by the board of county ~~commissioners;~~commissioners.

(3) An attorney from the district attorney's office, appointed by the district ~~attorney;~~attorney.

(4) The executive director of the local community action agency, as defined by the Department of Health and Human Services, or the executive director's ~~designee;~~designee.

(5) The superintendent of each local school administrative unit located in the county, or the superintendent's ~~designee;~~designee.

(6) A member of the county board of social services, appointed by the chair of that ~~board;~~board.

(7) A local mental health professional, appointed by the director of the area authority established under Chapter 122C of the General ~~Statutes;~~Statutes.

(8) The local guardian ad litem coordinator, or the coordinator's ~~designee;~~designee.

(9) The director of the local department of public ~~health; and~~health.

(10) A local health care provider, appointed by the local board of health.

(11) An emergency medical services provider or firefighter, appointed by the board of county commissioners.

(12) A district court judge, appointed by the chief district court judge in that district.

(13) A county medical examiner, appointed by the Chief Medical Examiner.

(14) A representative of a local child care facility or Head Start program, appointed by the director of the county department of social services.

(15) A parent of a child who died before reaching the child's eighteenth birthday, to be appointed by the board of county commissioners.

(c) ~~In addition, a Local Team that reviews the records of additional child fatalities shall include the following five additional members:~~

~~(1) An emergency medical services provider or firefighter, appointed by the board of county commissioners;~~

~~(2) A district court judge, appointed by the chief district court judge in that district;~~

~~(3) A county medical examiner, appointed by the Chief Medical Examiner;~~

~~(4) A representative of a local child care facility or Head Start program, appointed by the director of the county department of social services; and~~

~~(5) A parent of a child who died before reaching the child's eighteenth birthday, to be appointed by the board of county commissioners.~~

The chair of the Local Team may invite a maximum of five additional individuals to participate on the Local Team on an ad hoc basis for a specific review if the chair believes the individual's subject matter expertise or position within an organization will enhance the ability of the Local Team to conduct an effective review. The chair may select ad hoc members from outside of the county or counties served by the Local Team. As a condition of participating in a specific review, each ad hoc member is required to sign the same confidentiality statement signed by a Local Team member and is subject to the provisions of G.S. 7B-1413.

(d) ~~The Team Coordinator shall~~ One or more members of the State Office staff may serve as an ex officio member of ~~each Local Team that reviews the records of additional child fatalities. The board of county commissioners may appoint a maximum of five additional members to represent county agencies or the community at large to serve on any Local Team.~~ any Local Team. Vacancies on a Local Team shall be filled by the original appointing authority.

(e) Each Local Team shall elect a member to serve as chair at the Team's pleasure.

(f) Each Local Team shall meet ~~at least four times each year.~~as frequently as necessary to fulfill the requirements imposed by this Article, but no less than twice per year.

(g) ~~The director of the local department of social services shall call the first meeting of the Community Child Protection Team. The director of the local department of health, upon consultation with the Team Coordinator, shall call the first meeting of the Child Fatality Prevention Team. Thereafter, the~~ The chair of each Local Team shall schedule the time and place of ~~meetings, in consultation with these directors,~~ meetings and shall prepare the agenda. ~~The chair shall schedule Team meetings no less often than once per quarter and often enough to allow adequate review of the cases selected for review. Within three months of election, the~~ Prior to presiding over a Local Team meeting, the chair shall participate in the appropriate training ~~developed under this Article.~~provided by the State Office.

"**§ 7B-1407.5. Review of child maltreatment deaths and deaths of children known to child protective services.**

(a) In addition to any other applicable requirements of this Article, the requirements of this section apply specifically to child deaths when any of the following are true:

(1) The decedent was known to be reported as being abused or neglected under G.S. 7B-301 regardless of the disposition of such report.

(2) There was a known report involving child abuse or neglect under G.S. 7B-301 within the three-year period preceding the time of a child's death that involved the child's family regardless of the disposition of the report.

(3) The decedent or decedent's family was involved with child protective services within three years preceding a child's death.

(4) Available information indicates a possibility that child abuse or neglect, as defined in G.S. 7B-101, may be a direct or contributing cause of the child's death.

(b) The State Office shall do all of the following with respect to child death reviews that meet any of the criteria specified in subsection (a) of this section:

(1) Develop policies, procedures, and tools that address the effective reviews of this category of child deaths, based on best practices and available resources.

(2) Provide technical assistance by State Office staff to Local Teams which may include assistance with coordinating the review, information gathering, determination of necessary participants, meeting procedures and facilitation, development of recommendations, and drafting of reports.

(3) Within the limitations of State and federal law, develop an appropriate process and procedure for the creation and release of reports resulting from reviews of deaths by Local Teams under this section that address the following:

a. Findings and recommendations related to improving coordination between local and State entities with respect to child death cases that include any of the facts described in subdivisions (a)(1) through (a)(3) of this section.
b. Information disclosed pursuant to G.S. 7B-2902.
c. Information the State is required to disclose under federal law.

(4) Develop and implement a process to follow up on the implementation status of recommendations related to a particular agency and, where feasible, work to help facilitate the advancement of these recommendations.

(5) Work with the Division of Social Services, the Office of the Chief Medical Examiner, the State Center for Health Statistics, and other relevant experts and agencies to develop and implement the following:
a. A system for the State Office to identify child fatalities to be reviewed under this section.
b. A system for defining, identifying, and including in North Carolina's child fatality data information the State is required to report to the federal government about child deaths resulting from child maltreatment. This system shall include the use of Local Teams.

(6) Work with the Division of Social Services to determine the manner in which information from internal fatality reviews conducted by the Division of Social Services can appropriately inform Local Team reviews of these cases.

(7) Work with the Division of Social Services to determine the manner in which information from reviews conducted under this section can be shared with the citizen review panels established under G.S. 108A-15.20.

(c) Local Teams have the following powers and duties with respect to reviews that fall under this section:

(1) To conduct reviews that align with the policies and procedures developed by the State Office for reviews and to seek technical assistance from the State Office as necessary to conduct reviews.

(2) To conduct, as determined necessary by the Local Team, interviews of any individuals determined to have pertinent information about a death under review and to examine any written materials containing pertinent information, except that the Local Team may not (i) contact or interview family members of the decedent or (ii) conduct an interview or take any other action that would interfere with an investigation by a law enforcement agency or the duties of a district attorney.

(3) To work with the State Office to produce a report appropriate for public release pursuant to sub-subdivision (b)(3)a. of this section that addresses the findings and recommendations developed pursuant to sub-subdivision (b)(3)a. of this section related to improving coordination between local and State entities. These findings shall not be admissible as evidence in any civil or administrative proceedings against individuals or entities that participate in reviews conducted under this section. In accordance with G.S. 7B-2902, the Local Team shall consult with the appropriate district attorney prior to the public release of a report.

"**§ 7B-1407.6. Review of infant deaths.**

The State Office shall consult with perinatal health experts as well as participants in reviews of infant deaths to develop criteria to be used by Local Teams to identify at least a subset of additional infant deaths subject to review that fall outside the categories of required reviews specified in subdivisions (1) through (9) of G.S. 7B-1406.5(c). The criteria shall take into account

leading causes of infant death, including short gestation, low birthweight, and perinatal complications, and shall be updated at least biannually based on emerging information and data.

"**§§ 7B-1407.7 through 7B-1407.9.** Reserved for future codification purposes.

"**§ 7B-1407.10. Team findings and reporting.**

(a) For each child death reviewed, the Local Team shall make findings addressing at least the following:

(1) Significant challenges faced by the child or family, the systems with which they interacted, and the response to the incident.

(2) Notable positive elements in the case that may have promoted resiliency in the child or family, the systems with which they interacted, and the response to the incident.

(3) Recommendations and initiatives that could be implemented at the State or local level to prevent deaths from similar causes or circumstances in the future.

(4) Whether the cause or a contributing cause of the death was related to child abuse or neglect as defined by G.S. 7B-101.

(b) For each required review of a child's death pursuant to G.S. 7B-1406.5(c), information about the case, including circumstances surrounding the death as well as the Local Team's findings, shall be entered into the National Fatality Review Case Reporting System (NFR-CRS) pursuant to G.S. 7B-1413.5. Local Teams shall make every effort to gather and report information that is collected through any applicable data field in the NFR-CRS, unless State Office guidelines direct otherwise.

(c) For each permissive review of a child's death pursuant to G.S. 7B-1406.5(d), the Local Team may, but is not required to, enter case review information into the NFR-CRS.

(d) Local Teams shall annually submit a report to the board of county commissioners that includes recommendations, if any, for systemic improvements and needed resources to address identified gaps and deficiencies in the existing system. Local Teams shall simultaneously provide a copy of this report to the State Office.

"**§ 7B-1407.15. Duties of medical examiner child fatality staff.**

(a) Medical examiner child fatality staff shall work collaboratively with the State Office and Local Teams to carry out the purposes of the Child Fatality Prevention System and are required to do at least all of the following:

(1) Provide Local Teams with access to completed medical examiner reports for purposes of review.

(2) Enter relevant information from medical examiner reports on specific child deaths into the National Fatality Review Case Reporting System.

(3) Respond to State Office or Task Force requests for data or reports related to aggregate information on medical jurisdiction child deaths tracked by the Office of the Chief Medical Examiner.

(4) Serve as subject matter experts and offer training to law enforcement personnel related to child death scene investigation and reporting.

(b) Nothing in this Article shall be construed to limit the role or responsibilities of medical examiner child fatality staff as assigned by the Chief Medical Examiner.

…

"**§ 7B-1410. ~~Local Teams; duties~~ Duties of the director of the local department of ~~health.~~health; director of the county department of social services; or consolidated health and human services director for counties with consolidated human services.**

(a) In addition to any other duties as a member of the Local ~~Team and in connection with reviews of additional child fatalities,~~ Team, the director of the local department of health ~~shall:~~shall do the following:

(1) ~~Distribute copies of the written procedures developed by the Team Coordinator under G.S. 7B-1408 to the administrators of all agencies represented on the Local Team and to all members of the Local Team;~~

(1a) Serve along with the Local Team chair as a liaison between the State Office and the Local Team to communicate information.

(2) Maintain records, including minutes of all official meetings, lists of participants for each meeting of the Local Team, and signed confidentiality statements required under G.S. 7B-1413, in compliance with applicable rules and ~~law;~~law.

(3) Provide staff support for ~~these reviews; and~~reviews.

(4) Report quarterly to the local board of health, or as required by the board, on the activities of the Local Team.

(b) In addition to any other duties as a member of the Local Team, the director of the local department of social services shall do the following:

(1) Serve along with the Local Team chair as a liaison between the State Office and the Local Team to communicate information with respect to cases reviewed under G.S. 7B-1406.5(e) or G.S. 7B-1407.5.

(2) Provide staff support for cases reviewed under G.S. 7B-1406.5(e) or G.S. 7B-1407.5.

(3) Report quarterly to the county board of social services, or as required by the board, on the activities of the Team.

(4) Determine whether and when to request the Local Team or a citizen review panel to review an active child protective services case pursuant to G.S. 7B-1406.5(e) and G.S. 108A-15.20.

…

"**§ 7B-1412. Task Force – reports.**

~~The~~ Within the first week of the convening or reconvening of the General Assembly, the Task Force shall report annually to the ~~Governor and General Assembly, within the first week of the convening or reconvening of the General Assembly.~~ Governor, the General Assembly, the Secretary of Health and Human Services, and the Chairs of the House and Senate Appropriations Committees on Health and Human Services, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, and the Joint Legislative Education Oversight Committee. The report shall contain at least ~~a~~ all of the following:

(1) A summary of the conclusions and recommendations for each of the Task Force's ~~duties, as well as any~~ duties.

(2) A summary of activities and functioning of the Child Fatality Prevention System as a whole.

(3) Any other recommendations for changes to any law, rule, or ~~policy~~ policy, or for the implementation of evidence-driven prevention strategies that it has determined will promote the safety and well-being of children. Any recommendations of changes to law, rule, or policy shall be accompanied by specific legislative or policy ~~proposals and detailed fiscal notes setting forth the costs to the State.~~proposals. The Task Force may request assistance from the Fiscal Research Division of the General Assembly in developing fiscal notes or other fiscal information to accompany these recommendations.

"**§ 7B-1413. Access to records.**

(a) The ~~State Team, the~~ Local Teams, ~~and~~ the Task ~~Force during its existence,~~ Force, and the State Office staff providing to Local Teams technical assistance with a review shall have access to all medical records, hospital records, and records maintained by this State, any county, or any local agency ~~as~~ the Local Teams, the Task Force, or the State Office deems necessary to

carry out the purposes of this Article, including police investigations data, medical examiner investigative data, health records, mental health records, and social services records. Access to records granted by this subsection is subject to and limited by all relevant federal and State laws whenever applicable. The ~~State Team, the~~ Task Force, ~~and~~ the Local ~~Teams~~ Teams, and the State Office staff shall not, as part of the reviews authorized under this Article, contact, question, or interview the child, the parent of the child, or any other family member of the child whose record is being reviewed. Any member of a Local Team may share, only in an official meeting of that Local Team, any information available to that member that the Local Team needs to carry out its duties.

(a1) If a Local Team, the Task Force, or the State Office has requested information that it is entitled to receive under this Article and it has not received such information within 30 days after the request, the requesting entity may apply for a court order to compel disclosure of the information. The application shall state the factors supporting the need for an order compelling disclosure. The requesting entity shall file the application in the district court of the county where the review is being conducted, and the court shall have jurisdiction to issue any orders compelling disclosure. The district courts shall schedule any actions brought under this section for immediate hearing, and the appellate courts shall give priority to appeal proceedings in these actions.

(b) Meetings of the ~~State Team and the~~ Local Teams are not subject to the provisions of Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic public meetings to discuss, in a general manner not revealing confidential information about children and families, the findings of their reviews and their recommendations for preventive actions. In the case of the death of a child from suspected abuse or neglect and pursuant to federal law, Local Teams may make certain information public according to G.S. 7B-1407.5(b)(3). Minutes of all public meetings, excluding those of executive sessions, shall be kept in compliance with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other information generated during any closed session shall be sealed from public inspection.

(c) All ~~otherwise confidential~~ information and records otherwise confidential under federal or State law that are acquired or created by the ~~State Team, the~~ Local Teams, ~~and~~ the Task ~~Force during its existence,~~ Force, and the State Office in the exercise of their duties are ~~confidential;~~ confidential; are not public records as defined by G.S. 132-1; are not subject to discovery or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry out the purposes of ~~the State Team,~~ the Local ~~Teams, and the Task Force. In addition, all otherwise confidential information and records created by a Local Team in the exercise of its duties are confidential; are not subject to discovery or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry out the purposes of the Local Team.~~ Teams, the Task Force, and the State Office, or as otherwise required by law. No member of ~~the State Team,~~ a Local Team, nor any person who attends a meeting of the ~~State Team or a~~ Local Team, may testify in any proceeding about what transpired at the meeting, about information presented at the meeting, or about opinions formed by the person as a result of the meetings. This subsection shall not, however, prohibit a person from testifying in a civil or criminal action about matters within that person's independent knowledge. Notwithstanding the provisions of this subsection, citizen review panels shall have access to information related to child deaths and child death reviews or reviews of active child protective services cases conducted under this Article, when such information is relevant to citizen review panel purposes connected to evaluating the provision of child protective services.

(d) Each member of a Local Team and invited participant shall sign a statement indicating an understanding of and adherence to confidentiality requirements, including the possible civil or criminal consequences of any breach of confidentiality.

(e) Cases receiving child protective services at the time of review by a Local Team shall have an entry in the child's protective services record to indicate that the case was received by

that Team. Additional entry into the record shall be at the discretion of the director of the county department of social services.

(f) The Social Services Commission shall adopt rules to implement this section in connection with reviews conducted ~~by Community Child Protection Teams.~~ under G.S. 7B-1407.5. The Commission for Public Health shall adopt rules to implement this section in connection with Local ~~Teams that review additional child fatalities.~~ Teams. In particular, these rules shall allow information generated by an executive session of a Local Team to be accessible for administrative or research purposes only.

"**§ 7B-1413.5. Participation in the National Fatality Review Case Reporting System.**

(a) Local Teams, the State Office, and medical examiner child fatality staff shall utilize the National Fatality Review Case Reporting System (NFR-CRS) for the purpose of collecting, analyzing, and reporting on information learned through child death reviews in a manner consistent with this Article. Use of other data systems in addition to the use of the NFR-CRS is not prohibited so long as the use of other data systems does not conflict with this Article or other applicable laws.

(b) The State Office shall provide the necessary coordination, training, management, and technical assistance to support North Carolina's full and effective participation in the NFR-CRS and shall work with Local Teams and the national administrators of the NFR-CRS to help ensure effective and appropriate use of the system.

(c) The State Office shall provide policies, guidelines, and training for Local Teams that address the use of the NFR-CRS, including (i) appropriate information protection and sharing consistent with applicable State and federal laws, (ii) who is authorized to access the NFR-CRS, and (iii) requirements for accessing the NFR-CRS.

"**§ 7B-1414. Administration; funding.**

(a) To the extent of funds ~~available,~~ available and consistent with G.S. 7B-1402.5(c)(3), the chairs of the Task Force ~~and State Team may~~ shall work with the Secretary of the Department of Health and Human Services to hire or designate staff or consultants to assist the Task Force and ~~the State Team~~ its committees in completing their duties.

(b) ~~Members,~~ Nonlegislative members, staff, and consultants of the Task Force ~~or State Team~~ shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as ~~the case may be, paid from funds appropriated to implement this Article and within the limits of those funds.~~appropriate. Legislative members of the Task Force shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1.

(c) With the approval of the Legislative Services Commission, legislative staff and space in the Legislative Building and the Legislative Office Building may be made available to the Task Force."

SECTION 9H.15.(g) G.S. 7B-2902 reads as rewritten:

"**§ 7B-2902. Disclosure in child fatality or near fatality cases.**

(a) The following definitions apply in this section:

…

(2) Findings and information. – A written summary, as allowed by subsections (c) through (f) of this section, of actions taken or services rendered by a public agency following receipt of information that a child might be in need of protection. The written summary shall include any of the following information the agency is able to provide:

a. The dates, outcomes, and results of any actions taken or services rendered.

b. The results of any review by ~~the State Child Fatality Prevention Team,~~ a local child fatality ~~prevention~~ review team, ~~a local community child protection team, the Child Fatality Task Force,~~ or any public agency.

c. Confirmation of the receipt of all reports, accepted or not accepted by the county department of social services, for investigation of suspected child abuse, neglect, or maltreatment, including confirmation that investigations were conducted, the results of the investigations, a description of the conduct of the most recent investigation and the services rendered, and a statement of basis for the department's decision.

…

(f) Access to criminal investigative reports and criminal intelligence information of public law enforcement agencies and confidential information in the possession of ~~the State Child Fatality Prevention Team,~~ the local teams, and the Child Fatality Task Force, shall be governed by G.S. 132-1.4 and G.S. 7B-1413 respectively. Nothing herein shall be deemed to require the disclosure or release of any information in the possession of a district attorney.

…."

SECTION 9H.15.(h) Effective January 1, 2025, G.S. 7B-1404, 7B-1405, 7B-1406, 7B-1408, 7B-1409, 7B-1411, and 143B-150.20 are repealed.

SECTION 9H.15.(i) G.S. 7B-1413.5, as enacted by subsection (f) of this section, becomes effective July 1, 2025.

ESTABLISHMENT OF NORTH CAROLINA CITIZEN REVIEW PANELS

SECTION 9H.15.(j) Part 2B of Article 1 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-15.20. Citizen review panels.**

(a) The Department of Health and Human Services, Division of Social Services, shall ensure the existence of, at a minimum, three citizen review panels (panels) pursuant to requirements set forth in the federal Child Abuse Prevention and Treatment Act (CAPTA), under sections 106(b)(2)(A)(x) and (c) of 42 U.S.C. § 5101 et seq., as amended. The panels shall be operated and managed by a qualified organization that is independent from any State or county department of social services. The Division of Social Services shall assist any organization managing a panel with providing information, reports, and support the panel needs in carrying out its duties pursuant to this section.

(b) Panels shall consist of volunteer members who broadly represent the community in which the panel is established, including members who have expertise in the prevention and treatment of child abuse and neglect, and may include adult former victims of child abuse or neglect.

(c) Each panel shall evaluate the extent to which the State is fulfilling its child protection responsibilities in accordance with the Child Abuse Prevention and Treatment Act State Plan by examining the policies, procedures, and practices of State and local child protection agencies, and, when appropriate, reviewing specific cases. A panel may examine any other criteria the panel considers important to ensure the protection of children, including, but not limited to, any of the following:

(1) The extent to which the State and local child protective services system is coordinated with the Title IV-E foster care and adoption assistance programs of the Social Security Act.

(2) A review of child fatalities.

(3) A review of near fatalities in this State. For purposes of this subdivision, a "near fatality" is an act that, as certified by a physician, places the child in serious or critical condition.

(d) A panel choosing to examine child fatalities may utilize information and reports about reviews of child fatalities that take place pursuant to Article 14 of Chapter 7B of the General Statutes. The State Office of Child Fatality Prevention or Local Teams, as both are described

under G.S. 143B-150.25, acting under that Article shall provide to the panel aggregate information about child death reviews or information about individual case reviews, as requested by the panel. A panel choosing to examine specific child protective services cases may do so based on a request for review of a case from a director of a county department of social services or as deemed necessary by the panel in carrying out its duties.

(e) Panels shall have access to information maintained by any State or local government entity where the panel has a need for the information to carry out its functions pursuant to this section. Panel members shall not disclose to any person or government official any identifying information about any specific child protection case in which the panel is provided information and shall not make public other information unless otherwise authorized by law.

(f) Panels shall provide for public outreach and comment to assess the impact of current procedures and practices on children and families.

(g) Panels shall prepare and make available to the State and the public an annual report containing a summary of the activities of the panels and recommendations to improve the child protection services system at the State and local levels. The report shall not contain any identifying information about any specific child protection case. No later than six months after the date the panels submit the report, the Division of Social Services shall submit a written response to State and local child protection systems and the citizen review panels that describes whether or how the State will incorporate the recommendations of the panels, when appropriate, to make measurable progress in improving the State and local child protection system."

SECTION 9H.15.(k) Subsection (j) of this section becomes effective January 1, 2025.

EFFECTIVE DATE OF SECTION

SECTION 9H.15.(*l*) Except as otherwise provided, this section is effective when it becomes law.

PART IX-I. SERVICES FOR THE BLIND/DEAF/HARD OF HEARING

PART IX-J. SOCIAL SERVICES

TANF BENEFIT IMPLEMENTATION

SECTION 9J.1.(a) The General Assembly approves the plan titled "North Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025," prepared by the Department of Health and Human Services and presented to the General Assembly. The North Carolina Temporary Assistance for Needy Families State Plan covers the period of October 1, 2022, through September 30, 2025. The Department shall submit the State Plan, as revised in accordance with subsection (b) of this section, to the United States Department of Health and Human Services.

SECTION 9J.1.(b) The counties approved as Electing Counties in the North Carolina Temporary Assistance for Needy Families State Plan FY 2022-2025, as approved by this section, are Beaufort, Caldwell, Catawba, Lenoir, Lincoln, Macon, and Wilson.

SECTION 9J.1.(c) Counties that submitted the letter of intent to remain as an Electing County or to be redesignated as an Electing County and the accompanying county plan for years 2022 through 2025, pursuant to G.S. 108A-27(e), shall operate under the Electing County budget requirements effective July 1, 2022. For programmatic purposes, all counties referred to in this subsection shall remain under their current county designation through September 30, 2025.

SECTION 9J.1.(d) For each year of the 2023-2025 fiscal biennium, Electing Counties shall be held harmless to their Work First Family Assistance allocations for the

2022-2023 fiscal year, provided that remaining funds allocated for Work First Family Assistance and Work First Diversion Assistance are sufficient for payments made by the Department on behalf of Standard Counties pursuant to G.S. 108A-27.11(b).

SECTION 9J.1.(e) In the event that departmental projections of Work First Family Assistance and Work First Diversion Assistance for the 2023-2024 fiscal year or the 2024-2025 fiscal year indicate that remaining funds are insufficient for Work First Family Assistance and Work First Diversion Assistance payments to be made on behalf of Standard Counties, the Department is authorized to deallocate funds, of those allocated to Electing Counties for Work First Family Assistance in excess of the sums set forth in G.S. 108A-27.11, up to the requisite amount for payments in Standard Counties. Prior to deallocation, the Department shall obtain approval by the Office of State Budget and Management. If the Department adjusts the allocation set forth in subsection (d) of this section, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

INTENSIVE FAMILY PRESERVATION SERVICES FUNDING, PERFORMANCE ENHANCEMENTS, AND REPORT

SECTION 9J.2.(a) Notwithstanding the provisions of G.S. 143B-150.6, the Intensive Family Preservation Services (IFPS) Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be implemented statewide on a regional basis. The IFPS shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

SECTION 9J.2.(b) The Department of Health and Human Services shall require that any program or entity that receives State, federal, or other funding for the purpose of IFPS shall provide information and data that allows for the following:

(1) An established follow-up system with a minimum of six months of follow-up services.
(2) Detailed information on the specific interventions applied, including utilization indicators and performance measurement.
(3) Cost-benefit data.
(4) Data on long-term benefits associated with IFPS. This data shall be obtained by tracking families through the intervention process.
(5) The number of families remaining intact and the associated interventions while in IFPS and 12 months thereafter.
(6) The number and percentage, by race, of children who received IFPS compared to the ratio of their distribution in the general population involved with Child Protective Services.

SECTION 9J.2.(c) The Department shall continue implementing a performance-based funding protocol and shall only provide funding to those programs and entities providing the required information specified in subsection (b) of this section. The amount of funding shall be based on the individual performance of each program.

SECTION 9J.2.(d) The Department shall submit an annual report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by December 1 of each year that provides the information and data collected pursuant to subsection (b) of this section.

CHILD CARING INSTITUTIONS

SECTION 9J.3. Until the Social Services Commission adopts rules setting standardized rates for child caring institutions as authorized under G.S. 143B-153(8), the maximum reimbursement for child caring institutions shall not exceed the rate established for the

specific child caring institution by the Department of Health and Human Services, Office of the Controller. In determining the maximum reimbursement, the State shall include county and IV-E reimbursements.

USE FOSTER CARE BUDGET FOR GUARDIANSHIP ASSISTANCE PROGRAM

SECTION 9J.4. Of the funds available for the provision of foster care services, the Department of Health and Human Services, Division of Social Services, may continue to provide for the financial support of children who are deemed to be (i) in a permanent family placement setting, (ii) eligible for legal guardianship, and (iii) otherwise unlikely to receive permanency. No additional expenses shall be incurred beyond the funds budgeted for foster care for the Guardianship Assistance Program (GAP). The Guardianship Assistance Program shall include provisions for extending guardianship services for individuals and youth who exited foster care through the Guardianship Assistance Program after 14 years of age or who have attained the age of 18 years and opt to continue to receive guardianship services until reaching 21 years of age if the individual is (i) completing secondary education or a program leading to an equivalent credential, (ii) enrolled in an institution that provides postsecondary or vocational education, (iii) participating in a program or activity designed to promote, or remove barriers to, employment, (iv) employed for at least 80 hours per month, or (v) incapable of completing the educational or employment requirements of this section due to a medical condition or disability. The Guardianship Assistance Program rates shall reimburse the legal guardian for room and board and be set at the same rate as the foster care room and board rates in accordance with rates established under G.S. 108A-49.1.

CHILD WELFARE POSTSECONDARY SUPPORT PROGRAM (NC REACH)

SECTION 9J.5.(a) Funds appropriated in this act from the General Fund to the Department of Health and Human Services for the child welfare postsecondary support program shall be used to continue providing assistance with the "cost of attendance" as that term is defined in 20 U.S.C. § 1087*ll* for the educational needs of foster youth aging out of the foster care system, youth who exit foster care to a permanent home through the Guardianship Assistance Program (GAP), or special needs children adopted from foster care after age 12. These funds shall be allocated by the State Education Assistance Authority.

SECTION 9J.5.(b) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of fifty thousand dollars ($50,000) for each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina State Education Assistance Authority (SEAA). The SEAA shall use these funds only to perform administrative functions necessary to manage and distribute scholarship funds under the child welfare postsecondary support program.

SECTION 9J.5.(c) Of the funds appropriated in this act from the General Fund to the Department of Health and Human Services, the sum of three hundred thirty-nine thousand four hundred ninety-three dollars ($339,493) for each year of the 2023-2025 fiscal biennium shall be used to contract with an entity to administer the child welfare postsecondary support program described under subsection (a) of this section, which administration shall include the performance of case management services.

SECTION 9J.5.(d) Funds appropriated in this act to the Department of Health and Human Services for the child welfare postsecondary support program shall be used only for students attending public institutions of higher education in this State.

FEDERAL CHILD SUPPORT INCENTIVE PAYMENTS

SECTION 9J.6.(a) Centralized Services. – The North Carolina Child Support Services Section (NCCSS) of the Department of Health and Human Services, Division of Social Services, shall retain up to fifteen percent (15%) of the annual federal incentive payments it

receives from the federal government to enhance centralized child support services. To accomplish this requirement, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, identify how federal incentive funding could improve centralized services.

(2) Use federal incentive funds to improve the effectiveness of the State's centralized child support services by supplementing and not supplanting State expenditures for those services.

(3) Continue to develop and implement rules that explain the State process for calculating and distributing federal incentive funding to county child support services programs.

SECTION 9J.6.(b) County Child Support Services Programs. – NCCSS shall allocate no less than eighty-five percent (85%) of the annual federal incentive payments it receives from the federal government to county child support services programs to improve effectiveness and efficiency using the federal performance measures. To that end, NCCSS shall do the following:

(1) In consultation with representatives from county child support services programs, examine the current methodology for distributing federal incentive funding to the county programs and determine whether an alternative formula would be appropriate. NCCSS shall use its current formula for distributing federal incentive funding until an alternative formula is adopted.

(2) Upon adopting an alternative formula, develop a process to phase in the alternative formula for distributing federal incentive funding over a four-year period.

SECTION 9J.6.(c) Reporting by County Child Support Services Programs. – NCCSS shall continue implementing guidelines that identify appropriate uses for federal incentive funding. To ensure those guidelines are properly followed, NCCSS shall require county child support services programs to comply with each of the following:

(1) Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funding.

(2) Report annually on the following: (i) how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs, (ii) provide documentation that the funds were spent according to their annual plans, and (iii) explain any deviations from their plans.

SECTION 9J.6.(d) Reporting by NCCSS. – NCCSS shall submit a report on federal child support incentive funding to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by November 1 of each year. The report shall describe how federal incentive funds enhanced centralized child support services to benefit county child support services programs and improved the effectiveness and efficiency of county child support services programs. The report shall further include any changes to the State process that NCCSS used in calculating and distributing federal incentive funding to county child support services programs and any recommendations for further changes.

SUCCESSFUL TRANSITION/FOSTER CARE YOUTH

SECTION 9J.7. The Foster Care Transitional Living Initiative Fund shall continue to fund and support transitional living services that demonstrate positive outcomes for youth, attract significant private sector funding, and lead to the development of evidence-based programs to serve the at-risk population described in this section. The Fund shall continue to support a demonstration project with services provided by Youth Villages to (i) improve outcomes for youth ages 17-21 years who transition from foster care through implementation of

outcome-based Transitional Living Services, (ii) identify cost-savings in social services and juvenile and adult correction services associated with the provision of Transitional Living Services to youth aging out of foster care, and (iii) take necessary steps to establish an evidence-based transitional living program available to all youth aging out of foster care. In continuing to implement these goals, the Foster Care Transitional Living Initiative Fund shall support the following strategies:

(1) Transitional Living Services, which is an outcome-based program that follows the Youth Villages Transitional Living Model. Outcomes on more than 7,000 participants have been tracked since the program's inception. The program has been evaluated through an independent randomized controlled trial. Results indicate that the Youth Villages Transitional Living Model had positive impacts in a variety of areas, including housing stability, earnings, economic hardship, mental health, and intimate partner violence in comparison to the control population.

(2) Public-Private Partnership, which is a commitment by private-sector funding partners to match at least twenty-five percent (25%) of the funds appropriated to the Foster Care Transitional Living Initiative Fund for the 2023-2025 fiscal biennium for the purposes of providing Transitional Living Services through the Youth Villages Transitional Living Model to youth aging out of foster care.

(3) Impact Measurement and Evaluation, which are services funded through private partners to provide independent measurement and evaluation of the impact the Youth Villages Transitional Living Model has on the youth served, the foster care system, and on other programs and services provided by the State which are utilized by former foster care youth.

(4) Advancement of Evidence-Based Process, which is the implementation and ongoing evaluation of the Youth Villages Transitional Living Model for the purposes of establishing the first evidence-based transitional living program in the nation. To establish the evidence-based program, additional randomized controlled trials may be conducted to advance the model.

PERMANENCY INNOVATION INITIATIVE/CODIFY SUPPLEMENTATION OF FEDERAL FUNDS REQUIREMENT

SECTION 9J.8. G.S. 131D-10.9B is amended by adding a new subsection to read:

"(b1) State funds provided for the Permanency Innovation Initiative Fund shall be used to supplement, not supplant, all available federal matching funds."

REPORT ON CERTAIN SNAP AND TANF EXPENDITURES

SECTION 9J.9.(a) Funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), for each year of the 2023-2025 fiscal biennium for a report on certain Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) expenditures shall be allocated for vendor costs to generate the data regarding expenditures of those programs. The vendor shall generate data to be submitted to the Division that includes, at a minimum, each of the following:

(1) The dollar amount and number of transactions accessed or expended out-of-state, by state, for both SNAP benefits and TANF benefits.

(2) The amount of benefits expended out-of-state, by state, from active cases for both SNAP and TANF.

(3) The dollar amount and number of transactions of benefits accessed or expended in this State, by types of retailers or institutions, for both SNAP and TANF.

SECTION 9J.9.(b) Upon receiving the expenditures data for SNAP and TANF from the vendor, the Division shall evaluate the data. After evaluating the expenditures data, the Division shall submit a report on its analysis of the data by June 30 and December 31 of each year to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. The Division shall post its report required by this subsection on its website and otherwise make the data available by June 30 and December 31 of each year. In the first report required by this section, the Division shall report how this data is used to investigate fraud and abuse in both SNAP and TANF. The Division shall also report on other types of data and how that data is utilized in the detection of fraud and abuse.

SECTION 9J.9.(c) The Division shall maintain the confidentiality of information not public under Chapter 132 of the General Statutes. The Division shall properly redact any information subject to reporting under this section to prevent identification of individual recipients of SNAP or TANF benefits.

CHILD ADVOCACY CENTER FUNDS

SECTION 9J.11. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of three million dollars ($3,000,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the Children's Advocacy Centers of North Carolina, Inc. (CACNC), a nonprofit organization. At least seventy-five percent (75%) of these funds shall be distributed to child advocacy centers in this State that are in good standing with CACNC in accordance with the requirements of G.S. 108A-75.2, as enacted in Section 1(a) of S.L. 2023-96.

FOSTER CARE TRAUMA-INFORMED ASSESSMENT

SECTION 9J.12.(a) Appropriation; Purpose. – Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services (Division), the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for each year of the 2023-2025 fiscal biennium shall be used for the development of a foster care trauma-informed, standardized assessment. The Division shall develop the assessment in partnership with the divisions, individuals, agencies, and organizations set forth in subsection (b) of this section. The purpose of the assessment is to assist children (i) who are at risk of entry into foster care or currently in foster care and have experienced trauma warranting the involvement of the Division of Social Services (Division) and other child welfare agencies and (ii) who, as a result of the trauma, are at a higher risk of needing behavioral health or intellectual or developmental disability services.

SECTION 9J.12.(b) Membership. – The partnership developing the trauma-informed, standardized assessment shall consist of all of the following members:

(1) Representatives from all of the following divisions of the Department of Health and Human Services: the Division of Social Services, the Division of Health Benefits, the Division of Mental Health, Developmental Disabilities, and Substance Use Services, and the Division of Family and Child Well-Being.
(2) Prepaid health plans, as defined in G.S. 108D-1, and primary care case management entities, as defined in 42 C.F.R. § 438.2, that serve children at risk of entry into foster care and children who are currently in foster care.
(3) Representatives from county departments of social services.
(4) Benchmarks, a nonprofit corporation.
(5) Individuals with lived experiences.
(6) Others identified by the partnership based upon areas of expertise.

SECTION 9J.12.(c) Plan Development. – In developing the trauma-informed, standardized assessment, the partnership shall develop a rollout plan with a goal of implementing

the trauma-informed, standardized assessment statewide in all 100 counties. The rollout plan shall include all of the following:

(1) The development of the trauma-informed, standardized assessment template by March 31, 2024.

(2) The finalized trauma-informed, standardized assessment template by September 30, 2024, including the standardized training curriculum, methodology for training, the selection of a vendor to manage and conduct the training and determine the process for the statewide rollout, and coordination with tribal jurisdictions.

(3) The phased-in approach of the trauma-informed, standardized assessment beginning on October 1, 2024, and operating statewide by September 30, 2025.

(4) The establishment of a base rate for the trauma-informed, standardized assessment that supports the oversight, training, and monitoring of the fidelity to the trauma-informed, standardized assessment.

(5) The establishment of a standardized workflow of notifications to the payers and child welfare agencies, including the following recommended service processes:

a. Time lines for recommended access and implementation of services from date of referral.

b. Network and provider capacity to meet expected time lines. In the event the behavioral health service provision is in a region served by a BH IDD tailored plan or in an LME/MCO catchment area that has a gap in provider capacity to meet the recommended time lines, the network shall be open to providers for additional provider enrollment.

(6) The identification of core outcomes to measure the success of the project and impact of youth receiving the trauma-informed, standardized assessments in a timely manner by a trained workforce.

(7) The establishment of a statewide implementation training plan that includes oversight of fidelity to the trauma-informed, standardized assessment for staff conducting the assessment within specified time frames. Medicaid managed care plans shall be required to open their provider networks to obtain the necessary number of trauma-informed providers if the existing network cannot meet the needs of the community. The training plan shall be enacted and implemented within the same time lines established with the rollout schedule.

SECTION 9J.12.(d) Guidelines. – In developing the trauma-informed, standardized assessment and the rollout plan, the Department of Health and Human Services shall ensure the trauma-informed, standardized assessment does, at a minimum, all of the following:

(1) That juveniles between the ages of 4 and 17 being placed into foster care receive a trauma-informed, standardized assessment within 10 working days of their referral.

(2) That each juvenile who is included in any Medicaid children and families specialty plan, regardless of their type of placement, receives a trauma-informed, standardized assessment.

(3) That each trauma-informed, standardized assessment may be administered in a face-to-face or telehealth encounter.

(4) That the county department of social services makes the referral for a trauma-informed, standardized assessment within five working days of a determination of abuse or neglect of the juvenile in accordance with G.S. 7B-302.

(5) After obtaining parental consent, that a juvenile is able to receive a trauma-informed, standardized assessment if the county department of social services makes the determination that the juvenile is at imminent risk for entry into foster care.

(6) Allows for individuals between the ages of 18 and 21 to receive an assessment, if necessary.

(7) Provides an evidence-informed and standardized template and content for the assessment.

(8) In the event the juvenile has an assigned care manager under the Medicaid program, that the responsible care management entity is notified of the referral for the assessment and to whom.

SECTION 9J.12.(e) Implementation Requirements. – The Department of Health and Human Services shall also do all of the following in implementing the trauma-informed, standardized assessment and the rollout plan:

(1) Leverage the expertise and lessons learned from the entities included in the partnership who have successfully implemented trauma-informed, standardized assessments and training venues.

(2) Complete any required documentation and, as applicable, leverage all available federal revenues for such activities, including opioid settlements, Medicaid, federal block grant funds, and social services or behavioral plans or grants.

(3) Amend any existing contracts between the Department and entities who have the expertise to manage the trauma-informed, standardized assessment and the rollout plan to include the creation of a training plan and requirements to monitor implementation of the assessment and rollout plan to ensure the fidelity of the service and delivery are maintained.

(4) Create a Division of Social Services Statewide Dashboard representing the status of the trauma-informed, standardized assessment implementation and the rollout plan, updated monthly, that includes all of the following:

a. Referrals.

b. Case management.

c. Assessments.

d. Lag between referrals, assessments, and service initiation.

e. Youth personal outcomes, not based on process, but instead focused on supporting permanency.

f. Any other elements identified by the partnership.

TRANSPORTATION OF HIGH-RISK JUVENILES

SECTION 9J.13. Article 9 of Chapter 7B of the General Statutes is amended by adding a new section to read:

"**§ 7B-905.2. Transportation of high-risk juveniles.**

(a) The director of a county department of social services who has invoked the jurisdiction of the court under this Article, and who is serving as custodian over a juvenile, is authorized to make a written request to a high-risk juvenile transporter to transport a high-risk juvenile upon determining assistance with placement responsibilities for the juvenile is necessary. If a high-risk juvenile transporter agrees to provide transportation pursuant to this section, transportation shall be provided in the county in which the juvenile resides but is not limited to transportation within that county. For purposes of this section, the following definitions shall apply:

(1) High-risk juvenile. – A juvenile who is under 18 years of age who has been abused or neglected, who has serious emotional, mental, or behavioral

disturbances that pose a risk of harm to self or others, and who resides outside of a residential placement due to the serious emotional, mental, or behavioral disturbances.

(2) High-risk juvenile transporter. – A law enforcement agency, the Division of Juvenile Justice of the Department of Public Safety, or the Department of Adult Correction and includes the designated staff of those agencies.

(b) In providing transportation as required by this section, a high-risk juvenile transporter may use reasonable force to restrain the high-risk juvenile if it appears necessary to protect the high-risk juvenile transporter or other individuals. Any use of restraints shall be as reasonably determined by the high-risk juvenile transporter to be necessary under the circumstances for the safety of the high-risk juvenile, the high-risk juvenile transporter, or other persons.

(c) No high-risk juvenile transporter providing transportation of a high-risk juvenile may be held criminally or civilly liable for assault, false imprisonment, or other torts or crimes on account of reasonable measures taken under the authority of this Article. Additionally, a high-risk juvenile transporter is immune from any civil or criminal liability that might otherwise be incurred or imposed as a result of any omission or action taken pursuant to the requirements of this section, provided the high-risk juvenile transporter was acting in good faith. The immunity established by this subsection does not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable.

(d) The director of the county department of social services may enter into a "transportation agreement" with a high-risk juvenile transporter to establish requirements, procedures, and guidelines for transporting high-risk juveniles. The cost and expenses of transporting a high-risk juvenile pursuant to this section are the responsibility of the county department of social services having custody of the high-risk juvenile."

PART IX-K. EMPLOYMENT AND INDEPENDENCE FOR PEOPLE WITH DISABILITIES

PART IX-L. HHS MISCELLANEOUS

CONFORM PRIVILEGE EXEMPTIONS FOR PSYCHIATRISTS, LICENSED MARRIAGE AND FAMILY THERAPISTS, SOCIAL WORKERS, CLINICAL MENTAL HEALTH COUNSELORS, AND PSYCHOLOGISTS

SECTION 9L.1.(a) G.S. 14-318.6(h) reads as rewritten:

"(h) Nothing in this section shall be construed as to require a person with (i) a privilege under G.S. 8-53.3, 8-53.7, 8-53.8, or ~~8-53.12 or with~~ 8-53.12, (ii) attorney-client ~~privilege~~ privilege, or (iii) psychiatrist-client or patient privilege to report pursuant to this section if that privilege would prevent them from doing so. Nothing in this section shall be construed as requiring a licensed marriage and family therapist with a privilege under G.S. 8-53.5 to report pursuant to this section if that privilege would prevent that person from doing so, but the privilege only applies to the primary client and not to any other family members. For purposes of this subsection, the term "primary client" means a person who contracts with a licensed marriage and family therapist for professional services for the purpose of diagnosis or treatment."

SECTION 9.1.(b) This section is effective when it becomes law.

PART IX-M. DHHS BLOCK GRANTS

DHHS BLOCK GRANTS

SECTION 9M.1.(a) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the following schedule:

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	FY 2023-2024	FY 2024-2025
Local Program Expenditures		
Division of Social Services		
01. Work First Family Assistance	$31,328,255	$31,259,794
02. Work First County Block Grants	80,093,566	80,093,566
03. Work First Electing Counties	2,378,213	2,378,213
04. Adoption Services – Special Children Adoption Fund	4,001,676	4,001,676
05. Child Protective Services – Child Welfare Workers for Local DSS	11,387,190	11,387,190
06. Child Welfare Program Improvement Plan	775,176	775,176
07. Child Welfare Collaborative	400,000	400,000
08. Child Welfare Initiatives	1,400,000	1,400,000
Division of Child Development and Early Education		
09. Subsidized Child Care Program	45,813,694	45,813,694
10. Swap-Child Care Subsidy	12,600,000	12,600,000
11. NC Pre-K Services	68,300,000	68,300,000
Division of Public Health		
12. Teen Pregnancy Prevention Initiatives	3,538,541	3,538,541
DHHS Administration		
13. Division of Social Services	2,478,284	2,478,284
14. Division of Child and Family Well-Being	3,976	3,976
15. Office of the Secretary	34,042	34,042
16. Eligibility Systems – Operations and Maintenance	431,733	431,733

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
Transfers to Other Block Grants		
Division of Child Development and Early Education		
20. Transfer to the Child Care and Development Fund	21,773,001	21,773,001
Division of Social Services		
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
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS	**$312,353,987**	**$312,353,987**
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Subsidized Child Care	$34,440,000	$35,440,000
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS	**$34,440,000**	**$35,440,000**
SOCIAL SERVICES BLOCK GRANT		

Local Program Expenditures

Divisions of Social Services and Aging and Adult Services

01. County Departments of Social Services	$19,905,849	$19,837,388
02. County Departments of Social Services (Transfer From TANF)	13,097,783	13,166,244
03. EBCI Tribal Public Health and Human Services	244,740	244,740
04. Child Protective Services (Transfer From TANF)	5,040,000	5,040,000
05. State In-Home Services Fund	1,943,950	1,943,950
06. Adult Protective Services	2,138,404	2,138,404
07. State Adult Day Care Fund	1,994,084	1,994,084
08. Child Protective Services/CPS Investigative Services – Child Medical Evaluation Program	901,868	901,868
09. Special Children Adoption Incentive Fund	462,600	462,600
10. Child Protective Services – Child Welfare Training for Counties (Transfer From TANF)	285,612	285,612
11. Home and Community Care Block Grant (HCCBG)	2,696,888	2,696,888
12. Child Advocacy Centers (Transfer From TANF)	1,582,000	1,582,000
13. Guardianship – Division of Social Services	1,802,671	1,802,671
14. Foster Care Services (Transfer From TANF)	3,422,219	3,422,219
14A. Big Brothers Big Sisters of the Triangle, Inc.	350,000	350,000

Division of Mental Health, Developmental Disabilities, and Substance Use Services

15. Mental Health Services – Adult and Child/Developmental Disabilities Program/ Substance Use Services – Adult	4,149,595	4,149,595
15A. Autism Society of North Carolina, Inc.	2,541,392	2,541,392

15B. The Arc of North Carolina, Inc.	271,074	271,074
15C. Easterseals UCP North Carolina & Virginia, Inc.	1,612,059	1,612,059
DHHS Program Expenditures		
Division of Services for the Blind		
16. Independent Living Program & Program Oversight	3,880,429	3,880,429
Division of Health Service Regulation		
17. Adult Care Licensure Program	557,598	557,598
18. Mental Health Licensure and Certification Program	266,158	266,158
Division of Aging and Adult Services		
19. Guardianship	3,825,443	3,825,443
DHHS Administration		
20. Division of Aging and Adult Services	743,284	743,284
21. Division of Social Services	1,042,894	1,042,894
22. Office of the Secretary/Controller's Office	639,167	639,167
23. Legislative Increases/Fringe Benefits	293,655	587,310
24. Division of Child Development and Early Education	13,878	13,878
25. Division of Mental Health, Developmental Disabilities, and Substance Use Services	28,325	28,325
26. Division of Health Service Regulation	258,960	258,960
TOTAL SOCIAL SERVICES BLOCK GRANT	**$75,992,579**	**$76,286,234**
LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT		
Local Program Expenditures		
Division of Social Services		
01. Low-Income Energy Assistance Program (LIEAP)	$67,836,069	$67,836,069

02. Crisis Intervention Program (CIP)	45,214,330	45,214,330
Local Administration		
Division of Social Services		
03. County DSS Administration	8,789,246	8,789,246
DHHS Administration		
Division of Social Services		
04. Administration	10,000	10,000
05. Energy Portal (FIS Transaction Fees)	25,000	25,000
Division of Central Management and Support		
06. Office of the Secretary/Division of Information Resource Management (DIRM) (Accountable Results for Community Action (AR4CA) Replacement System)	166,750	166,750
07. Office of the Secretary/DIRM	278,954	278,954
08. Office of the Secretary/Controller's Office	18,378	18,378
09. NC FAST Development	627,869	627,869
10. NC FAST Operations and Maintenance	1,330,323	1,330,323
Transfers to Other State Agencies		
Department of Environmental Quality		
11. Weatherization Program	13,220,309	13,220,309
12. Heating Air Repair and Replacement Program (HARRP)	8,075,029	8,075,029
13. Local Residential Energy Efficiency Service Providers – Weatherization	787,097	787,097
14. Local Residential Energy Efficiency Service Providers – HARRP	437,276	437,276
15. DEQ – Weatherization Administration	859,976	859,976
16. DEQ – HARRP Administration	539,307	539,307
Department of Administration		

17. N.C. Commission on Indian Affairs	87,736	87,736
TOTAL LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT	**$148,303,649**	**$148,303,649**
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
Local Program Expenditures		
Division of Child Development and Early Education		
01. Child Care Services	$289,070,072	$289,070,072
02. Smart Start Subsidy	7,392,654	7,392,654
03. Transfer from TANF Block Grant for Child Care Subsidies	21,773,001	21,773,001
04. Quality and Availability Initiatives (TEACH Program $3,800,000)	61,980,526	61,980,526
DHHS Administration		
Division of Child Development and Early Education		
05. DCDEE Administrative Expenses	9,710,886	9,710,886
06. Indirect Cost	7,346	7,346
Division of Social Services		
07. Direct Deposit for Child Care Payments	5,000	5,000
08. Local Subsidized Child Care Services Support	18,780,355	18,780,355
Division of Central Management and Support		
09. NC FAST Operations and Maintenance	1,450,316	1,450,316
10. DHHS Central Administration – DIRM Technical Services	979,762	979,762
11. DHHS Central Administration	68,000	68,000
Division of Child and Family Well-Being		
12. Child Care Health Consultation Contracts	62,205	62,205
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	**$411,280,123**	**$411,280,123**

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

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
TOTAL COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT	**$36,565,772**	**$36,565,772**

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		

Abusers, Inc., (TROSA) $3,225,000; First Step Farm of WNC, Inc. $100,000; Addiction Recovery Care Association, Inc., (ARCA) $2,000,000)	45,176,849	45,176,848
DHHS Program Expenditures		
Division of Mental Health, Developmental Disabilities, and Substance Use Services		
04. Crisis Solutions Initiatives – Collegiate Wellness/Addiction Recovery	1,545,205	1,545,205
05. Veterans Initiatives	250,000	250,000
DHHS Administration		
Division of Mental Health, Developmental Disabilities, and Substance Use Services		
07. Administration	2,297,852	2,297,852
08. Controlled Substance Reporting System	675,000	675,000
TOTAL SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT	**$72,190,833**	**$72,190,832**
MATERNAL AND CHILD HEALTH BLOCK GRANT		
Local Program Expenditures		
Division of Child and Family Well-Being		
01. Children's Health Services (Prevent Blindness $575,000; Nurse-Family Partnership $1,102,308)	$11,321,889	$11,321,889
Division of Public Health		
02. Women's and Children's Health Services (March of Dimes $350,000; Sickle Cell Centers $100,000; Teen Pregnancy Prevention Initiatives $650,000; Perinatal & Neonatal Outreach Coordinator Contracts $440,000; Mountain Area Pregnancy Services $50,000)	3,609,392	3,609,392
03. Oral Health	51,119	51,119
04. Evidence-Based Programs in Counties With the Highest Infant Mortality Rates	1,727,307	1,727,307
DHHS Program Expenditures		

05. Children's Health Services	1,344,492	1,344,492
06. Women's Health – Maternal Health	252,695	252,695
07. Women's and Children's Health – Perinatal Strategic Plan Support Position	80,669	80,669
08. State Center for Health Statistics	158,583	158,583
09. Health Promotion – Injury and Violence Prevention	87,271	87,271
DHHS Administration		
10. Division of Public Health Administration	340,646	340,646
11. Division of Child and Family Well-Being Administration	211,925	211,925
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	**$19,185,988**	**$19,185,988**
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT		
Local Program Expenditures		
01. Physical Activity and Prevention	$3,081,442	$3,081,442
DHHS Program Expenditures		
Division of Public Health		
02. HIV/STD Prevention and Community Planning	135,063	135,063
03. Oral Health Preventive Services	150,000	150,000
04. Injury and Violence Prevention (Services to Rape Victims – Set-Aside)	217,935	217,935
05. Performance Improvement and Accountability	560,182	560,182
06. State Center for Health Statistics	48,000	48,000
DHHS Administration		
Division of Public Health		
07. Division of Public Health	65,000	65,000

TOTAL PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	**$4,257,622**	**$4,257,622**
COMMUNITY SERVICES BLOCK GRANT		
01. Community Action Agencies	$22,862,029	$20,244,923
02. Limited Purpose Agencies/Discretionary Funding	457,553	504,718
03. Office of Economic Opportunity	1,077,552	1,124,718
04. Office of the Secretary/DIRM (Accountable Results for Community Action (AR4CA) Replacement System)	560,000	560,000
05. Office of Economic Opportunity – Workforce Investment Opportunities Act (WIOA)	60,000	60,000
TOTAL COMMUNITY SERVICES BLOCK GRANT	**$25,017,134**	**$22,494,359**

GENERAL PROVISIONS

SECTION 9M.1.(b) Information to be Included in Block Grant Plans. – The Department of Health and Human Services shall submit a separate plan for each Block Grant received and administered by the Department, and each plan shall include the following:

(1) A delineation of the proposed allocations by program or activity, including State and federal match requirements.
(2) A delineation of the proposed State and local administrative expenditures.
(3) An identification of all new positions to be established through the Block Grant, including permanent, temporary, and time-limited positions.
(4) A comparison of the proposed allocations by program or activity with two prior years' program and activity budgets and two prior years' actual program or activity expenditures.
(5) A projection of current year expenditures by program or activity.
(6) A projection of federal Block Grant funds available, including unspent federal funds from the current and prior fiscal years.
(7) The required amount of maintenance of effort and the amount of funds qualifying for maintenance of effort in the previous year delineated by program or activity.

SECTION 9M.1.(c) Changes in Federal Fund Availability. – If the Congress of the United States increases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall allocate the increase proportionally across the program and activity appropriations identified for that Block Grant in this section. In allocating an increase in federal fund availability, the Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this act.

If the Congress of the United States decreases the federal fund availability for any of the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services from the amounts appropriated in this act, the Department shall develop a plan to adjust the Block Grants based on reduced federal funding.

Notwithstanding the provisions of this subsection, for fiscal years 2023-2024 and 2024-2025, increases in the federal fund availability for the Temporary Assistance to Needy Families (TANF) Block Grant shall be used only for the North Carolina Child Care Subsidy program to pay for child care and shall not be used to supplant State funds.

Prior to allocating the change in federal fund availability, the proposed allocation must be approved by the Office of State Budget and Management. If the Department adjusts the allocation of any Block Grant due to changes in federal fund availability, then a report shall be made to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division.

SECTION 9M.1.(d) Except as otherwise provided, appropriations from federal Block Grant funds are made for each year of the fiscal biennium ending June 30, 2025, according to the schedule enacted for State fiscal years 2023-2024 and 2024-2025, or until a new schedule is enacted by the General Assembly.

SECTION 9M.1.(e) Except as otherwise provided in subsection (e1) of this section, all changes to the budgeted allocations to the Block Grants or contingency funds and other grants related to existing Block Grants administered by the Department of Health and Human Services that are not specifically addressed in this section shall be approved by the Office of State Budget and Management. The Office of State Budget and Management shall not approve funding for new programs or activities not appropriated in this section. Additionally, if budgeted allocations are decreased, the Office of State Budget and Management shall not approve any reduction of funds designated for subrecipients in subsection (a) of this section under (i) Item 03 of the Substance Use Prevention, Treatment, and Recovery Services Block Grant or (ii) Item 01 or 02 of the Maternal and Child Health Block Grant. The Office of State Budget and Management shall consult with the Joint Legislative Oversight Committee on Health and Human Services for review prior to implementing any changes. In consulting, the report shall include an itemized listing of affected programs, including associated changes in budgeted allocations. All changes to the budgeted allocations to the Block Grants shall be reported immediately to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. This subsection does not apply to Block Grant changes caused by legislative salary increases and benefit adjustments.

SECTION 9M.1.(e1) The Department of Health and Human Services shall have the authority to realign appropriated funds under subsection (a) of this section for Item 01 or 02 in the Maternal and Child Health Block Grant to maintain federal compliance and programmatic alignment, so long as the realignment does not result in a reduction of funds designated for subrecipients under subsection (a) of this section. The Department of Health and Human Services is authorized to realign appropriated funds between the Maternal and Child Health Block Grant categories as provided in this subsection without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services or without exceeding the total amount appropriated for the items.

SECTION 9M.1.(f) Except as otherwise provided, the Department of Health and Human Services shall have flexibility to transfer funding between the Temporary Assistance for Needy Families (TANF) Block Grant and the TANF Emergency Contingency Funds Block Grant so long as the total allocation for the line items within those Block Grants remains the same.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) FUNDS

SECTION 9M.1.(g) The sum of eighty million ninety-three thousand five hundred sixty-six dollars ($80,093,566) for each year of the 2023-2025 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, shall be used for Work First County Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds among the State-level services

based on current year actual expenditures. The Division shall also have the authority to realign appropriated funds from Work First Family Assistance for electing counties to the Work First County Block Grant for electing counties based on current year expenditures so long as the electing counties meet Maintenance of Effort requirements.

SECTION 9M.1.(h) The sum of eleven million three hundred eighty-seven thousand one hundred ninety dollars ($11,387,190) for each year of the 2023-2025 fiscal biennium appropriated in this act to the Department of Health and Human Services, Division of Social Services, in TANF funds for child welfare improvements shall be allocated to the county departments of social services for hiring or contracting staff to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Counties shall maintain their level of expenditures in local funds for Child Protective Services workers. Of the Block Grant funds appropriated for Child Protective Services workers, the total expenditures from State and local funds for fiscal years 2023-2024 and 2024-2025 shall not be less than the total expended from State and local funds for the 2012-2013 fiscal year.

SECTION 9M.1.(i) The sum of four million one thousand six hundred seventy-six dollars ($4,001,676) for each year of the 2023-2025 fiscal biennium appropriated in this act in TANF funds to the Department of Health and Human Services, Special Children Adoption Fund, shall be used in accordance with G.S. 108A-50.2. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

SECTION 9M.1.(j) The sum of one million four hundred thousand dollars ($1,400,000) appropriated in this act in TANF funds to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall be used for child welfare initiatives to (i) enhance the skills of social workers to improve the outcomes for families and children involved in child welfare and (ii) enhance the provision of services to families in their homes in the least restrictive setting.

SECTION 9M.1.(k) Of the three million five hundred thirty-eight thousand five hundred forty-one dollars ($3,538,541) allocated in this section in TANF funds to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium for teen pregnancy prevention initiatives, the sum of five hundred thousand dollars ($500,000) in each year of the 2023-2025 fiscal biennium shall be used to provide services for youth in foster care or the juvenile justice system.

SOCIAL SERVICES BLOCK GRANT

SECTION 9M.1.(*l*) The sum of nineteen million nine hundred five thousand eight hundred forty-nine dollars ($19,905,849) for the 2023-2024 fiscal year and the sum of nineteen million eight hundred thirty-seven thousand three hundred eighty-eight dollars ($19,837,388) for the 2024-2025 fiscal year appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, and the sum of thirteen million ninety-seven thousand seven hundred eighty-three dollars ($13,097,783) for the 2023-2024 fiscal year and the sum of thirteen million one hundred sixty-six thousand two hundred forty-four dollars ($13,166,244) for the 2024-2025 fiscal year transferred from funds appropriated in the TANF Block Grant shall be used for county Block Grants. The Division shall certify these funds in the appropriate State-level services based on prior year actual expenditures. The Division has the authority to realign the authorized budget for these funds, as well as State

Social Services Block Grant funds, among the State-level services based on current year actual expenditures.

SECTION 9M.1.(m) The sum of two hundred eighty-five thousand six hundred twelve dollars ($285,612) appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for each fiscal year of the 2023-2025 fiscal biennium shall be used to support various child welfare training projects as follows:

(1) Provide a regional training center in southeastern North Carolina.
(2) Provide training for residential child caring facilities.
(3) Provide for various other child welfare training initiatives.

SECTION 9M.1.(n) The Department of Health and Human Services is authorized, subject to the approval of the Office of State Budget and Management, to transfer Social Services Block Grant funding allocated for departmental administration between divisions that have received administrative allocations from the Social Services Block Grant.

SECTION 9M.1.(o) Social Services Block Grant funds appropriated for the Special Children Adoption Incentive Fund shall require a fifty percent (50%) local match.

SECTION 9M.1.(p) The sum of five million forty thousand dollars ($5,040,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025 fiscal biennium transferred from funds appropriated in the TANF Block Grant shall be allocated to the Department of Health and Human Services, Division of Social Services. The Division shall allocate these funds to local departments of social services to replace the loss of Child Protective Services State funds that are currently used by county governments to pay for Child Protective Services staff at the local level. These funds shall be used to maintain the number of Child Protective Services workers throughout the State. These Social Services Block Grant funds shall be used to pay for salaries and related expenses only and are exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

SECTION 9M.1.(q) The sum of one million five hundred eighty-two thousand dollars ($1,582,000) appropriated in this act in the Social Services Block Grant for each fiscal year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Social Services, shall be used to continue support for the Child Advocacy Centers. These funds are exempt from the provisions of 10A NCAC 71R .0201(3).

SECTION 9M.1.(r) The sum of three million eight hundred twenty-five thousand four hundred forty-three dollars ($3,825,443) for each fiscal year of the 2023-2025 fiscal biennium appropriated in this act in the Social Services Block Grant to the Department of Health and Human Services, Division of Aging and Adult Services, shall be used for guardianship services pursuant to Chapter 35A of the General Statutes. The Department may expend funds allocated in this section to support existing corporate guardianship contracts during the 2023-2024 and 2024-2025 fiscal years.

SECTION 9M.1.(s) Of the two million one hundred thirty-eight thousand four hundred four dollars ($2,138,404) appropriated in this act in the Social Services Block Grant to the Division of Aging and Adult Services for Adult Protective Services for each year of the 2023-2025 fiscal biennium, the sum of eight hundred ninety-three thousand forty-one dollars ($893,041) for each year of the 2023-2025 fiscal biennium shall be used to increase the number of Adult Protective Services workers where these funds can be the most effective. These funds shall be used to pay for salaries and related expenses and shall not be used to supplant any other source of funding for staff. These funds are also exempt from 10A NCAC 71R .0201(3) requiring a local match of twenty-five percent (25%).

LOW-INCOME ENERGY ASSISTANCE BLOCK GRANT

SECTION 9M.1.(t) The Division of Social Services shall have the authority to realign appropriated funds between the State-level services Low-Income Energy Assistance

Payments and Crisis Assistance Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services to ensure needs are effectively met without exceeding the total amount appropriated for these State-level service items. Additional emergency contingency funds received may be allocated for Energy Assistance Payments or Crisis Intervention Payments without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services. Additional funds received shall be reported to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division upon notification of the award. The Department of Health and Human Services shall not allocate funds for any activities, including increasing administration, other than assistance payments, without prior consultation with the Joint Legislative Oversight Committee on Health and Human Services.

SECTION 9M.1.(u) The sum of sixty-seven million eight hundred thirty-six thousand sixty-nine dollars ($67,836,069) for each year of the 2023-2025 fiscal biennium appropriated in this act in the Low-Income Energy Assistance Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used for Energy Assistance Payments for the households of (i) elderly persons age 60 and above with income up to one hundred fifty percent (150%) of the federal poverty level and (ii) disabled persons eligible for services funded through the Division of Aging and Adult Services.

County departments of social services shall submit to the Division of Social Services an outreach plan for targeting households with 60-year-old household members no later than August 1 of each year. The outreach plan shall comply with the following:

(1) Ensure that eligible households are made aware of the available assistance, with particular attention paid to the elderly population age 60 and above and disabled persons receiving services through the Division of Aging and Adult Services.

(2) Include efforts by the county department of social services to contact other State and local governmental entities and community-based organizations to (i) offer the opportunity to provide outreach and (ii) receive applications for energy assistance.

(3) Be approved by the local board of social services or human services board prior to submission.

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

SECTION 9M.1.(v) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development and Early Education for the subsidized child care program.

SECTION 9M.1.(w) If funds appropriated through the Child Care and Development Fund Block Grant for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to child care subsidies, unless otherwise prohibited by federal requirements of the grant, in order to use the federal funds fully.

SECTION 9M.1.(x) Of the sixty-one million nine hundred eighty thousand five hundred twenty-six dollars ($61,980,526) appropriated in this act in the Child Care and Development Block Grant for each year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Child Development and Early Education, the sum of one million three hundred fifty thousand dollars ($1,350,000) for each year of the 2023-2025 fiscal biennium shall be used to establish 18 new positions.

COMMUNITY MENTAL HEALTH SERVICES BLOCK GRANT

SECTION 9M.1.(y) The sum of five million four hundred sixteen thousand seven hundred fifty-six dollars ($5,416,756) for each year of the 2023-2025 fiscal biennium

appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, is to be used for Mental Health Services – First Psychotic Symptom Treatment.

SECTION 9M.1.(z) Of the funds appropriated in this act in the Community Mental Health Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for each fiscal year of the 2023-2025 fiscal biennium, the sum of three hundred fifty thousand one hundred fifty dollars ($350,150) shall be used for three positions and cover operating costs focused on developing pilot programs and implementing policy to improve services to transition-aged youth and adults with serious mental illness or serious emotional disturbance.

SUBSTANCE USE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANT

SECTION 9M.1.(aa) Of the two million two hundred ninety-seven thousand eight hundred fifty-two dollars ($2,297,852) provided in this section in the Substance Use Prevention, Treatment, and Recovery Services Block Grant for each year of the 2023-2025 fiscal biennium to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, for administration, the sum of nine hundred fifty-nine thousand four hundred dollars ($959,400) shall be used to support nine new positions.

SECTION 9M.1.(bb) Notwithstanding any other provision of law or provision of the Committee Report described in Section 43.2 of S.L. 2022-74 to the contrary, the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds provided to Haywood County and the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds provided to Madison County under the federal Substance Abuse Prevention and Treatment Block Grant in Item 3 of Section 9L.1(a) and Section 9L.1(z2)(1) of S.L. 2021-180, as amended in Section 9L.1 of S.L. 2022-74, for the 2022-2023 fiscal year for substance use treatment shall remain available for expenditure in the 2023-2024 fiscal year.

MATERNAL AND CHILD HEALTH BLOCK GRANT

SECTION 9M.1.(cc) If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2023-2024 fiscal year or the 2024-2025 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an abstinence until marriage education program consistent with G.S. 115C-81.30. The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

SECTION 9M.1.(dd) The sum of one million seven hundred twenty-seven thousand three hundred seven dollars ($1,727,307) appropriated in this act in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, for each year of the 2023-2025 fiscal biennium shall be used for evidence-based programs in counties with the highest infant mortality rates. The Division shall report on (i) the counties selected to receive the allocation, (ii) the specific evidence-based services provided, (iii) the number of women served, and (iv) any impact on the counties' infant mortality rate. The Division shall report its findings to the House of Representatives Appropriations Committee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division no later than December 31 of each year.

SECTION 9M.1.(ee) The sum of eighty thousand six hundred sixty-nine dollars ($80,669) allocated in this section in the Maternal and Child Health Block Grant to the Department of Health and Human Services, Division of Public Health, Women and Children's

Health Section, for each fiscal year of the 2023-2025 fiscal biennium shall not be used to supplant existing State or federal funds. This allocation shall be used for a Public Health Program Consultant position assigned full-time to manage the North Carolina Perinatal Health Strategic Plan and provide staff support for the stakeholder work group.

SECTION 9M.1.(ff) At least ninety percent (90%) of the funds allocated for Mountain Area Pregnancy Services, a nonprofit organization, in the Maternal and Child Health Block Grant for each year of the 2023-2025 fiscal biennium shall be used for direct services.

SECTION 9M.1.(gg) Notwithstanding any provision of law to the contrary, the Department of Health and Human Services, Division of Public Health, shall have the authority to realign appropriated funds between the Maternal and Child Health Block Grant categories to maintain federal compliance and programmatic alignment without exceeding the total amount appropriated for the Maternal and Child Health Block Grant.

PART X. AGRICULTURE AND CONSUMER SERVICES

LARGE ANIMAL HEALTH ENHANCEMENT FUND

SECTION 10.1.(a) Funds appropriated in this act to the Department of Agriculture and Consumer Services for the enhancement of large animal veterinary services in the State shall be allocated to the Large Animal Healthcare Enhancement Fund created in Article 88 of Chapter 106 of the General Statutes, as enacted by subsection (b) of this section, for the purposes set forth therein.

SECTION 10.1.(b) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"Article 88.

"Large Animal Healthcare Enhancement Act.

"**§ 106-1071. Title.**

This Article shall be known and may be cited as the "Large Animal Healthcare Enhancement Act of 2023."

"**§ 106-1072. Definitions.**

The following definitions apply in this Article:

(1) Advisory Committee. – The Large Animal Healthcare Enhancement Advisory Committee, as established by G.S. 106-1073.

(2) Authority. – The North Carolina Agricultural Finance Authority, as created by G.S. 122D-4.

(3) Board. – The North Carolina Board of Agriculture, as created by G.S. 106-2.

(4) Commissioner. – The Commissioner of Agriculture.

(5) Department. – The Department of Agriculture and Consumer Services.

(6) Designated county. – A county in this State with a population of less than 100,000 people according to the latest decennial census.

(7) Fund. – The Large Animal Healthcare Enhancement Fund, as created by G.S. 106-1074.

(8) Large animal veterinarian. – A person who is actively engaged in and is licensed to practice veterinary medicine pursuant to Article 11 of Chapter 90 of the General Statutes and whose specialties include livestock, poultry, or equine animals.

(9) Large animal veterinary medicine. – The practice of veterinary medicine, as defined in G.S. 90-181, for livestock, poultry, or equine animals.

"**§ 106-1073. Advisory Committee.**

(a) Committee Established. – The Large Animal Healthcare Enhancement Advisory Committee is established within the North Carolina Agricultural Finance Authority and shall consist of membership as follows:

(1) The Commissioner of Agriculture or an employee of the Department designated by the Commissioner, who shall serve as chair.
(2) The State Veterinarian or the State Veterinarian's designee.
(3) A member of the Food Animal Scholars Program steering and mentoring committee.
(4) Two practicing large animal veterinarians, to be appointed by the Commissioner. The veterinarians shall have different specialties in their practice.
(5) Two representatives of the livestock industry, to be appointed by the Commissioner. The representatives shall represent different segments of the livestock industry.
(6) The Executive Director of the Authority or the Executive Director's designee, who shall not be a voting member.

The Commissioner and the State Veterinarian may each designate one additional at-large member of the Advisory Committee.

(b) Terms of Members. – Members of the Advisory Committee shall serve terms of four years, beginning effective July 1 of the year of appointment.

(c) Vacancies. – Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be made by the original appointing authority and shall be for the balance of the unexpired term.

(d) Removal. – The appointing authority shall have the power to remove any member of the Commission appointed by that authority from office for misfeasance, malfeasance, or nonfeasance.

(e) Reimbursement. – The members of the Commission shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(f) Meetings. – The Advisory Committee shall meet at least once every six months and may meet more often upon the call of the chair. A majority of the members of the Commission shall constitute a quorum for the transaction of business.

(g) Ethics. – Members of the Advisory Committee are public servants as defined by G.S. 138A-3(70).

(h) Staff. – The staff of the Authority shall serve as staff to assist the Advisory Committee in carrying out administrative functions in the discharge of its duties and responsibilities.

"**§ 106-1074. Large Animal Healthcare Enhancement Fund.**

(a) Fund Created. – The Large Animal Healthcare Enhancement Fund is created as a special fund within the Department of Agriculture and Consumer Services. The Fund shall be administered by the Authority. The purpose of the fund is to make grants to encourage veterinary students to enter and stay in large animal veterinarian practice and to support large animal veterinarian practices to enable them to better serve their designated counties.

(b) Fund Sources. – The Fund shall consist of any money appropriated to it by the General Assembly and any money received from public or private sources. Unexpended, unencumbered money in the Fund from sources other than appropriations from the General Assembly shall not revert and shall remain available for expenditure in accordance with this section. The Authority may use up to five percent (5%) of General Fund appropriations in each fiscal year for administrative support.

(c) Grant Eligibility. – A large animal veterinarian who practices or plans to practice in one or more designated counties may be eligible for a grant of up to twenty-five thousand dollars ($25,000) per fiscal year. Applicants shall apply in a format to be determined by the Advisory Commission, but the application shall require the applicant to state the designated counties in which the large animal veterinarian is practicing or plans to practice, the amount of funding 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

vital sector of the State's economy. The purpose of this section is to fund and promote the establishment of value-adding agricultural manufacturing and food processing facilities across the State to fill existing gaps in the processing of agricultural products and to create a diverse and economically competitive array of high value-added goods and products manufactured in this State from agricultural products grown or produced in this State.

SECTION 10.2.(b) Establishment. – There is created within the Department of Agriculture and Consumer Services (Department), the North Carolina Agricultural Manufacturing and Processing Initiative (NCAMPI). Funds allocated to NCAMPI by this section will be used for the following activities:

(1) Up to five hundred thousand dollars ($500,000) of funds in the first year of the program for the Department to engage independent industry-recognized experts to identify and assess opportunities to increase value-added processing of commodities produced in the State and address categorical or geographical gaps in agricultural manufacturing and processing. The Department shall use a portion of the funds allocated by this subdivision up to one hundred thousand dollars ($100,000) to identify and assess opportunities and gaps for the dairy industry in the State.

(2) Up to two hundred fifty thousand dollars ($250,000) of the funds provided in each year of the program for the Department to market and recruit agricultural manufacturing and processing facilities to fill identified gaps in access to such facilities by North Carolina farmers based on the assessment described in subdivision (1) of this subsection.

(3) Remaining NCAMPI funds to provide grants to local governments and nonprofit economic development entities to support the creation or expansion of agricultural manufacturing facilities. Grant funds may be used for site development, infrastructure costs (including water, wastewater, or transportation improvements), building construction or rehabilitation costs, or equipment. As a part of the application, applicants must demonstrate in a manner determined by the Department that they have applied for or otherwise sought other sources of applicable funding for the proposed project. New facilities and expansions of existing facilities will be eligible for grants under this subdivision. Shared-use facilities and incubators are ineligible for grants under this subdivision. Before entering into a grant agreement, the Department must find that the total benefits of the project to the State outweigh its anticipated costs and render the grant appropriate for the project.

SECTION 10.2.(c) Administration of Initiative. – In consultation with the nonprofit corporation with which the Department of Commerce contracts pursuant to G.S. 143B-431.01(b), the Department shall develop guidelines related to the administration of NCAMPI. The guidelines shall require a finding that a grant under this section is necessary for the construction or expansion of a facility to be used by a business entity (as that term is defined in G.S. 55-1-40) that will engage in agricultural manufacturing or processing activities in this State. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, the Department shall publish the proposed guidelines on its website and provide notice to persons who have requested notice of proposed guidelines. In addition, the Department shall accept oral and written comments on the proposed guidelines and shall, in its discretion, consider those comments before finalizing the guidelines. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes and shall include all of the following:

(1) Criteria for evaluating grant applicants, including job creation, concentration of production of the agricultural product the facility will process in proximity to the proposed location, and reductions in (i) transportation costs and (ii)

estimated damage rates for agricultural products created as a result of greater geographical proximity to the proposed manufacturing or processing facility.

(2) Criteria for determining grant eligibility, the amounts of awards, not to exceed five million dollars ($5,000,000) per facility, and the required cost-share for grant recipients. The Department may consider the economic development tier of the county of a grant recipient under G.S. 143B-437.08 in setting cost-share amounts.

SECTION 10.2.(d) Report. – Until all funds allocated by this section have been expended, the Department shall annually report no later than October 1 on NCAMPI activities during the prior fiscal year to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division. The report shall include, at a minimum, all of the following:

(1) Total amount of grants awarded.
(2) A list of award recipients and the amount awarded to each recipient.
(3) Matching funds required and provided by grant recipients.
(4) Activities to ready sites and associated costs.
(5) Any major employers located at an improved or acquired site.
(6) Any unallocated amount for grants remaining in the NCAMPI Fund.
(7) Assessment of additional remaining needs for agricultural manufacturing and processing facilities in the State.

SECTION 10.2.(e) Funding. – Of the funds appropriated from the interest earned in the State Fiscal Recovery Reserve to the Department of Agriculture and Consumer Services, the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2023-2024 fiscal year and the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used for NCAMPI. Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, these funds shall not revert at the end of the fiscal year in which they are appropriated but shall remain available for the purposes set forth in this section. The Department may use up to five percent (5%) of the funds allocated by this section for administrative costs of program administration.

FARMERS APPRECIATION DAY FUNDS

SECTION 10.3. Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used as a directed grant for North Carolina State Grange, Inc., a nonprofit corporation, (NC Grange) to develop a plan to raise awareness of and promote the first annual North Carolina Farmers Appreciation Day. These funds shall be disbursed to NC Grange at the discretion of the Department upon the request of NC Grange for that purpose and shall be subject to Section 5.3(b)(4) of this act.

ANIMAL WASTE FERTILIZER CONVERSION COST-SHARE PROGRAM

SECTION 10.4.(a) Funding. – Funds appropriated in this act to provide a directed grant to the NC Foundation for Soil and Water Conservation, Inc., a nonprofit corporation, shall be used to establish a cost-share program for statewide deployment of processes and technologies developed for conversion of animal waste to fertilizer through the Foundation's Innovative Livestock Waste Management programs.

SECTION 10.4.(b) Program. – The program shall provide cost-share grants for eligible projects with grant funding limited to one grant for eligible projects associated with any particular liquid animal waste management system. Application processes and criteria for the award of grants shall be determined by the Foundation.

SECTION 10.4.(c) Cost-Share. – Persons receiving grants under this section shall provide a match in cash or in-kind equivalents equal to one dollar ($1.00) for every one dollar ($1.00) distributed to them from the program.

SECTION 10.4.(d) Report. – The Foundation shall report no later than October 1 of each year regarding activities funded by this section during the previous fiscal year. The report shall include a list of projects funded, scope and location of each project, and the total quantity of liquid animal waste management system residual sludges converted to fertilizer or other soil additives during that year. The Foundation shall provide a final report no later than October 1, 2028, providing the data required by this section for the entire five years of the program.

SECTION 10.4.(e) Definitions. – The following definitions apply in this section:

(1) Eligible entity. – Any person who owns or operates an anaerobic lagoon or other liquid animal waste management system treating animal waste from a livestock operation that generates sludge suitable for conversion into fertilizer products.

(2) Eligible project. – Costs associated with the site engineering, permitting, acquisition, or installation of sludge collection and processing equipment needed for production of fertilizers and other soil additives meeting applicable State and federal requirements for use in agricultural operations.

(3) Foundation. – The NC Foundation for Soil and Water Conservation, Inc., a nonprofit corporation.

(4) Livestock. – Cattle, sheep, swine, goats, farmed cervids, or bison.

(5) Person. – Any individual, trust, estate, partnership, receiver, association, company, limited liability company, corporation, or other entity or group.

(6) Program. – The Animal Waste Fertilizer Conversion Cost-Share Program created by this section.

SECTION 10.4.(f) Reversion. – Funds allocated in this section that are not expended or encumbered by June 30, 2028, shall revert to the General Fund.

SECTION 10.4.(g) Administrative Expenses. – The Foundation may retain up to four percent (4%) of the funds allocated by this section for its expenses in administering the program.

CUSTOM EXEMPT MEAT PROCESSING GRANTS

SECTION 10.6.(a) Findings. – The General Assembly finds that small and independent meat processors who serve small livestock producers are critical to meeting the State's meat processing needs. The General Assembly further finds that financial assistance to eligible facilities as defined in this section is necessary to assure their continued functioning.

SECTION 10.6.(b) Funding. – The Department of Agriculture and Consumer Services (Department) shall use the following funds for the grant program established by this section:

(1) Funds allocated to the Department for technical and administrative support of the Meat and Seafood Processing Grant Program by Section 10.7 of S.L. 2021-180, as amended, that remain unencumbered and unexpended on the date this act becomes law.

(2) Two hundred fifty thousand dollars ($250,000) of the funds appropriated in this act from the interest earned in the State Fiscal Recovery Reserve to the Department.

SECTION 10.6.(c) Use of Funds. – Funds allocated by this section shall be used by the Department to provide grants to eligible facilities to bring them into compliance with the regulations of the Department and of the North Carolina Department of Health and Human Services (DHHS). The following limitations and reservations apply:

(1) For purposes of grants under this section, an eligible facility is any meat processing operation (including registered mobile slaughter units) operating under the custom exemption from the requirements of Article 49B of Chapter 106 of the General Statutes with review by the Department's Meat and Poultry Inspection Division (MPID) as set forth in G.S. 106-549.27(a)(2).

(2) The grants shall be available only to eligible facilities that were existing and recognized as such by MPID on July 1, 2023.

(3) The grants may be used for conformance with applicable regulations and technical assistance, including development of Hazard Analysis Critical Control Point (HACCP) Plans.

(4) The Department may use up to three percent (3%) of the total funds allocated in this section for administrative costs related to the disbursement of grants under this section.

(5) Funds allocated by this section shall not revert, but remain available until expended.

SECTION 10.6.(d) Grant Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this section that include, at a minimum, the following:

(1) Prioritization. – The Department may prioritize projects that will create additional jobs.

(2) Limitation. – Grants under this section shall not exceed thirty thousand dollars ($30,000) per grantee.

(3) Cost-sharing. – Recipients shall provide matching funds for a grant under this section in the amount of one dollar ($1.00) from non-State sources for every two dollars ($2.00) provided by the grant.

(4) Clawback. – If fixtures or equipment purchased with grant funds provided under this Article are disposed of during a period of time as the Department shall specify following the date the fixtures or equipment funded by this act are placed in service, the grant recipient shall repay to the Department a proportionate share of the grant funding received as the Department shall specify. As used in this subdivision, the term "disposed of" includes discarded, sold, taken out of service, or moved out of State.

SECTION 10.6.(e) Report. – The Department shall annually report no later than October 1 until all funds have been expended to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division of the General Assembly on the grants provided under this section during the prior fiscal year. The report shall include, at a minimum, the total number and geographic location of applicants and of grant recipients (including the county), a brief description of the project supported by the grant, and any clawbacks made by the Department under subdivision (d)(4) of this section.

LIVESTOCK FARMER SUPPORT IN FRENCH BROAD RIVER BASIN

SECTION 10.7.(a) Funds appropriated in this act for the Agriculture Cost Share Program for Nonpoint Source Pollution Control from the State Capital and Infrastructure Fund shall be used to provide cost share assistance to farmers engaged in farming in the watershed of the Upper French Broad River in Transylvania, Henderson, Buncombe, and Madison Counties for the installation of fences, alternative livestock watering systems, pasture management, and other measures deemed appropriate by the local Soil and Water Conservation District to keep livestock out of existing streams and watercourses that constitute or drain into the Upper French Broad River.

SECTION 10.7.(b) Funds used pursuant to subsection (a) of this section are subject to the following requirements and limitations:

(1) All requirements and limitations set forth in G.S. 106-850(b), except the description of eligible measures in G.S. 106-850(b)(5).

(2) In addition, applicants must demonstrate that the measures for which they seek cost share assistance would mitigate or prevent stream impacts from livestock in or adjacent to surface waters in the Upper French Broad River basin.

SECTION 10.7.(c) As a portion of the report required by G.S. 106-850(e), as modified by subsection (d) of this section, the Soil and Water Conservation Commission shall report on all funds used pursuant to subsection (a) of this section, including a brief description of funded projects, their distribution across counties, and the amount of the cost share assistance provided to each project.

SECTION 10.7.(d) G.S. 106-850(e) reads as rewritten:

"(e) The Soil and Water Conservation Commission shall report on or before January 31 of each year to the Environmental Review Commission, the Department of Agriculture and Consumer ~~Services,~~ Services, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division. This report shall include a list of projects that received State funding pursuant to the program, the results of the evaluations conducted pursuant to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of each of these projects to accomplish its primary purpose, and any recommendations to assure that State funding is used in the most cost-effective manner and accomplishes the greatest improvement in water quality. This report shall be submitted to the Environmental Review ~~Commission~~ Commission, the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research ~~Division~~ Division, with the reports required by G.S. 106-860(e) and ~~G.S. 139-60(d)~~ G.S. 139-60(d), as a single report."

SECTION 10.7.(e) Subsection (d) of this section is effective when it becomes law and applies to reports generated on or after that date.

PART XI. COMMERCE

COMMUNITY DEVELOPMENT BLOCK GRANTS

SECTION 11.1.(a) Allocations. – Of the funds appropriated in this act for federal block grant funds, the following allocations are made for the fiscal years ending June 30, 2024, and June 30, 2025, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

1.	State Administration	$1,560,286
2.	Neighborhood Revitalization	7,521,789
3.	Economic Development	13,482,687
4.	Infrastructure	18,994,905
5.	Rural Community Development	4,748,726
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT – 2024 Program Year		**$46,308,393**
	2025 Program Year	**$46,308,393.**

SECTION 11.1.(b) Availability Reduction. – If federal funds are reduced below the amounts specified in this section after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

SECTION 11.1.(c) Availability Increase. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

SECTION 11.1.(d) Reallocation. – The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds either of the following conditions exist:

(1) If a reallocation is required because of an emergency that poses an imminent threat to public health or public safety, then the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.

(2) If the State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, then the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

SECTION 11.1.(e) Report. – By October 1, 2023, and September 1, 2024, the Department of Commerce shall report to the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the chairs of the Joint Legislative Economic Development and Global Engagement Oversight Committee; and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

(1) A discussion of each of the categories of funding, including information on the statewide need in each category.

(2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.

(3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

SECTION 11.1.(f) Neighborhood Revitalization. – Funds allocated to the Neighborhood Revitalization Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by the United States Department of Housing and Urban Development (HUD):

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.

(2) Demolition and rehabilitation of buildings and improvements.

(3) Public improvements, including parks, streets, sidewalks, and water and sewer lines.

SECTION 11.1.(g) Economic Development. – Funds allocated to the Economic Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by HUD:

(1) Acquisition of real property.
(2) Demolition and rehabilitation of buildings and improvements.
(3) Removal of material and architectural barriers.
(4) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
(5) Loans and grants to public or private nonprofit entities for construction and rehabilitation activities.
(6) Assistance to private, for-profit entities for economic development.
(7) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
(8) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(h) Infrastructure. – For purposes of this section, eligible activities under the Infrastructure Category in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure." Notwithstanding the provisions of subsection (d) of this section, funds allocated to the Infrastructure Category in subsection (a) of this section shall not be reallocated to any other category.

SECTION 11.1.(i) Rural Community Development. – Funds allocated for the Rural Community Development Category in subsection (a) of this section shall be made available as grants for eligible activities listed in this subsection. These funds shall provide grants that support community development and comprehensive growth projects to be awarded by the Department of Commerce. The Rural Community Development Category will provide grants to units of local government in development tier one and development tier two areas, as defined in G.S. 143B-437.08, and in rural census tracts, as defined in G.S. 143B-472.127(a)(2), in any other area to support projects that promote broad-based community development activities, increased local investment and economic growth, and stronger and more viable rural neighborhoods. In awarding grants under this section, preference shall be given to projects in development tier one areas, as defined in G.S. 143B-437.08. The funds available for grants under this category may be used for all of the following, subject to the national objectives and eligible activities allowed under guidance issued by HUD:

(1) Essential repairs to prevent abandonment and deterioration of housing in low- and moderate-income neighborhoods.
(2) Public improvements, including parks, streets, sidewalks, and water and sewer lines.
(3) Public facilities, including neighborhood and community facilities and facilities for individuals with special needs.
(4) Public services, including employment, crime prevention, and energy conservation.
(5) Assistance to private, for-profit entities for economic development.
(6) Technical assistance to public or nonprofit entities for neighborhood revitalization or economic development activities.
(7) Assistance to for-profit and nonprofit entities to facilitate economic development activities.

SECTION 11.1.(j) Deobligated Funds. – Throughout each year, deobligated funds arise in the various funding categories and program years of the Community Development Block

Grant (CDBG) program as a result of (i) projects coming in under budget, (ii) projects being cancelled, or (iii) projects being required to repay funds. Surplus federal administrative funds in the CDBG program may vary from year to year based upon the amount of State-appropriated funds allocated and the amount of eligible in-kind funds identified. To allow the Department of Commerce and the Department of Environmental Quality to quickly deploy deobligated and surplus federal administrative funds as they are identified throughout the program year, the following shall apply to the use of deobligated CDBG funds and surplus federal administrative funds:

(1) All surplus federal administrative funds shall be divided proportionally between the Departments of Commerce and Environmental Quality and shall be used as provided in subdivisions (2) and (3) of this subsection.

(2) All deobligated funds allocated to the Department of Commerce and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
   a. To issue grants in the CDBG Economic Development or Neighborhood Revitalization Program Category.
   b. For providing training and guidance to local governments relative to the CDBG program, its management, and administrative requirements.
   c. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

(3) All deobligated funds allocated to the Department of Environmental Quality and any surplus federal administrative funds, as provided for in subdivision (1) of this subsection, may be used by the Department for all of the following:
   a. To issue grants in the CDBG Infrastructure Category.
   b. For any other purpose consistent with the Department's administration of the CDBG program if an equal amount of State matching funds is available.

COMMERCE NONPROFITS/REPORTING REQUIREMENTS

SECTION 11.2.(a) The entities listed in subsection (b) of this section shall do the following for each year that State funds are expended:

(1) By September 1 of each year, and more frequently as requested, report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division on prior State fiscal year program activities, objectives, and accomplishments and prior State fiscal year itemized expenditures and fund sources. If State funds are used to provide matching funds for competitive grants from the federal government or a nongovernmental entity, the report should include a list and description of the grants that are awarded.

(2) Provide to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources; the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; and the Fiscal Research Division a copy of the entity's annual audited financial statement within 30 days of issuance of the statement.

SECTION 11.2.(b) The following entities shall comply with the requirements of subsection (a) of this section:

(1) North Carolina Biotechnology Center.
(2) High Point Market Authority.
(3) RTI International.
(4) National Institute for Minority Economic Development.
(5) Carolina Small Business Development Fund.

NC BIOTECHNOLOGY CENTER

SECTION 11.3.(a) Except for the funds appropriated in subsection (b) of this section, funds appropriated in this act to the Department of Commerce for the North Carolina Biotechnology Center (Center) for each fiscal year in the 2023-2025 biennium shall be allocated for the following purposes in the following proportions:

(1) Twenty-one percent (21%) for job creation, including funding for the AgBiotech Initiative, economic and industrial development, and related activities.
(2) Sixty-five percent (65%) for science and commercialization, including science and technology development, Centers of Innovation, business and technology development, education and training, and related activities.
(3) Fourteen percent (14%) for Center operations, including administration, professional and technical assistance and oversight, corporate communications, human resource management, financial and grant administration, legal, and accounting.

SECTION 11.3.(b) Of the funds appropriated in this act to the Department of Commerce for the Center, five hundred thousand dollars ($500,000) of recurring funds in each fiscal year of the biennium shall be used to support funding for early stage loans to North Carolina agricultural technology companies.

SECTION 11.3.(c) The Center shall not use any of the recurring funds allocated in subsection (b) of this section for administrative costs and shall report on the expenditure of those funds each year pursuant to Section 11.2 of this act.

SECTION 11.3.(d) The Center shall prioritize funding and distribution of loans over funding and distribution of grants.

SECTION 11.3.(e) Up to ten percent (10%) of the sum of each of the allocations in subsection (a) of this section may be reallocated to subdivision (a)(1) or subdivision (a)(2) of this section if, in the judgment of Center management, the reallocation will advance the mission of the Center.

NC BIOTECHNOLOGY CENTER PROFIT SHARING MODIFICATION

SECTION 11.4. The Attorney General's Office and the North Carolina Biotechnology Center (the Center) shall renegotiate the memorandum of understanding entered into pursuant to Section 20.8 of S.L. 2001-424, and its amendments, to provide that the Center is required to pay the State fifty percent (50%) of only those net profits that exceed one million dollars ($1,000,000).

MODIFICATION FOR GOLDEN LEAF

SECTION 11.5. G.S. 143-712 reads as rewritten:

"**§ 143-712. Articles of incorporation; reporting.**

The Attorney General shall draft articles of incorporation for the Golden LEAF Foundation to enable the Golden LEAF Foundation to carry out its mission as set out in the Consent Decree. The articles of incorporation shall provide for the following:

(1) ~~Consultation; reporting. The Golden LEAF Foundation shall consult with the Joint Legislative Commission on Governmental Operations prior to the board of directors (i) adopting bylaws and (ii) adopting the annual operating budget.~~ Reporting. – The Golden LEAF Foundation shall ~~also~~ report on its programs and activities to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Joint Legislative Economic Development and Global Engagement Oversight Committee on or before September 15 of each fiscal year and more frequently as requested by any of these entities. The report shall include all of the following information:

a. Grants made in the prior fiscal year, including the amount, term, and purpose of the grant.
b. Outcome data collected by the Golden LEAF Foundation, including the number of jobs created.
c. Cumulative grant data by program and by county.
d. Unaudited actual administrative expenses and grants made in the prior fiscal year.
e. Current fiscal year budget, planned activities, and goals for the current fiscal year.

The Golden LEAF Foundation shall also provide to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee an itemized report of its administrative expenses for the previous fiscal year by September 15 of each year, a copy of its annual audited financial statement for the previous fiscal year within 30 days of having received an audit report from an independent auditor, and a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing.

(1a) Amendment of articles of incorporation. – The Golden LEAF Foundation may periodically amend its articles of incorporation to maintain conformity with the provisions of this Article and any other act of the General Assembly. Subject to the conditions set forth in G.S. 55A-10-02, 55A-10-05, 120-76.1, and Article XIV of the Articles of Incorporation, the Golden LEAF Foundation shall consult with the Joint Legislative Commission on Governmental Operations prior to submitting articles of amendment to the Secretary of State.

…."

RAPID RECOVERY LOAN TECHNICAL CORRECTIONS

SECTION 11.5A.(a) Section 4.2 of S.L. 2020-4, as amended by Section 1.6 of S.L. 2020-97, Section 20.11 of S.L. 2022-6, and Section 11.12 of S.L. 2022-74, reads as rewritten:

"**SECTION 4.2.(a)** Program. – Of the funds allocated in subdivision (45) of Section 3.3 of this act, Golden LEAF shall provide grants to entities for the purpose of making emergency loans to assist small businesses with business needs during periods of economic hardship occasioned by the COVID-19 pandemic. It is the intent of the General Assembly for an equitable portion of funds allocated in this section to be used for the benefit of historically underutilized small businesses. The following shall apply to the program and loans made under the program:

…

(5) Except as provided in subdivision (9a) of this subsection, the term of the loan shall not exceed ~~144~~ 168 months and shall be amortized over the term of the loan.

…

(9a) A lender, as authorized by Golden LEAF, may take prudent and commercially reasonable efforts to remedy a default, a likelihood of default, or bankruptcy filing by a business, including restructuring the terms of a loan and entering into settlement agreements, provided ~~that~~ that, if a loan is restructured, the following requirements are met:

a. The interest rate is not reduced below prime rate.

b. The term of the loan is not extended by more than 36 months.

…

"**SECTION 4.2.(b)** Definitions. – For purposes of this section, the following definitions apply:

…

(4) Net loan funds. – The total loan fund allocation authorized in subdivision (45) of Section 3.3 of this act less (i) the amount used in accordance with subdivision (a)(3a) of this section, (ii) the maximum amount allowed under applicable federal law or guidance for the cost of administering the loans made under the program, (iii) the State's loan funds that are not recaptured, ~~and~~ (iv) expenses incurred to recapture loan ~~funds. recaptured, and (iv)~~ funds, and (v) 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.

(5) A wage standard, if any, deemed appropriate or beneficial for the purpose of the program, as determined in the sole discretion of Golden LEAF.

SECTION 11.7.(b) Golden LEAF shall include the pilot program in the report required pursuant to G.S. 143-712 until the year following the year in which all funds have been expended. The information provided for the pilot program shall include, at a minimum, the number of shell buildings built, the number of shell buildings that remain vacant and the length of time they have been vacant, the number of shell buildings that have been occupied and the name of the company that occupied them, and the number of jobs based in the shell buildings that have been occupied. Funds allocated under this section are not subject to the provisions of G.S. 143C-6-23.

NASCAR ALL-STAR RACE FUNDING CLARIFICATION

SECTION 11.8.(a) Funds appropriated in this act from the projected interest in the State Fiscal Recovery Reserve to the Department of Commerce (the "Department") for the NASCAR All-Star Race at the North Wilkesboro Speedway, LLC, may be used for repairs, renovations, and other capital improvements at the speedway if the Department enters into an agreement with the grant recipient to host one NASCAR Series race at the speedway, which shall be in addition to the 2023 All-Star Race, before the end of the 2028 race season. These funds may be used by the grant recipient to cover expenditures made prior to the effective date of this act.

SECTION 11.8.(b) If the grant recipient receives funds pursuant to subsection (a) of this section but does not host one additional NASCAR Series race at the speedway, in addition to the 2023 All-Star Race, before the end of the 2028 race season, the grant recipient must forfeit the grant awarded under this section and is liable for the amounts received.

SECTION 11.8.(c) No later than December 1, 2023, the Department shall report on the use of such funds to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Joint Legislative Economic Development and Global Engagement Oversight Committee, and to the Fiscal Research Division.

NCINNOVATION

SECTION 11.9.(a) Chapter 143 of the General Statutes is amended by adding a new Article to read:

"Article 76B.
"NCInnovation.

"**§ 143-728. NCInnovation.**

(a) Findings. – The General Assembly of North Carolina finds the following:

(1) North Carolina is competing with other states for the ability to commercialize innovations resulting from in-State, world-class higher education research institutions.

(2) By fully optimizing the commercialization of those innovations, the State has opportunities for creating new jobs and new companies and achieving greater economic prosperity, particularly in rural areas.

(3) Other states have successfully used a public-private partnership model to harness innovation efforts from research universities so as to create jobs, to accelerate commercial opportunities, and to support the commercial growth and scale of emerging technologies.

(4) North Carolina will benefit from similar efforts to accelerate commercialization of theoretical and applied science and inventions stemming from the efforts and activities of its higher education research institutions.

(b) Purpose. – The purpose of this section is to establish a framework whereby the State may provide funds to be used by a nonprofit corporation, acting on behalf of and for the primary

benefit of the State, to establish and support a network of regional innovation hubs, to better leverage the high technology research and development capabilities of its higher education research institutions, and to provide funding to bridge the gap between such research and development capabilities and the application and commercialization of the same, and to support such commercialization and application, along with resulting emerging technologies, to promote the welfare of the people of the State and to maximize the economic growth in the State.

(c) Endowment. – NCInnovation is approved to receive funds from the State for the purposes and on the terms and conditions set forth in this Article.

(d) Requirements. – In order to receive the endowment and retain State funds, all of the following requirements must be met:

(1) NCInnovation shall adhere to the following governance provisions related to its governing board:

a. The board shall be composed of 13 voting members as follows: four members appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives, four members appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate, and the remaining members elected as provided in the bylaws of NCInnovation. The directors shall hold staggered four-year terms and shall elect their own chair from among their number. Appointing and electing authorities shall ensure that appointed and elected members have expertise and experience in one or more of the following areas: research, development, product commercialization, entrepreneurial business development, and capital formation.

b. NCInnovation shall comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

c. No State employee or elected official may serve on the board.

d. The board shall meet at least quarterly at the call of its chair.

e. The amount of State funds that may be used for the annual salary of any one officer or employee of NCInnovation shall not exceed the greater of (i) one hundred forty thousand dollars ($140,000) or (ii) the amount most recently set by the General Assembly in a Current Operations Appropriations Act.

f. Members of the board may not be compensated for their services. The amount of State funds that may be used to provide per diems and allowances to a member of the board engaged in carrying out the purposes and requirements of this Article shall not exceed the amount provided in G.S. 138-5.

(2) NCInnovation shall amend its articles of incorporation to enable NCInnovation to carry out the purposes and requirements of this Article. The articles of incorporation, as amended, shall provide for the following:

a. Consultation; reporting. – NCInnovation shall consult with the Joint Legislative Commission on Governmental Operations prior to the board of directors adopting bylaws or any amendment to its bylaws. NCInnovation shall also report on its programs and activities to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division on or before September 15 of each fiscal year and more frequently as requested by any of these entities. The report shall include all of the following information:

1. Every expenditure for establishing and supporting a network of regional innovation hubs and every award of grants, funds, or other support by NCInnovation in the prior fiscal year. This information shall include, at a minimum, the recipient, amount, term, and purpose of the award.
2. Outcome data collected by NCInnovation, including the number of jobs created.
3. Cumulative regional innovation hub network expenditure and funding award data by program and by county.
4. An unaudited report, itemized by category, of overhead and administrative costs for the previous fiscal year.
5. Current fiscal year budget, planned activities, and goals for the current fiscal year.
6. Developed performance metrics for recipients of funding and support by NCInnovation.
7. A detailed explanation of how annual salaries are determined, including base pay schedules and any additional salary amounts or bonuses that may be earned as a result of job performance. The explanation shall include the means used by NCInnovation to foster employee efforts in rural and low-income areas in the State.

NCInnovation shall also provide to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Economic Development and Global Engagement Oversight Committee, and the Fiscal Research Division (i) a copy of its annual audited financial statement for the previous fiscal year within 30 days of having received an audit report from an independent auditor and (ii) a copy of its annual federal income tax return for the previous fiscal year within 30 days of filing. In addition, the State Auditor may perform audits of NCInnovation pursuant to Article 5A of Chapter 147 of the General Statutes to ensure that funds are being managed in accordance with the provisions of this Article.

b. Transfer of assets. – NCInnovation shall not dispose of assets pursuant to G.S. 55A-12-02 without the approval of the General Assembly.

c. Charter repeal. – The charter of NCInnovation may be repealed at any time by the General Assembly pursuant to Section 1 of Article VIII of the North Carolina Constitution. NCInnovation shall not amend its articles of incorporation without the approval of the General Assembly.

d. Dissolution. – NCInnovation may be dissolved pursuant to Chapter 55A of the General Statutes or by the General Assembly. Upon dissolution, (i) all funds, other than excluded amounts and interest earned on excluded amounts, and (ii) all assets acquired with State funds shall be transferred to the General Fund.

(3) NCInnovation shall act on behalf of, and perform its duties for the benefit of, the State. Where those duties involve the distribution of investment income, NCInnovation shall (i) consult with the North Carolina Collaboratory (Collaboratory), established under G.S. 116-255, for purposes of making determinations regarding terms and amounts of distributions and (ii) use the Collaboratory to manage the distributions. NCInnovation shall, at a minimum, perform the following duties:

a. Establish and support a network of regional innovation hubs by doing one or more of the following:
   1. Establishing four university research hubs, each located in areas of the State where regional collaboration between academic, industrial, and capital formation networks are at or below average in comparison to the rest of the State.
   2. Providing full-time, collocated educational liaisons, business consultants, and technology transfer consultants in each university research hub established for the purposes of (i) building new and strengthening existing relationships between senior educational and regional industry leaders to facilitate ongoing engagement within and among regional networks and (ii) creating communication and information exchange between regional networks to identify areas of potential collaboration, filling needs, and otherwise maximizing complementary research, development, and commercialization.
   3. Conducting analysis of research activities, capacities, and capabilities of each higher education research institution in each university research hub in light of commercial innovation needs in the hub, including (i) identifying specific strengths and gaps that could benefit from regional collaboration, (ii) identifying existing patents and research and, where applicable, how the patents or research might have commercial application for industry needs, and (iii) creating a strategic plan to guide future investments and identify resources or infrastructure required to implement and apply patents and research into commercialized innovation.
   4. Providing the results of, and associated guidance concerning, conducted analyses to assist connecting hub-specific capabilities with regional commercial needs and to ensure applied research investments are aligned with regional strengths, capabilities, and commercial opportunities.
   5. Funding, supporting, and facilitating the development of partnerships and building capacity between regional industries and higher education research institutions.
   6. Drafting guidance for researchers to use in prioritizing targeted commercial opportunities and leveraging identified research strengths.
   7. Soliciting applications for grants to commercialize or develop the capability to commercialize applied research opportunities.

b. Award grants, funds, and other resources to higher education research institutions under programs designed to do any of the following:
   1. Provide capacity building to (i) expand applied research federal grant scouting and (ii) provide project management and support for researchers engaged in collaborations between such institutions.
   2. Support technology development, start-up support, and licensing assistance.
   3. Pursue intellectual property protections, including patent prosecution.

4. Provide direct, non-dilutive funding designed to advance research and development to proof of commercial viability.
5. Furnish additional support services after proof of commercial viability designed to assist researchers at such institutions in attaining, from sources other than NCInnovation, venture capital and capital formation.

c. Protect the use of State funds by requiring, as a condition of awarding funds or providing support, that the recipient, for a minimum of five years, (i) have its headquarters and principal place of business in the State and (ii) be organized under the laws of this State for any commercialization resulting from or furthered by, in whole or part, such funds or support. NCInnovation may receive from a recipient neither future earnings or revenue of any kind nor equity or ownership interests of any kind.

(4) NCInnovation shall contract with an independent investment manager to manage and invest the endowment for the purpose of generating investment income. The contract shall establish the annual compensation for the investment manager, including any management fee, which shall reflect asset-based pricing using a tiered structure, with an overall blended rate not to exceed 15 basis points. Amounts paid pursuant to this subdivision are overhead and administrative costs of NCInnovation. The contract shall require that the investment manager disclose to NCInnovation any interest that it or an owner, stockholder, partner, officer, director, member, employee, or agent of the investment manager has in a recipient of investment income from NCInnovation to the extent the investment manager is aware of such recipients. The activities and investments of the investment manager are not subject to the reporting requirements of this Article.

(5) NCInnovation may draw from, distribute, and otherwise expend investment income, including, without limitation, to make funding awards and establish or support a network of regional innovation hubs, in accordance with this Article, and such activities are subject to the reporting requirements of this Article. NCInnovation shall develop criteria for and notify the Joint Legislative Commission on Governmental Operations regarding each program NCInnovation will use to advance the purposes of this Article prior to using investment income for the program. NCInnovation shall provide a copy of materials describing each program to the Fiscal Research Division within 15 days of finalizing the program.

(6) NCInnovation shall have received from fundraising efforts and sources, other than State funds, commitments to donate at least twenty-five million dollars ($25,000,000) in private funds for support of its operations. The minimum commitment amount required by this subdivision must be received within five years of the receipt of any portion of the endowment.

(7) NCInnovation shall adopt, publish, and provide to the Joint Legislative Commission on Governmental Operations a resolution or policy regarding conflicts of interest to guide actions by the governing board members, officers, and employees of NCInnovation in the performance of their duties and to prevent such persons from benefiting from or holding an equity position in any intellectual property, licensing, or business entity supported or funded by NCInnovation. The conflict of interest policy shall contain, at a minimum, that no subject person of NCInnovation may take any official action or use the subject person's official position to profit in any manner the subject person,

the subject person's immediate family, a business with which the subject person or the subject person's immediate family has a business association, or a client of the subject person or the subject person's immediate family with whom the subject person, or the subject person's immediate family, has an existing business relationship. No subject person shall attempt to profit from a proposed project lead resulting from commercialization of, or business formation resulting from, research if the profit is greater than that which would be realized by other persons living in the area where the project lead is located. If the profit under this subdivision would be greater for the subject person than other persons living in the area where the project lead is located, not only shall the subject person abstain from voting on that issue, but, once the conflict of interest is apparent, the subject person shall not discuss the project lead with any other subject person except to state that a conflict of interest exists. Under this subdivision, a subject person is presumed to profit if the profit would be realized by the subject person, the subject person's immediate family, a business with which the subject person or the subject person's immediate family has a business association, or a client of the subject person or the subject person's immediate family with whom the subject person or the subject person's immediate family has an existing business relationship with a company that is the subject of a proposed project lead. No subject person, in contemplation of official action by the subject person, or in reliance on information that was made known to the subject person in the subject person's official capacity and that has not been made public, shall (i) acquire a pecuniary interest in any property, transaction, or enterprise or gain any pecuniary benefit that may be affected by such information or official action or (ii) intentionally aid another to do any of the above acts. As used in this subdivision, the following terms mean:

a. Board. – The governing board of NCInnovation.
b. Board member. – A member of the board.
c. Business association. – A director, employee, officer, or partner of a business entity, or owner of more than ten percent (10%) interest in any business entity.
d. Immediate family. – Spouse, children, parents, brothers, and sisters.
e. Official action. – Actions taken in connection with the subject person's duties, including, but not limited to, voting on matters before the board, discussing investment matters with other subject persons in an effort to further the matter after the conflict of interest has been discovered, or taking actions in the course and scope of the position as a subject person and actions leading to or resulting in profit.
f. Profit. – Receive monetary or economic gain or benefit, including an increase in value whether or not recognized by sale or trade.
g. Subject person. – A board member, officer, or employee of NCInnovation.

(8) NCInnovation shall adopt, publish, and provide to the Joint Legislative Commission on Governmental Operations a resolution or policy regarding gifts to guide actions by the governing board members, officers, and employees of NCInnovation in the performance of their duties. The gift policy required by this subdivision shall, at a minimum, prohibit an employee, officer, or member of the board of NCInnovation from knowingly accepting a gift from a person whom the employee, officer, or member of the board knows or has reason to know (i) is seeking to do business of any kind in the

State or (ii) has financial interests that may be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or nonperformance of official duties of the employee, officer, or member of the board. This prohibition shall not apply to either of the following:

a. Gifts given to the employee, officer, or member of the board where the gift is food or beverages, transportation, lodging, entertainment, or related expenses associated with responsibilities or duties the employee, officer, or member of the board is responsible for conducting on behalf of NCInnovation, provided (i) the employee, officer, or member of the board did not solicit the gift and did not accept the gift in exchange for the performance or nonperformance of corporate duties and (ii) the employee, officer, or member of the board reports electronically to the corporation within 30 days of receipt of the gift, including a description and value of the gift and a description of how the gift contributed to responsibilities or duties on behalf of NCInnovation.

b. Gifts of personal property valued at less than one hundred dollars ($100.00) given to the employee, officer, or member of the board in the commission of corporate duties if the gift is given as a personal gift in another country as part of an overseas trade mission and the giving and receiving of such personal gifts is considered a customary protocol in the other country.

(9) NCInnovation shall maintain separate accounting records for and separate accounts for State funds and excluded amounts and shall not commingle State funds and excluded amounts. NCInnovation shall maintain records and accounts according to generally accepted accounting principles.

(10) NCInnovation shall specifically and separately report on incidences where a person, including a related member of a person, has made a reported contribution and has received funds or support from NCInnovation. NCInnovation shall include the record in the report required to be filed pursuant to this section.

(11) NCInnovation shall limit the use of State funds for the severance pay of the chief executive officer and other officers of the nonprofit corporation to no more than the salary limitation contained in subdivision (1) of this subsection.

(12) NCInnovation complies with the following:

a. State funds shall not be used to hire a lobbyist.

b. No State funds may be used for overhead and administrative costs. It is the intent of the General Assembly (i) to make a determination of the appropriate maximum amount of investment income that may be used for overhead and administrative costs based on observed costs occurring within the first three years of receipt of the endowment, (ii) to allow for that maximum amount to be used for those purposes in subsequent years, and (iii), at that time, to require NCInnovation to prioritize the use of excluded amounts for overhead and administrative costs to the extent practicable.

c. Only excluded amounts may be used for any of the following: (i) alcohol, (ii) first-class airfare, (iii) charter flights, (iv) holiday parties or similar social gatherings, and (v) any meeting, whether a formal public meeting or an informal retreat, located outside of the State.

(e) Benefits. – An officer, employee, or member of a governing board of NCInnovation is not a State employee, is not covered by Chapter 126 of the General Statutes, and is not entitled to State-funded employee benefits, including membership in the Teachers' and State Employees' Retirement System and the State Health Plan for Teachers and State Employees.

(f) Use of Funds. – NCInnovation shall comply with the following:

(1) Endowment. – The endowment may be used solely to produce investment income by an independent investment manager, as provided in this Article.

(2) Investment income. – Investment income may be used for the following:

a. Establishing and supporting a network of regional innovation hubs.

b. Awarding grants, funds, and other resources to advance duties owed by NCInnovation under this Article.

c. Any other purpose expressly and specifically allowed for investment income in this Article.

(3) State funds. – State funds may not be used for lobbying purposes.

(4) Excluded amounts. – Excluded amounts may not be invested with the endowment.

(g) Applicable Laws. – NCInnovation is subject to the requirements of (i) Chapter 132 of the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes. Notwithstanding the provisions of this subsection, public records relating to programs, recipients, and projects funded by NCInnovation may be withheld so long as their inspection, examination, or copying would, as determined in the sole discretion of NCInnovation, frustrate the purpose for which such public records were created or would result in the harmful dissemination of confidential intellectual property of a recipient; however, the provisions of this subsection allowing public records to be withheld no longer apply as soon as that frustration or harmful dissemination ceases, and NCInnovation shall disclose as soon as practicable, and within 25 business days, public records from that time.

(h) Definitions. – The following definitions apply in this Article:

(1) Endowment. – Funds provided to NCInnovation by the State upon meeting the requirements set forth in this section and any future funds NCInnovation receives from the State.

(2) Excluded amounts. – Any funds raised by NCInnovation through fundraising efforts and returns or earnings of any kind resulting directly or indirectly from investment of such funds.

(3) Higher education research institution. – A postsecondary constituent institution of The University of North Carolina, as defined in G.S. 116-2, or a community college, as defined in G.S. 115D-2.

(4) Investment income. – Returns and earnings of any kind resulting directly or indirectly from investment of the endowment by an independent investment manager as allowed by this Article.

(5) NCInnovation. – NCInnovation, Inc., a North Carolina nonprofit corporation under section 501(c)(3) of the Internal Revenue Code, provided it has its headquarters and principal place of business in the State and meets the requirements of this Article necessary to receive and retain the endowment.

(6) State funds. – The endowment and investment income."

SECTION 11.9.(b) Notwithstanding the provisions of Article 76B of Chapter 143 of the General Statutes, NCInnovation may use up to fifty million dollars ($50,000,000) of the endowment as investment income in the 2023-2024 fiscal year and ninety million dollars ($90,000,000) of the endowment as investment income in the 2024-2025 fiscal year, as those terms are defined in G.S. 143-728, as enacted by subsection (a) of this section. Funds not used for purposes allowed in this section at the end of the fiscal year for which the allowance is made

shall be returned to and used in conformity with the endowment, as provided in Article 76B of Chapter 143 of the General Statutes.

Notwithstanding the provisions of Article 76B of Chapter 143 of the General Statutes, investment income earned on the endowment during the 2023-2025 fiscal biennium shall be retained and invested with the endowment. To the extent that funds are used from the endowment in accordance with this section, NCInnovation shall replenish such funds in the future from investment income to the extent practicable in the reasonable discretion of the board, balancing the amount of investment income and NCInnovation's performance of the purposes of this section.

EDPNC MARKETING FUNDING EXTENSION

SECTION 11.10. Section 11.4(b) of S.L. 2022-74 reads as rewritten:

"**SECTION 11.4.(b)** There is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce for the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) the sum of sixty million dollars ($60,000,000) to be used for the following purposes in the following amounts:

(1) Thirty million dollars ($30,000,000) for travel and tourism marketing of the State.

(2) Thirty million dollars ($30,000,000) for business marketing of the State.

Of the funds allocated in subdivisions (1) and (2) of this subsection, the nonprofit corporation shall use no more than twenty million dollars ($20,000,000) for each purpose by June 30, 2023, and the remainder of the funds allocated by this section by ~~December 31, 2024.~~ June 30, 2025. The nonprofit corporation may use up to three percent (3%) of the total funds allocated in this section for administrative costs."

EIC FUNDING APPROVAL FOR MEGASITES PROGRAM/MODIFICATIONS TO MEGASITES PROGRAM

SECTION 11.11.(a) Of the funds appropriated from the Economic Development Project Reserve established in Section 2.2 of this act to the Department of Commerce (Department) to be allocated to the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), the sum of one hundred seven million eight hundred thousand dollars ($107,800,000) shall be used by the nonprofit corporation as follows:

(1) Ten million dollars ($10,000,000) in nonrecurring funds for the 2023-2024 fiscal year to be used to support local governments or a partnership of local governments in conducting due diligence as described in subdivision (4a) of Section 11.11(a) of S.L. 2022-74, as amended by subsection (b) of this section.

(2) Ninety-seven million eight hundred thousand dollars ($97,800,000) in nonrecurring funds for the 2024-2025 fiscal year, to be used for purposes consistent with the megasites readiness program established in Section 11.11 of S.L. 2022-74.

SECTION 11.11.(b) Section 11.11 of S.L. 2022-74 reads as rewritten:

"**SECTION 11.11.(a)** Purpose. – It is in the best economic and developmental interests of the State to support the development of megasites to ensure the State's ongoing competitiveness for major manufacturing opportunities, ~~including~~ including, but not limited to, the aerospace, automotive, clean energy, food processing, semiconductor, and life science industries. The purpose of this section is to establish a competitive grant program serving to do the following:

(1) Identify and evaluate up to ~~five~~ seven megasites for preferred development and marketing.

(2) ~~Enable~~ Assist local governments or a partnership of local governments ~~to acquire~~ in the acquisition of a newly identified or existing megasite.

(3) Support local governments or a partnership of local governments to ~~install~~ analyze, plan, install, or upgrade public infrastructure, including publicly owned water, gas, and sewer systems, transportation infrastructure, and the electrical utility lines necessary to meet the needs of prospective employers for megasites.

(4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for megasites.

(4a) Support local governments or a partnership of local governments in conducting due diligence, including, but not limited to, the following: site characteristics, preliminary engineering reports for water and wastewater provision to the site, assessments related to road and highway infrastructure to serve the site, and other assessments as needed.

(5) Facilitate coordination between the economic development ~~entities and~~ entities, the North Carolina Department of Environmental ~~Quality~~ Quality, and the North Carolina Department of Transportation to expedite ~~any environmental~~ needs related to timely site development.

"**SECTION 11.11.(b)** Fund Established. – There is created in the Department a special fund to be known as the North Carolina Megasite Fund for grants awarded by EDPNC for purposes consistent with this section. EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC from awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

"**SECTION 11.11.(c)** Definitions. – The following definitions apply in this section:

…

(5) Megasite. – A parcel of contiguous property consisting of more than 1,000 acres that is viable for industrial development and listed in the report produced pursuant to subsection ~~(d)~~ (g) of this section.

"**SECTION 11.11.(d)** Allocation. – EDPNC shall allocate monies in the Fund on the following basis:

(1) The first one million dollars ($1,000,000) appropriated to the Fund for engaging a national site selection firm through a competitive bid process to produce a report evaluating sites in the State and determining the ~~five~~ seven megasites best positioned for advanced manufacturing site selection searches conducted by major employers.

…

"**SECTION 11.11.(f)** Agreements Required. – Monies may be disbursed from the Fund only in accordance with agreements that are (i) entered into between EDPNC and a local government or a government ~~partnership.~~ partnership and (ii) approved by the Economic Investment Committee established pursuant to G.S. 143B-437.54. The agreement must include all of the performance criteria, remedies, and other safeguards required to secure the assistance provided to ready the megasite for a major employer and must require EDPNC to recapture a proportionate amount of assistance provided under this section for failure by a local government or government partnership to meet and maintain the megasite for availability for the purposes for which the assistance was provided.

…."

SECTION 11.11.(c) G.S. 132-6 reads as rewritten:

"**§ 132-6. Inspection, examination and copies of public records.**

…

(d1) Notwithstanding the provisions of subsections (a) and (b) of this section, public records relating to the potential location, evaluation, and acquisition of a qualifying site may be withheld so long as their inspection, examination, or copying would frustrate the purpose for

which such public records were created, including increasing costs of acquisition. Once (i) the land comprising a qualifying site has been acquired or on which options have been secured or (ii) the qualifying site is evaluated but ultimately deemed unsuitable for further development, the provisions of this subsection allowing public records to be withheld by the agency no longer apply. Once the provisions of this subsection no longer apply, the agency shall disclose as soon as practicable, and within 25 business days, public records requested for the qualifying site that are not otherwise made confidential by law. For purposes of this subsection, a qualifying site is a megasite or selectsite for which State funding for identification, evaluation, and acquisition is approved by the Economic Investment Committee from the North Carolina Megasite Fund or North Carolina Selectsite Fund.

…."

SECTION 11.11.(d) Subsection (c) of this section is effective when it becomes law.

SELECTSITE READINESS PROGRAM

SECTION 11.12.(a) Funds appropriated by Section 11.4 of S.L. 2022-74 to the Department of Commerce (Department) and allocated to the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) that remain unspent as of June 30, 2023, shall be transferred to the North Carolina Selectsite Fund established in subsection (c) of this section to be used for purposes consistent with subdivision (e)(1) of this section. Of the funds appropriated from the Economic Development Project Reserve established in Section 2.2 of this act to the Department to be allocated to the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), the sum of ten million dollars ($10,000,000) in nonrecurring funds for the 2024-2025 fiscal year shall be used to support local governments or a partnership of local governments in conducting due diligence as described in subdivision (b)(5) of this section.

SECTION 11.12.(b) Purpose. – It is in the best economic and developmental interests of the State to support the development of selectsites to ensure the State's ongoing competitiveness for major manufacturing opportunities, including, but not limited to, the aerospace, automotive, clean energy, food processing, semiconductor, and life science industries. The purpose of this section is to establish a competitive grant program serving to do the following:

(1) Identify and evaluate up to 15 selectsites of less than 1,000 acres for preferred development and marketing.

(2) Assist local governments or a partnership of local governments in the acquisition of a newly identified or existing selectsite.

(3) Support local governments or a partnership of local governments to analyze, plan, install, or upgrade public infrastructure, including publicly owned water, gas, and sewer systems; transportation infrastructure; and the electrical utility lines necessary to meet the needs of prospective employers for selectsites.

(4) Support local governments or a partnership of local governments to fund on-site preparation, including clearing, grading, or other related expenses for selectsites.

(5) Support local governments or a partnership of local governments in conducting due diligence, including, but not limited to, the following: site characteristics, preliminary engineering reports for water and wastewater provision to the site, assessments related to road and highway infrastructure to serve the site, and other assessments as needed.

(6) Facilitate coordination between the economic development entities and the North Carolina Department of Environmental Quality and the North Carolina Department of Transportation to expedite needs related to timely site development.

SECTION 11.12.(c) Fund Established. – There is created in the Department a special fund to be known as the North Carolina Selectsite Fund for grants awarded by the Economic Development Partnership of North Carolina (EDPNC) for purposes consistent with this section. EDPNC shall be responsible for administering the program. The provisions prohibiting EDPNC from the awarding of grants contained in G.S. 143B-431.01 do not apply to the Fund.

SECTION 11.12.(d) Definitions. – The definitions in Section 11.11(c) of S.L. 2022-74 apply in this section. For purposes of this section, a "selectsite" is a parcel of contiguous property consisting of less than 1,000 acres that is viable for industrial development and listed in the report pursuant to subsection (h) of this section. For purposes of this section, "Fund" is the North Carolina Selectsite Fund.

SECTION 11.12.(e) Allocation. – EDPNC shall allocate monies in the Fund on the following basis:

(1) Unspent funds transferred pursuant to subsection (a) of this section shall be used for engaging a national site selection firm through a competitive bid process to produce a report identifying and evaluating 15 selectsites for preferred development and marketing, of which seven must be less than 500 acres and of which an additional two must be less than 100 acres.

(2) Funds appropriated to the Fund for local government grants shall be allocated for the purposes outlined in subdivisions (b)(2), (b)(3), (b)(4), and (b)(5) of this section for selectsites determined pursuant to subdivision (1) of this subsection. EDPNC shall prioritize local government grants that have the greatest potential to reduce the time for site readiness and reduce the risk of unforeseen conditions that could affect the site viability for advanced manufacturing projects. EDPNC shall base the grant amount on total development needs for the selectsite, prior investment in the selectsite by one or more local governments, the ability of one or more local governments to invest in the selectsite, and the ability and level of participation promised by the local government in exchange for a grant from the Fund. Monies may only be granted for, and used to acquire, a selectsite for which (i) one or more local governments have a binding option or offer to purchase and (ii) all basic due diligence has been completed, including, but not limited to, boundary surveys, title searches, State Historic Preservation Office reviews, and wetlands delineation.

SECTION 11.12.(f) Matching Funds. – If a grant is awarded that includes site acquisition assistance, the local governments to which a grant is awarded shall provide the remainder of the cost of purchasing the selectsite not provided by the grant.

SECTION 11.12.(g) Agreements Required. – Monies may be disbursed from the Fund only in accordance with agreements entered into between EDPNC and a local government or a government partnership. The agreement must include all of the performance criteria, remedies, and other safeguards required to secure the assistance provided to ready the selectsite for a major employer and must require EDPNC to recapture a proportionate amount of assistance provided under this section for failure by a local government or government partnership to meet and maintain the selectsite for availability for the purposes for which the assistance was provided.

SECTION 11.12.(h) Reporting. – EDPNC shall file an annual report to the Department on or before April 1 of each year. The annual report prepared will document the total amount of grants awarded, matching funds required, activities to ready selectsites and associated costs, any major employers locating at an improved or acquired selectsite, and the unallocated amount for grants remaining in the Fund. The Department shall prepare and file on or before May 1 of each year with the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources; the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources; the Joint Legislative Economic Development and Global

Engagement Oversight Committee; the Office of State Budget and Management; and the Fiscal Research Division a consolidated report for the preceding fiscal year concerning the information required by this section.

SECTION 11.12.(i) Program Guidelines. – EDPNC shall develop guidelines related to the administration of this program. At least 20 days before the effective date of any guidelines or nontechnical amendments to the guidelines, EDPNC shall publish the proposed guidelines on its website and provide notice to persons who have requested notice of proposed guidelines. In addition, EDPNC must accept oral and written comments on the proposed guidelines and shall, in its discretion, consider such comments before finalizing the guidelines during the 15 business days beginning on the first day that EDPNC has completed these notifications. Guidelines adopted under this section shall not be subject to the requirements of Article 2A of Chapter 150B of the General Statutes.

SHELLFISH GROWERS LOAN PROGRAM MODIFICATION

SECTION 11.13.(a) G.S. 113-211 reads as rewritten:

"**§ 113-211. Shellfish Growers Loan Program.**

(a) Definitions. – For purposes of this section, the following definitions apply:

(1) Applicable federal rate. – The minimum interest rate that the Internal Revenue Service sets and adjusts monthly for private loans.

(1a) Department. – The Department of Commerce.

(2) Governmental crop insurance. – Insurance coverage through the United States Department of Agriculture Noninsured Crop Disaster Assistance Program.

~~(3) Prime rate. – The interest rate that a commercial bank holds out as its lowest rate for a loan with less than a 36-month term to its most creditworthy borrowers.~~

…

(b) Program. – There is established the Shellfish Growers Loan Program to be administered by the Rural Center. The program shall provide a revolving source of low-interest working capital and equipment loans to emerging and existing small shellfish growers in this State. Funds credited to the program are available in perpetuity and must be used only to provide loans to eligible businesses or for administrative expenses as allowed in this section.

(c) Loans. – The following shall apply to the program and loans made under the program:

(1) A loan provided under the program shall have a fixed interest rate that is equal to the ~~prime~~ applicable federal rate plus two and one-quarter percent (2.25%) and shall be amortized over the term of the loan. For the purposes of each loan, the qualifying lender shall use the applicable federal interest rate that aligns with the term of the loan and shall match the applicable federal rate for the month in which the qualifying business receives the loan.

…

(2) A working capital loan shall have a term of at least 12 months and shall not exceed ~~24~~ 72 months.

(3) An equipment loan shall have a term of at least 12 months and shall not exceed ~~60~~ 72 months.

…

(7) Loans are made pursuant to an agreement with a qualifying business that includes at least the following:

…

e. A provision requiring proof that the qualifying business ~~possesses current~~ has submitted a completed application for governmental crop 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 ~~Act,~~ 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;

c. Establishing conditions of the waiver; and

d. The termination or removal of any participant from the regulatory sandbox."

SECTION 11.14.(d) G.S. 169-5 reads as rewritten:

"**§ 169-5. Regulatory assistance; technical assistance; nonprofit organizations.**

A designated nonprofit organization which has been duly authorized by the Office of the Secretary of State shall be recognized as partners that may help sandbox applicants navigate the regulatory sandbox application process. Certain participating nonprofit organizations may also assist sandbox participants with the design and implementation of products and services during the regulatory sandbox program period. Nonprofit organizations wishing to assist regulatory sandbox applicants and participants shall submit an application to the Innovation Council for approval. Such organizations shall additionally be empowered to explore, provide input, analyze, and make recommendations to the Council with respect to innovations and the application of innovative technologies that would additionally provide benefit to the State, its consumers, and its industry. The Innovation Council may also remove a previously approved nonprofit partner at its discretion. Selection, denial, or removal of a nonprofit under this section is exempt from the contested case process provided in Chapter 150B of the General Statutes.

Nothing shall prevent a nonprofit applicant from reapplying to assist sandbox applicants under this section after the nonprofit application is denied. Any nonprofit partner removed may not reapply to be a nonprofit partner of the Innovation Council for a period of two years, or within such time as the Council may approve."

SECTION 11.14.(e) G.S. 169-6 reads as rewritten:

"**§ 169-6. Regulatory sandbox applications.**

…

(c1) Upon receipt of an application for the regulatory sandbox, the Innovation Council shall first determine if the application is within the jurisdiction of the Council. If the application is not within the Innovation Council's jurisdiction, the Council shall deny the application. Approval of an applicant into the regulatory sandbox shall be by a simple majority vote of the Innovation Council at a duly noticed public hearing.

…

(e) The Innovation Council may deny an application in its discretion, provided defined reasons are given for the action. A denial may be resolved with an applicant through the informal procedures specified in G.S. 150B-22; however, no applicant shall be entitled to convert any dispute unresolved by informal procedures into a contested case, nor shall any applicant be entitled to judicial review under Article 4 of Chapter 150B of the General Statutes. Nothing shall prevent an applicant from reapplying for entry to the regulatory sandbox under this ~~Chapter~~ section after the application is denied ~~as long as~~ if the applicant has taken action to address the reasons for denial given by the applicable State agency."

SECTION 11.14.(f) G.S. 169-7 reads as rewritten:

"**§ 169-7. Regulatory sandbox requirements; procedures.**

(a) Upon approval of an applicant's application for entry into the regulatory sandbox, the applicant will have a period of 24 months ~~after the date of approval~~ to test the innovative product or service. The Council may revoke the waiver if the applicant fails to meet any of the conditions of the waiver. Innovations tested within the regulatory sandbox must be offered only to consumers who are residents of the State, except for any innovative products or services associated with a money transmitter, in which case only the physical presence of the consumer in the State at the time of the transaction may be required. The Council, in coordination with the applicable State ~~agency~~ agency, may, on a case by case basis, specify ~~the maximum number of consumers permitted to receive an~~ reporting requirements and limits or restrictions on the innovative product or service. The sandbox ~~participant~~ participant, the Council, and the applicable State agency may agree, by mutual agreement, to extend the 24-month sandbox period

or to increase the ~~applicable cap in terms of numbers of consumers or dollar limits, for the particular product or service,~~ specified limits, if applicable. The Innovation Council or applicable State agency has discretion to publish a list of sandbox participants or a public notice of the existence of any innovation waivers. Consumer contracts shall not bind sandbox participants to provide service more than 90 days past the sandbox period, provided that the applicable State agency may require the sandbox participant to provide the services beyond the 90-day period as may be necessary to prevent consumer harm, as set forth in subsections (d) and (e) of this section. Sandbox participants shall include in all consumer contracts and renewals that all services may be terminated according to this Chapter and waiver.

(b) A sandbox participant may be required to post a consumer protection bond, or alternatively, a deposit of cash or readily marketable securities, with the applicable State agency in an amount determined by ~~it,~~ the applicable State agency, as security for potential losses suffered by consumers. This security may be cancelled or refunded when the ~~waiver has expired or when the~~ applicable State agency has determined that ~~any~~ all consumer claims have been satisfied, or four years after the waiver expires, whichever is ~~later.~~sooner.

(c) Not later than 30 days before the end of the sandbox period, a sandbox participant may request an extension of not more than 12 months for the purpose of obtaining a license or other authorization required by law. The applicable State agency shall grant or deny a request for an extension by the end of the sandbox period. The Innovation Council and the applicable State agency shall provide for an expedited process for an innovative product or service that is substantially similar to a product or service for which a waiver has previously been granted.

(d) At the end of the sandbox period, the sandbox participant shall submit a final report in a manner and format prescribed by the applicable State agency. If the sandbox participant cannot obtain regulatory compliance within 90 days following the expiration of the sandbox period, the participant shall wind down operations with existing consumers within 90 days after the conclusion of the sandbox period, ~~except that the sandbox participant may (i) collect and receive money owed by the consumer based on agreements made before conclusion of the sandbox period, (ii) take necessary legal actions, and (iii) take such other actions that are authorized by the applicable State agency.~~ as directed by the applicable State agency. If a sandbox participant has ongoing duties after the expiration date of the sandbox regulatory waiver, the sandbox participant shall continue to fulfill only those duties or arrange for ~~another person or entity to fulfill those duties after the date the waiver terminates.~~ a third party, acceptable to the applicable State agency, to fulfill those duties after the date the waiver terminates, provided that the sandbox participant shall remain liable for any consumer harm resulting from its sandbox participation or winding down regardless of whether a third party assists in the winding down.

(e) If a sandbox participant's business objectives fail before the end of the testing period, the sandbox participant must notify the applicable State agency and take such actions as directed by the applicable State agency to ensure consumers have not been harmed as a result of the sandbox participant's participation in the sandbox or its innovative product or service.

(f) Each instance where a sandbox participant fails to comply with any requirement of subsections (d) and (e) of this section is a separate violation of G.S. 75-1.1. This provision is in addition to, and not in lieu of, any other causes of action or relief available to consumers, the applicable State agency, the Innovation Council, or the Attorney General for violation of this section."

SECTION 11.14.(g) G.S. 169-8 reads as rewritten:

"**§ 169-8. Consumer protections.**

…

(b) Prior to offering an innovative product or service to consumers, a sandbox participant shall make all of the following disclosures to consumers:

(1) The name and contact information of the sandbox participant.

(2) That the innovative product or service is authorized pursuant to the regulatory sandbox for a temporary testing period.

(3) That neither the State of North Carolina nor any of the applicable State agencies endorses or recommends the innovative product or service and is not subject to any liability for losses or damages caused by the product or service.

(4) That the consumer may contact the applicable State agency, including the Office of the Attorney General, to file complaints, notices of suspected legal violations, or other comments relating to the innovative product or service being tested and provide the consumer with the requisite agency telephone number and website address or other contact information where complaints or other comments may be filed.

(b1) All disclosures to consumers must be in a clear and conspicuous format in both English and Spanish.

(c) ~~Any other~~ A sandbox participant shall make any other statements or additional disclosures that may be required by the ~~relevant~~ applicable State agency or by regulation to further the purposes of this Chapter.

(d) Nothing in this ~~act~~ Chapter affects the applicable State agency's exercise of its authority with respect to the efficacy of an innovative ~~insurance~~ product or service or limits the ability of an applicable State agency to ensure the financial capability of a sandbox participant transacting business with consumers."

SECTION 11.14.(h) G.S. 169-10 reads as rewritten:

"**§ 169-10. Privacy; confidentiality of records.**

(a) The Innovation Council or applicable State agency may collect personal information that is relevant and necessary to accomplish a lawful purpose. The Innovation Council or applicable State agency may not disclose personal information without the consent of the subject of the information, or unless required by law or regulation.

(b) Documents, materials, or other information in the possession of the applicable State agency that are obtained by, or disclosed to, that agency or any other person in the course of filing for review and approval of an innovative product or service under this ~~Act~~ Chapter are not public records under Chapter 132 of the General Statutes, and except in actions brought for a violation of G.S. 169-7, are confidential and privileged, are not subject to a subpoena or discovery, and are inadmissible in evidence in any civil action. The Council or the applicable State agency may also use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as part of their official duties or this Chapter.

(c) Nothing in this section shall prohibit a sandbox participant, upon approval of the applicable State agency, from disclosing information to an insurance carrier for the purpose of obtaining insurance coverage required for participation in the sandbox program; provided, however, that the insurance carrier must agree in writing to maintain the confidentiality of the information."

SECTION 11.14.(i) Chapter 169 of the General Statutes is amended by adding a new section to read:

"**§ 169-13. Executive Director; appointment.**

(a) The Innovation Council shall appoint an Executive Director for a renewable term of two years with compensation to be determined by the Office of State Human Resources.

(b) The Executive Director shall serve at the pleasure of the Council, with the position being exempt from Chapter 126 of the General Statutes, the State Human Resources Act.

(c) The Executive Director shall be responsible for encouraging participation in the regulatory sandbox and for staffing, administration, and execution of the decisions and orders of the NC Innovation Council and shall perform such other responsibilities as may be assigned by the NC Innovation Council."

SECTION 11.14.(j) Effective July 1, 2023, there is created the position of Executive Director of the North Carolina Innovation Council, who shall perform all duties imposed by statute and such duties as may be assigned by the North Carolina Innovation Council.

AGRIBUSINESS ECONOMIC DEVELOPMENT IN NORTH CAROLINA

SECTION 11.15.(a) Of the funds appropriated in this act from the General Fund to the Department of Commerce (the "Department"), the Department shall allocate to the nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) (the "Corporation") the nonrecurring sum of five hundred thousand dollars ($500,000) for the 2023-2024 fiscal year to be used to conduct comprehensive research and data collection, including surveys, interviews, market analysis, and utilization of technology capabilities such as aerial drones, satellites, and aircraft, to gather information about agribusiness opportunities, challenges, and potential growth areas related to agribusiness economic development in North Carolina.

SECTION 11.15.(b) The Corporation may contract with a third-party entity to conduct data collection activities involving the use of aerial drones, satellites, and aircraft for research and data collection purposes consistent with subsection (a) of this section. The Corporation shall use the funds allocated in subsection (a) of this section for the purposes specified therein by June 30, 2025.

SECTION 11.15.(c) No later than September 15 of each year, the Department, in collaboration with the Corporation and any third-party entity with which the Corporation contracts, if applicable, shall submit a report detailing the prior State fiscal year's expenditure of funds allocated under this section and the results of all research and data collection conducted under this section to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division.

EMPLOYEE CLASSIFICATION AND COMPENSATION EXEMPTIONS FOR UTILITIES COMMISSION AND PUBLIC STAFF

SECTION 11.16.(a) G.S. 62-14 reads as rewritten:

"**§ 62-14. Commission staff; structure and function.**

(a) The Commission is authorized and empowered to employ hearing examiners; court reporters; a chief clerk and deputy clerk; a commission attorney and assistant commission attorney; transportation and pipeline safety inspectors; and such other professional, administrative, technical, and clerical personnel as the Commission may determine to be necessary in the proper discharge of the Commission's duty and responsibility as provided by law. The chairman shall organize and direct the work of the Commission staff.

(b) The salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State ~~agencies.~~agencies, except that the Commission and its employees are exempt from the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer; G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

(c) The chairman, within allowed budgetary limits and as allowed by law, shall authorize and approve travel, subsistence and related expenses of such personnel, incurred while traveling on official business."

SECTION 11.16.(b) G.S. 62-15 reads as rewritten:

"**§ 62-15. Office of executive director; Public Staff, structure and function.**

(a) There is established in the Commission the office of executive director, whose salary and longevity pay shall be the same as that fixed for members of the Commission. "Service" for

purposes of longevity pay means service as executive director of the Public Staff. The executive director shall be appointed by the Governor subject to confirmation by the General Assembly by joint resolution. The name of the executive director appointed by the Governor shall be submitted to the General Assembly on or before May 1 of the year in which the term of his office begins. The term of office for the executive director shall be six years, and the initial term shall begin July 1, 1977. The executive director may be removed from office by the Governor in the event of his incapacity to serve; and the executive director shall be removed from office by the Governor upon the affirmative recommendation of a majority of the Commission, after consultation with the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources of the General Assembly. In case of a vacancy in the office of executive director for any reason prior to the expiration of his term of office, the name of his successor shall be submitted by the Governor to the General Assembly, not later than four weeks after the vacancy arises. If a vacancy arises in the office when the General Assembly is not in session, the executive director shall be appointed by the Governor to serve on an interim basis pending confirmation by the General Assembly.

(b) There is established in the Commission a Public Staff. The Public Staff shall consist of the executive director and such other professional, administrative, technical, and clerical personnel as may be necessary in order for the Public Staff to represent the using and consuming public, as hereinafter provided. All such personnel shall be hired, supervised, and directed by the executive director, as provided by law. The Public Staff shall not be subject to the supervision, direction, or control of the Commission, the chairman, or members of the Commission.

(c) Except for the executive director, the salaries and compensation of all such personnel shall be fixed in the manner provided by law for fixing and regulating salaries and compensation by other State ~~agencies.~~agencies, except that the Public Staff and its employees are exempt from the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; G.S. 126-4(6) only as it applies to promotion and transfer; G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1.

…."

SECTION 11.16.(c) G.S. 126-5(c11) reads as rewritten:

"(c11) The following are exempt from (i) the classification and compensation rules established by the State Human Resources Commission pursuant to G.S. 126-4(1) through (4); (ii) G.S. 126-4(5) only as it applies to hours and days of work, vacation, and sick leave; (iii) G.S. 126-4(6) only as it applies to promotion and transfer; (iv) G.S. 126-4(10) only as it applies to the prohibition of the establishment of incentive pay programs; and (v) Article 2 of Chapter 126 of the General Statutes, except for G.S. 126-7.1:

(1) The Office of the Commissioner of Banks and its employees.

(2) The following employees of the Department of Natural and Cultural Resources:

a. Director and Associate Directors of the North Carolina Museum of History.

b. Program Chiefs and Curators.

c. Regional History Museum Administrators and Curators.

d. North Carolina Symphony.

e. Director, Associate Directors, and Curators of Tryon Palace.

f. Director, Associate Directors, and Curators of Transportation Museum.

g. Director and Associate Directors of the North Carolina Arts Council.

h. Director, Assistant Directors, and Curators of the Division of State Historic Sites.

(3) Employees of the Department of Information Technology (DIT), and employees in all agencies, departments, and institutions with similar classifications as DIT employees, who voluntarily relinquish annual longevity payments, relinquish any claim to longevity pay, voluntarily relinquish any claim to career status or eligibility for career status as approved by the State Chief Information Officer and the Director of the Office of State Human Resources (OSHR).

(4) Employees of the Utilities Commission and the Commission's Public Staff."

MODIFY QUALIFYING HIGH-YIELD ECONOMIC DEVELOPMENT PROJECTS

SECTION 11.17.(a) Section 11.13 of S.L. 2022-74, as amended by Section 20(a) of S.L. 2022-75, reads as rewritten:

"**SECTION 11.13.(a)** Provided (i) the condition regarding election in Section 11.19(c) of S.L. 2021-180 imposed on the manufacturer is met and (ii) the manufacturer agrees to, no later than December 31, 2034, both create at least 4,500 eligible and expansion positions in, and invest at least four billion seven hundred million dollars ($4,700,000,000) in private funds in, this State, there is appropriated from the Economic Development Project Reserve established in Section 2.2 of S.L. 2021-180 to the Department of Commerce (Department) for the 2022-2023 fiscal year the sum of two hundred twenty-five million dollars ($225,000,000). Private funds, as used in this section, do not include funds received from or reimbursed by the State. The Department shall allocate the funds appropriated in this section as follows:

(1) One hundred seventy-five million dollars ($175,000,000) for reimbursement of costs incurred by the manufacturer for purposes listed in Section 11.19(c) of S.L. 2021-180. Funds appropriated in this subsection are subject to proportionate recapture based on the performance shortfall relative to the (i) total four billion seven hundred million dollar ($4,700,000,000) investment and (ii) total 4,500 job creation requirements in the event the manufacturer fails to meet the preceding requirements.

…."

SECTION 11.17.(b) This section is effective when it becomes law.

SPORTS WAGERING TECHNICAL CORRECTIONS

SECTION 11.18.(a) G.S. 143B-437.111(4), as enacted by Section 2 of S.L. 2023-42, reads as rewritten:

"(4) Major event. – An entertainment, musical, political, sporting, or theatrical event that satisfies the following conditions:

a. The event is either of the following:

1. Held at (i) a sports ~~facility.~~facility or (ii) an indoor venue that is not a sports facility but that hosts sporting events and is designed to host 22,000 or more live spectators.

2. Sponsored by the National Association for Stock Car Racing, the Ladies Professional Golf Association, the Professional Golfers' Association of America, the PGA Tour, or the United States Golf Association.

b. The event is not held more often than annually.

c. The location of the event is determined by a site selection organization through a competitive process.

d. The site selection organization considered multiple sites located 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.

(6) The proposed sports wagering brand that the applicant plans to hold out to the public displaying its sports wagering platform.

(7) Any personal information the Commission may deem necessary concerning the applicant's key persons.

(8) A documented history ~~of job~~ of economic investment in this State, including all of the following:

a. Job creation in this State and a plan for continued job creation in this State.

b. Commitment to improve or maintain buildings or infrastructure to further the tourism and entertainment industries in this State.

c. Support of nonprofit and educational organizations in this State.

d. Willingness to partner with State and local governments to achieve common goals of improving quality of life in this State through economic development.

(9) A documented history of capital investment in this State and a plan for continued capital investment in this State.

(10) A ~~documented history of partnership with a sports facility, if any, and the intentions of that partnership to offer the placement of sports wagers at a place of public accommodation in accordance with this Article.~~copy of the written designation agreement.

(11) Any other information the Commission may deem necessary.

(d) Information provided to the Commission under subdivisions (8) through (10) of subsection (c) of this section are informational in nature and ~~intended to~~ may be used for any of the following purposes by the Commission:

(1) To provide additional insight regarding applicants who intend to operate a place of public accommodation.

(2) To evaluate an applicant's potential to maximize revenue to this State.

…

~~(g) The Commission shall grant or deny all applications under this section. The grounds for denial of an interactive sports wagering license shall be the same as in G.S. 18C-906(g). If there are more qualified applicants than the number of interactive sports wagering operators authorized under subsection (a) of this section, the Commission shall select the best qualified applicants, taking into consideration the following factors:~~

~~(1) The contents of the application submitted in accordance with this section.~~

~~(2) The extent to which the applicant demonstrates past experience, financial viability, compliance with applicable laws and regulations in other jurisdictions, and success with sports wagering operations in other jurisdictions.~~

~~(3) The extent to which the applicant is able to meet the duties of an interactive sports wagering operator.~~

~~(4) The amount of gross wagering revenue and associated tax revenue that an applicant is projected to generate.~~

~~(5) The extent to which the applicant, or an affiliate of the applicant, will create jobs in conjunction with sports wagering in this State.~~

~~(6) The extent to which the applicant, or an affiliate of the applicant, has made capital investments in this State, and the timing of such capital investments.~~

~~(7) The extent to which the applicant, or an affiliate of the applicant, has a plan to open and operate a place of public accommodation in accordance with this Article.~~

~~(8) Any other factors the Commission deems relevant.~~

…

(k) Each interactive sports wagering operator shall promptly report all of the following to the Commission:

(1) All criminal or disciplinary proceedings commenced against that interactive sports wagering operator in connection with its ~~operations to the Commission.~~ operations.

(2) ~~Each interactive sports wagering operator shall promptly report to the Commission all~~ All changes in key ~~persons, and all~~ persons. All new key persons shall consent to a background investigation.

(3) Any breach, discontinuance, or other cessation of the written designation agreement.

…."

SECTION 11.18.(e) Article 9 of Chapter 18C of the General Statutes is amended by adding a new section to read:

"**§ 18C-905. Written designation agreements.**

(a) In order to qualify as an interactive sports wagering operator, the applicant shall be a party to a written designation agreement with one of the following:

(1) A professional sports team.

(2) The owner or operator of one of the following:

a. A motorsports facility.

b. A facility that hosts a professional golf tournament annually.

(3) A sports governing body that annually within the calendar year sanctions more than one National Association for Stock Car Auto Racing national touring race in the State.

(4) A sports governing body that annually within the calendar year sanctions more than one professional golf tournament.

(b) Each of the persons listed in subsection (a) of this section may enter into a written designation agreement with only one interactive sports wagering operator or applicant for licensure as an interactive sports wagering operator.

(c) In accordance with G.S. 18C-926, places of public accommodation associated with a sports facility shall be operated solely by the interactive sports wagering operator with whom the person listed in subsection (a) of this section entered into the written designation agreement.

(d) A copy of the written designation agreement shall be included with the application for licensure or renewal as an interactive sports wagering operator. The Commission shall be immediately notified of the following with respect to the written designation agreement:

(1) Any modifications, changes, or alterations.

(2) Any breach, discontinuance, or other cessation."

SECTION 11.18.(f) G.S. 18C-906 reads as rewritten:

"**§ 18C-906. Applications for service provider licenses.**

(a) It shall be unlawful for any person to provide covered services to any interactive sports wagering operator in this State without a valid service provider license. ~~An interactive sports wagering operator who provides covered services in-house shall not be required to have a service provider license in addition to the interactive sports wagering operator license.~~The holder of a service provider license shall be deemed to also hold a sports wagering supplier license under this Article for services, goods, software, or components provided in-house.

…

(g) Grounds for denial of a license may include the following:

(1) The applicant is unable to satisfy the requirements under this Article.

(2) The applicant or any key person is not of good character, honesty, or integrity.

(3) The applicant's or any key person's prior activities, criminal record, reputation, or associations indicate any of the following:

a. A potential threat to the public interest.

b. The potential to impede the regulation of sports wagering.

c. The potential of promoting unfair or illegal activities in the conduct of sports wagering.

(4) The applicant or any key person knowingly makes a false statement of material fact or deliberately fails to disclose information requested by the Commission.

(5) The applicant or any key person knowingly fails to comply with the provisions of this Article or any requirements of the Commission.

(6) The applicant or any key person was convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust within the 10 years prior to the submission date of the application.

(7) Any revocation, suspension, or denial of the applicant's or key person's license, certification, or registration to conduct sports wagering, other forms of gambling activity, or a covered service issued by any other jurisdiction.

(8) The applicant has defaulted on any obligation or debt owed to this State.

(9) Any breach, discontinuance, or other cessation of the written designation agreement required under G.S. 18C-905.

…."

SECTION 11.18.(g) G.S. 18C-907(a) reads as rewritten:

"(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

the interactive sports wagering operator that has entered into a written designation agreement with that sports facility.

(2) The owner or operator of a facility hosting a professional golf event played in this State that has more than 50,000 live spectators anticipated to attend based on similar prior golf events may contract with no more than one interactive sports wagering operator to establish and operate no more than one temporary place of public accommodation during the professional golf event. The interactive sports wagering operator shall immediately notify the Commission of any contract entered into under this subdivision as if it were a written designation agreement.

(f1) The temporary place of public accommodation established under subsection (f) of this section need not comply with local ordinances under Chapter 160D of the General Statutes. For purposes of this ~~subsection,~~ section, "temporary" shall mean opening no more than five calendar days prior to the professional golf tournament or event and closing no later than five calendar days after the professional golf ~~tournament.~~tournament or event.

…."

SECTION 11.18.(k) Section 7 of S.L. 2023-42 reads as rewritten:

"**~~SECTION 7.~~ SECTION 7.(a)** The Commission shall establish guidance to parties regulated by the provisions of Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act. Such guidance shall address the application of Article 9 of Chapter 18C of the General Statutes, as enacted by this act, to electronic sports with due consideration to the key role of game publishers as creators of the underlying video game. When adopting rules under G.S. 18C-1025, as enacted by this act, the Commission shall adopt rules providing guidance on the issuance, denial, suspension, or revocation of a license provided under Article 10 of Chapter 18C of the General Statutes as well as guidance on the operation of advance deposit account wagering by ADW licensees. The Commission may adopt rules prior to January 8, 2024, however, no rule may become effective until on or after that date.

"**SECTION 7.(b)** The Commission may accept and issue applications for licensure in accordance with Articles 9 and 10 of Chapter 18C of the General Statutes, as enacted by this act, prior to January 8, 2024, ~~in order that licensees may begin operations on January 8, 2024. If more than 12 completed interactive sports wagering operator applications are received, the Commission shall select based upon the criteria set forth in G.S. 18C-904(g), as enacted by this act, and notify the qualified applicants it determines will best serve the public interest in maximizing revenue to the State, while preserving the integrity of sports wagering and ensuring accountability and preserving the public trust in licensed sports wagering activities.~~ or the date identified by the Commission in accordance with this section. No license issued by the Commission shall become effective prior to January 8, 2024, however, sports wagering shall not be authorized in the State until a date identified by the Commission, which shall occur as soon as practicable and may be no later than ~~12 months after the date this act becomes law.~~June 15, 2024."

SECTION 11.18.(*l*) Subsections (b) through (j) of this section become effective January 8, 2024, the remainder of this section is effective when it becomes law.

PART XII. ENVIRONMENTAL QUALITY

SHALLOW DRAFT FUND DIRECTED GRANTS

SECTION 12.1.(a) Funds appropriated in S.L. 2021-180 from the Shallow Draft Navigation Channel and Aquatic Weed Fund to the Department of Environmental Quality for the dredging of Walden Pond Lake in Union County shall be transferred to the Office of State Budget and Management to provide a grant to Union County for the same purposes with no cost-share requirement under G.S. 143-215.73F(c) and shall remain available until expended.

SECTION 12.1.(b) Of the funds appropriated in this act for the Shallow Draft Navigation Channel and Aquatic Weed Fund, the sum of one million five hundred ninety-eight thousand dollars ($1,598,000) in nonrecurring funds for the 2023-2024 fiscal year and three hundred thousand dollars ($300,000) in nonrecurring funds for the 2024-2025 fiscal year shall be transferred to the Office of State Budget and Management for directed grants to the following entities and shall remain available until expended:

(1) Three hundred thousand dollars ($300,000) in each year of the 2023-2025 fiscal biennium to the Lake Gaston Weed Control Council, to be used for a multiyear project to treat lyngbya spp., a cyanobacteria, in Lake Gaston.

(2) Fifty thousand dollars ($50,000) in the 2023-2024 fiscal year to the Town of Tabor City, to be used for aquatic weed control in Lake Tabor.

(3) Seven hundred thousand dollars ($700,000) in the 2023-2024 fiscal year to Union County, to be used for the dredging of Walden Pond Lake.

(4) Five hundred forty-eight thousand dollars ($548,000) in the 2023-2024 fiscal year to the Town of Robbins, to be used for a reservoir dredging project and hydro mapping survey.

SECTION 12.1.(c) Funds allocated by this section (i) shall not have a cost-share requirement under G.S. 143-215.73F(c) and (ii) shall not apply toward the aquatic weed control project limitation set forth in G.S. 143-215.73F(b)(2).

WATER AND SEWER INFRASTRUCTURE FUNDS

SECTION 12.2.(a) Allocation. – Funds appropriated in this act for each year of the 2023-2025 fiscal biennium from the Clean Water and Drinking Water Reserve to the Department of Environmental Quality (Department) for the Water Infrastructure Fund are allocated as follows:

(1) Ten million dollars ($10,000,000) to the Viable Utility Reserve to be used for the purposes set forth in G.S. 159G-34.5.

(2) Sixteen million one hundred sixty-nine thousand eight hundred fifty-one dollars ($16,169,851) to the Local Assistance for Stormwater Infrastructure Investments Fund established in Section 12.14(a) of S.L. 2021-180. These funds shall be used to provide grants to eligible entities as defined in Section 12.14 of S.L. 2021-180 for projects that will improve or create infrastructure for controlling stormwater quantity and quality.

(3) One billion nine hundred seventy-three million eight hundred thirty thousand one hundred forty-nine dollars ($1,973,830,149) to the Drinking Water Reserve and the Wastewater Reserve to provide project construction grants for public water systems and wastewater systems as provided in this section.

SECTION 12.2.(b) Limitation Not Applicable. – The limits set forth in G.S. 159G-36(c)(3) shall not apply to grants awarded from funds allocated by subdivision (a)(3) of this section.

SECTION 12.2.(c) Reversion of Unneeded Funds. – Funds in excess of the amounts needed for the projects listed in subsection (e) of this section may be used by the Department for other water and sewer infrastructure projects eligible for funding from the Drinking Water Reserve or the Wastewater Reserve and subject to the applicable directives set forth in this section. Reverted funds may also be used for grants to conduct project engineering, design, or other preconstruction activities by a local government or public entity eligible for grants from the same Reserve as the reverting local government or public entity.

SECTION 12.2.(d) Choice of Funding. – The Department may exchange projects funded from the State Fiscal Recovery Fund in S.L. 2021-180 and S.L. 2022-74 with projects awarded grant funding from other funding sources to meet the deadline for expenditure of State Fiscal Recovery Funds set forth in applicable federal law and guidance.

SECTION 12.2.(e) Projects. – Of the funds allocated by subsection (a) of this section for project grants, the following sums shall be granted to the indicated local governments and public entities for water and wastewater infrastructure projects:

(1) Two hundred thousand dollars ($200,000) to the Village of Alamance.
(2) Seventeen million three hundred thousand dollars ($17,300,000) to the City of Albemarle.
(3) Five million one hundred twenty-two thousand five hundred eighty-six dollars ($5,122,586) to Alexander County to be distributed as follows:
    a. Two million six hundred twenty-two thousand five hundred eighty-six dollars ($2,622,586) for the Bethlehem water tank.
    b. Two million five hundred thousand dollars ($2,500,000) for water line extensions.
(4) Seven hundred eighty-seven thousand dollars ($787,000) to the Town of Andrews.
(5) Nine million dollars ($9,000,000) to the Town of Angier.
(6) Six million dollars ($6,000,000) to Anson County for a regional water or wastewater project.
(7) Seven million dollars ($7,000,000) to the City of Archdale.
(8) Four million one hundred seventy thousand five hundred dollars ($4,170,500) to the City of Asheboro.
(9) Two million nine hundred thousand dollars ($2,900,000) to the Town of Autryville. Nine hundred thousand dollars ($900,000) of this allocation shall be used for stormwater improvements.
(10) Three million dollars ($3,000,000) to the Town of Ayden.
(11) Nine hundred sixty-five thousand dollars ($965,000) to the Village of Bald Head Island.
(12) Fourteen million dollars ($14,000,000) to the Town of Beech Mountain.
(13) Ten million dollars ($10,000,000) to the City of Belmont.
(14) Sixteen million dollars ($16,000,000) to the Town of Benson.
(15) Two million two hundred fifty thousand dollars ($2,250,000) to the Town of Bermuda Run.
(16) Fifteen million dollars ($15,000,000) to Bladen County. Five million dollars ($5,000,000) of this allocation shall be used for water or wastewater projects related to the Live, Work, Play Project.
(17) Fourteen million dollars ($14,000,000) to the Town of Bladenboro.
(18) One hundred twenty-five thousand dollars ($125,000) to the Town of Boardman.
(19) Three million seven hundred thousand dollars ($3,700,000) to the Town of Boone.
(20) Three million dollars ($3,000,000) to the Town of Boonville.
(21) One million three hundred fifty thousand dollars ($1,350,000) to the Town of Bostic. One hundred fifty thousand dollars ($150,000) of this allocation shall be used for stormwater infrastructure.
(22) Thirteen million dollars ($13,000,000) to the City of Brevard.
(23) One million one hundred sixty-nine thousand five hundred dollars ($1,169,500) to the Town of Bridgeton.
(24) Thirty-five million dollars ($35,000,000) to Brunswick County.
(25) Ten million six hundred thousand dollars ($10,600,000) to the Town of Burgaw.
(26) Five hundred thousand dollars ($500,000) to Burke County for a water and wastewater study, planning, and mapping in eastern Burke County.

(27) Six million dollars ($6,000,000) to the City of Burlington. Five hundred thousand dollars ($500,000) of this allocation shall be used to treat PFAS contamination.
(28) Sixty-nine million six hundred thousand dollars ($69,600,000) to the Cabarrus County Water and Sewer Authority. Six million dollars ($6,000,000) of this allocation shall be used for the design and construction of the Muddy Creek Wastewater Treatment Plant Expansion project, and five million dollars ($5,000,000) of this allocation shall be used for the extension of wastewater lines to and in the Town of Midland.
(29) Ten million dollars ($10,000,000) to Camden County.
(30) One million dollars ($1,000,000) to the Town of Cameron.
(31) One million eight hundred thousand dollars ($1,800,000) to the Town of Candor.
(32) Thirty-eight million dollars ($38,000,000) to the Town of Canton.
(33) Thirty-five million dollars ($35,000,000) to the Cape Fear Public Utility Authority to be used as follows:
    a. Eighteen million dollars ($18,000,000) for drinking water extensions to unserved communities in New Hanover County impacted by PFAS.
    b. Seventeen million dollars ($17,000,000) for municipal consolidation and regionalization of water and sewer systems in New Hanover County impacted by PFAS.
(34) Ten million dollars ($10,000,000) to the Town of Carthage.
(35) Twenty million dollars ($20,000,000) to Catawba County for service extensions to Sherrills Ford.
(36) One million six hundred fifty thousand dollars ($1,650,000) to the City of Cherryville.
(37) Eight million dollars ($8,000,000) to the Chimney Rock Village.
(38) Thirty million dollars ($30,000,000) to Chowan County.
(39) Eighteen million two hundred seventy thousand dollars ($18,270,000) to the City of Claremont for the Lyle Creek Sewer Project.
(40) Twenty million two hundred fifty thousand dollars ($20,250,000) to the Town of Clayton. Six million dollars ($6,000,000) of this allocation shall be used to improve, upgrade, or reroute the Arbors, Starmount, Liberty-West Main Street, Little Creek, and Clayton-Raleigh pump stations.
(41) Four million two hundred ninety thousand dollars ($4,290,000) to Cleveland County Water for water treatment sedimentation basins.
(42) Five million dollars ($5,000,000) to the City of Clinton.
(43) Eight hundred thousand dollars ($800,000) to the Town of Columbus.
(44) Fifteen million six hundred twenty thousand dollars ($15,620,000) to Columbus County.
(45) Two million five hundred forty-eight thousand five hundred dollars ($2,548,500) to the Town of Connelly Springs.
(46) Twelve million five hundred thousand dollars ($12,500,000) to the Contentnea Metropolitan Sewage District.
(47) Sixteen million dollars ($16,000,000) to Currituck County to be distributed as follows:
    a. Six million dollars ($6,000,000) for the Mainland Water Treatment Plant project.
    b. Ten million dollars ($10,000,000) for the Moyock water or wastewater system.
(48) Two million dollars ($2,000,000) to the Town of Dallas.

(49) Twenty-five million dollars ($25,000,000) to Davidson County.
(50) Two million dollars ($2,000,000) to the Town of Denton.
(51) Two million five hundred fifty thousand dollars ($2,550,000) to the Town of Dobbins Heights.
(52) One million five hundred fifty thousand dollars ($1,550,000) to the Town of Dobson.
(53) Seven million one hundred thousand dollars ($7,100,000) to the City of Dunn.
(54) Seven million dollars ($7,000,000) to the City of Eden.
(55) Fourteen million two hundred thousand dollars ($14,200,000) to Edgecombe County.
(56) Nine million dollars ($9,000,000) to the City of Elizabeth City.
(57) Six million five hundred thousand dollars ($6,500,000) to the Town of Elkin.
(58) One million dollars ($1,000,000) to the Town of Ellenboro.
(59) Two million dollars ($2,000,000) to the Town of Elon.
(60) Five hundred thousand dollars ($500,000) to the Town of Erwin for a stormwater development plan.
(61) Twenty million dollars ($20,000,000) to the Town of Eureka.
(62) Twelve million dollars ($12,000,000) to the Fayetteville Public Works Commission.
(63) Four million five hundred seventy-eight thousand dollars ($4,578,000) to the Town of Forest City.
(64) Twenty million dollars ($20,000,000) to Forsyth County to expand water and wastewater services to the southeastern part of the County.
(65) Four million six hundred thousand dollars ($4,600,000) to the Town of Four Oaks.
(66) Twenty-eight million six hundred thousand dollars ($28,600,000) to the Town of Fuquay-Varina for a conveyance line project.
(67) Twenty-eight million three hundred twenty-six thousand three hundred sixty dollars ($28,326,360) to the City of Gastonia. Four million three hundred twenty-six thousand three hundred sixty dollars ($4,326,360) of this allocation shall be used for the Apple Creek Corporate Park sewer upgrade.
(68) Ten million one hundred forty-five thousand dollars ($10,145,000) to Gates County. Nine million one hundred forty-five thousand dollars ($9,145,000) of this allocation shall be used for a water or wastewater project for the Town of Gatesville.
(69) [reserved]
(70) Two million dollars ($2,000,000) to the Town of Gibsonville to be distributed as follows:
    a. One million dollars ($1,000,000) for an elevated water tank.
    b. One million dollars ($1,000,000) for the NC Highway 61 water line connector.
(71) Five million dollars ($5,000,000) to the City of Goldsboro.
(72) Four hundred sixty thousand dollars ($460,000) to the Town of Goldston.
(73) Two million dollars ($2,000,000) to the Goldston/Gulf Sanitary District.
(74) Seven million dollars ($7,000,000) to the City of Greensboro to be distributed as follows:
    a. Five million five hundred thousand dollars ($5,500,000) for water and wastewater improvements serving the town of Pleasant Garden.
    b. One million five hundred thousand dollars ($1,500,000) for the extension of water and wastewater service to Peacehaven Community Farm.

(75) One million two hundred thousand dollars ($1,200,000) to the Town of Halifax.
(76) Five million dollars ($5,000,000) to the City of Hamlet.
(77) Seven million two hundred fifty thousand dollars ($7,250,000) to the Handy Sanitary District.
(78) Twenty-five million seven hundred ninety-three thousand two hundred dollars ($25,793,200) to Harnett County to be distributed as follows:
a. Ten million seven hundred ninety-three thousand two hundred dollars ($10,793,200) for sewer system upgrades to the Buies Creek-Coats Connector.
b. Fifteen million dollars ($15,000,000) for a wastewater treatment plant expansion.
(79) Three million five hundred thousand dollars ($3,500,000) to the City of Havelock.
(80) Two hundred thousand dollars ($200,000) to the City of Henderson.
(81) Fourteen million seven hundred fifty thousand dollars ($14,750,000) to the City of Hendersonville.
(82) Four million three hundred thousand dollars ($4,300,000) to the Town of Hertford to be distributed as follows:
a. One million three hundred thousand dollars ($1,300,000) to increase water capacity.
b. Three million dollars ($3,000,000) for water and wastewater projects related to the Marine Industrial Park.
(83) Fifteen million dollars ($15,000,000) to the City of Hickory for the Highway 321 water and wastewater project.
(84) Five million dollars ($5,000,000) to the Town of Highlands.
(85) One million two hundred thousand dollars ($1,200,000) to Hoke County.
(86) Two million dollars ($2,000,000) to the Town of Holden Beach.
(87) Fifteen million four hundred thousand dollars ($15,400,000) to the Town of Holly Springs for the conveyance line project.
(88) Two hundred fifty thousand dollars ($250,000) to the Town of Hookerton.
(89) One million dollars ($1,000,000) to the Town of Jackson.
(90) Twenty million dollars ($20,000,000) to Johnston County.
(91) Ten million seven hundred thousand dollars ($10,700,000) to Jones County to be distributed as follows:
a. Nine million five hundred thousand dollars ($9,500,000) for water treatment plant expansion.
b. One million two hundred thousand dollars ($1,200,000) for regional water system valve additions.
(92) Eight million dollars ($8,000,000) to the Town of Kenansville.
(93) Eight hundred sixty thousand two hundred seventy-five dollars ($860,275) to the Town of Kenly.
(94) Thirty-nine million three hundred eighty-five thousand dollars ($39,385,000) to the City of Kings Mountain.
(95) Four million dollars ($4,000,000) to the Town of Lake Waccamaw.
(96) Two million five hundred thousand dollars ($2,500,000) to the Town of Landis.
(97) Three million five hundred thousand dollars ($3,500,000) to the Town of Lansing.
(98) Twenty million dollars ($20,000,000) to the City of Laurinburg to be distributed as follows:

a. Two million five hundred thousand dollars ($2,500,000) for the McColl Road water line replacement.
b. Seven million five hundred thousand dollars ($7,500,000) for raw water system expansion.
c. Ten million dollars ($10,000,000) for wastewater treatment plant renovations.

(99) Seventeen million dollars ($17,000,000) to the City of Lenoir for the Valdese-Lenoir water interconnection.
(100) Two million dollars ($2,000,000) to the City of Lexington.
(101) Eleven million sixty-two thousand five hundred dollars ($11,062,500) to the Town of Lillington.
(102) Eleven million four hundred fifty thousand dollars ($11,450,000) to Lincoln County. One million four hundred fifty thousand dollars ($1,450,000) of this allocation shall be used for the Lincoln County water line extension.
(103) Three hundred thirty-one thousand four hundred two dollars ($331,402) to the Town of Linden.
(104) Fifteen million dollars ($15,000,000) to the Town of Littleton.
(105) Ten million dollars ($10,000,000) to the City of Locust.
(106) One million five hundred thousand dollars ($1,500,000) to the Town of Love Valley.
(107) Eight million two hundred fifty thousand dollars ($8,250,000) to the City of Lowell.
(108) Thirty million dollars ($30,000,000) to the Lower Cape Fear Water and Sewer Authority.
(109) Four million five hundred thousand dollars ($4,500,000) to the Town of Madison.
(110) Eighteen million dollars ($18,000,000) to Madison County.
(111) Six million dollars ($6,000,000) to the City of Marion.
(112) Four million dollars ($4,000,000) to the Town of Marshville for a regional water or wastewater project.
(113) Four million dollars ($4,000,000) to the Town of Mayodan for the wastewater treatment plant.
(114) Four million dollars ($4,000,000) to McDowell County.
(115) Three million dollars ($3,000,000) to the City of Mebane.
(116) One million one hundred thousand dollars ($1,100,000) to the Town of Mocksville.
(117) Eight million dollars ($8,000,000) to Montgomery County.
(118) Fifteen million dollars ($15,000,000) to Moore County.
(119) Three million six hundred thousand dollars ($3,600,000) to the Town of Mooresville.
(120) Thirteen million five hundred sixty thousand dollars ($13,560,000) to the City of Morganton.
(121) Two million dollars ($2,000,000) to the City of Mount Airy.
(122) Ten million dollars ($10,000,000) to the City of Mount Holly for the Riverbend Preserve water extension.
(123) One million dollars ($1,000,000) to the Town of Mount Pleasant for South Skyland Drive, Senateeca Drive, and Allman Road service line extensions.
(124) Four million three hundred thousand dollars ($4,300,000) to the Town of Murfreesboro.
(125) Four hundred thousand dollars ($400,000) to the Town of Murphy.

(126) Seventeen million twenty-two thousand five hundred one dollars ($17,022,501) to Nash County.
(127) Forty-five million dollars ($45,000,000) to New Hanover County. Fifteen million dollars ($15,000,000) of this allocation shall be used for water and wastewater projects related to Blue Clay Business Park.
(128) One hundred fifteen thousand nine hundred seventy-five dollars ($115,975) to the Town of Newport.
(129) Twelve million dollars ($12,000,000) to the City of Newton.
(130) One million five hundred thousand dollars ($1,500,000) to the Town of Newton Grove.
(131) Eighteen million six hundred thousand dollars ($18,600,000) to Northampton County.
(132) Four million five hundred thousand dollars ($4,500,000) to the Town of Oak Ridge for the municipal water system.
(133) One million fifty thousand dollars ($1,050,000) to the Town of Old Fort.
(134) Five million dollars ($5,000,000) to the Onslow Water and Sewer Authority.
(135) Five million five hundred thousand dollars ($5,500,000) to the Town of Oriental.
(136) Ten million dollars ($10,000,000) to the City of Oxford for the Kerr Lake Regional Water project.
(137) Five million dollars ($5,000,000) to Pamlico County.
(138) Nine million three hundred ten thousand dollars ($9,310,000) to Pasquotank County.
(139) Fourteen million dollars ($14,000,000) to the Town of Pembroke.
(140) One million five hundred thousand dollars ($1,500,000) to the Town of Pilot Mountain.
(141) One million seven hundred fifty thousand dollars ($1,750,000) to the Town of Pine Level.
(142) Five million two hundred thousand dollars ($5,200,000) to the Town of Pinebluff.
(143) Six hundred thousand dollars ($600,000) to Pitt County for water and wastewater projects for Pitt County Schools.
(144) Two million five hundred twenty thousand dollars ($2,520,000) to the Town of Princeton.
(145) Nine million five hundred thousand dollars ($9,500,000) to the City of Raeford.
(146) Five million one hundred fifty thousand dollars ($5,150,000) to the City of Randleman.
(147) Eighty-five million thirty-four thousand three hundred eleven dollars ($85,034,311) to Randolph County.
(148) Five million dollars ($5,000,000) to the Town of Ranlo.
(149) One million six hundred thousand dollars ($1,600,000) to the City of Reidsville for the Piedmont and Annie Penn wastewater outfalls.
(150) Sixteen million dollars ($16,000,000) to Richmond County to be distributed as follows:
    a. Twelve million dollars ($12,000,000) for water and wastewater projects related to economic development.
    b. Four million dollars ($4,000,000) for water and wastewater projects.
(151) Nine million three hundred ninety-three thousand dollars ($9,393,000) to the Town of River Bend.

(152) One million three hundred ninety-five thousand dollars ($1,395,000) to the Town of Robbinsville.
(153) Eight million five hundred forty-five thousand dollars ($8,545,000) to Robeson County.
(154) Thirteen million dollars ($13,000,000) to the City of Rockingham.
(155) Fifty-four million five hundred fifty thousand dollars ($54,550,000) to Rockingham County to be distributed as follows:
a. Ten million dollars ($10,000,000) for water and wastewater projects along U.S. 220.
b. Twenty-three million five hundred fifty thousand dollars ($23,550,000) for water and wastewater projects.
c. Twenty-one million dollars ($21,000,000) for the extension of water services from Reidsville toward the unincorporated community of Ruffin.
(156) One million eight hundred ninety-four thousand four hundred ten dollars ($1,894,410) to the Town of Ronda.
(157) Ten million dollars ($10,000,000) to the Town of Rosman.
(158) Twenty-six million dollars ($26,000,000) to the City of Roxboro.
(159) Three million six hundred thirty thousand dollars ($3,630,000) to the Town of Rutherfordton.
(160) Two million five hundred thousand dollars ($2,500,000) to the Town of Salemburg.
(161) Two million three hundred four thousand eight hundred seventy-eight dollars ($2,304,878) to the City of Saluda.
(162) Ten million one hundred nineteen thousand three hundred twenty dollars ($10,119,320) to Sampson County to be distributed as follows:
a. Four million one hundred nineteen thousand three hundred twenty dollars ($4,119,320) for water lines near the landfill.
b. Six million dollars ($6,000,000) for two wells and treatment in the southern part of the county.
(163) Seven million five hundred thousand dollars ($7,500,000) to the City of Sanford to be distributed as follows:
a. Two million five hundred thousand dollars ($2,500,000) for the development, operation, and management of the Siler City Wastewater project.
b. Five million dollars ($5,000,000) for the Grace School and Fire Department sewer line.
(164) Two million six hundred eighty-seven thousand four hundred thirty-nine dollars ($2,687,439) to the Town of Sedalia to extend the sewer lines.
(165) Twelve million eight hundred thousand dollars ($12,800,000) to the Town of Selma.
(166) Twelve million four hundred sixty-one thousand five hundred dollars ($12,461,500) to the City of Shelby.
(167) Seventy-five million two hundred fifty thousand dollars ($75,250,000) to the Town of Siler City. Two million five hundred thousand dollars ($2,500,000) of this allocation shall be used for construction of an elevated water tank associated with an economic development project.
(168) Six million two hundred fifty thousand dollars ($6,250,000) to the Town of Smithfield.
(169) Four million two hundred twenty-two thousand five hundred dollars ($4,222,500) to the Town of Snow Hill.

(170) Five million dollars ($5,000,000) to the South Granville Water and Sewer Authority.
(171) Three million dollars ($3,000,000) to the Town of Spring Hope.
(172) Three hundred thousand dollars ($300,000) to the Town of Spring Lake.
(173) Two million five hundred thousand dollars ($2,500,000) to the Town of Spruce Pine.
(174) Two million five hundred thousand dollars ($2,500,000) to the Town of St. Pauls.
(175) One million dollars ($1,000,000) to the Town of Stanley.
(176) Two million dollars ($2,000,000) to Stanly County for water and wastewater projects for Juneberry Ridge.
(177) Two million six hundred thousand dollars ($2,600,000) to the Town of Stantonsburg for a well water project and water line replacement.
(178) Ten million dollars ($10,000,000) to the Town of Star.
(179) Three million dollars ($3,000,000) to the City of Statesville for water and wastewater projects pertaining to economic development.
(180) Fifteen million dollars ($15,000,000) to the Stokes County Water and Sewer Authority.
(181) Four million seven hundred thousand dollars ($4,700,000) to the Town of Stoneville to be distributed as follows:
    a. Two million dollars ($2,000,000) for water and wastewater lines along U.S. 220 West.
    b. Two million seven hundred thousand dollars ($2,700,000) for water system improvements.
(182) Twenty million dollars ($20,000,000) to the Town of Surf City.
(183) Four million dollars ($4,000,000) to the City of Thomasville.
(184) Ten million dollars ($10,000,000) to Transylvania County.
(185) Four million five hundred thousand dollars ($4,500,000) to the City of Trinity.
(186) Fourteen million dollars ($14,000,000) to the Town of Troutman. Four million dollars ($4,000,000) of this allocation shall be used for the connection of the Duck Creek sewer outfall line to the City of Statesville's Third Creek Wastewater Treatment Plant.
(187) Two million two hundred thirty-three thousand five hundred dollars ($2,233,500) to the Town of Tryon.
(188) Twenty-seven million five hundred thousand dollars ($27,500,000) to Union County to be distributed as follows:
    a. Twenty-six million dollars ($26,000,000) for sewer expansion.
    b. One million five hundred thousand dollars ($1,500,000) for the Waxhaw graywater system project.
(189) Seven million dollars ($7,000,000) to the Town of Valdese for the Valdese-Lenoir water interconnection.
(190) Four million dollars ($4,000,000) to Vance County.
(191) One hundred sixty-five thousand fifty-two dollars ($165,052) to the Town of Wade.
(192) Five million dollars ($5,000,000) to Warren County.
(193) Fifteen million dollars ($15,000,000) to the Town of Weaverville.
(194) Eight hundred thousand dollars ($800,000) to the Town of Weldon.
(195) Seven hundred twenty-six thousand one hundred fifty dollars ($726,150) to the Town of West Jefferson.
(196) Six million nine hundred thirty thousand dollars ($6,930,000) to Wilkes County for the extension of water and wastewater services to the airport.

(197) Twenty-three million five hundred fifty thousand dollars ($23,550,000) to the City of Wilson. One million fifty thousand dollars ($1,050,000) of this allocation shall be used for repair of the Lake Wilson dam.
(198) Two million dollars ($2,000,000) to Wilson County.
(199) Twelve million dollars ($12,000,000) to the Town of Wingate.
(200) Three million eight hundred thirty thousand dollars ($3,830,000) to the Town of Woodland.
(201) Eight million dollars ($8,000,000) to the Town of Wrightsville Beach.
(202) Two hundred eighty-nine thousand two hundred dollars ($289,200) to the Town of Yadkinville.

SECTION 12.2.(f) Other Grants. – Of the funds allocated by subsection (a) of this section for project grants, the Department of Environmental Quality shall transfer the sum of thirty-six million three hundred thirty thousand five hundred ninety dollars ($36,330,590) to the Office of State Budget and Management to provide a grant to the following entities for the purposes specified:

(1) Three million dollars ($3,000,000) for a directed grant to Barton College for water or wastewater projects.
(2) Twelve million three hundred sixty thousand five hundred ninety dollars ($12,360,590) for a grant to the Burke Partnership for Economic Development, Inc., to install water and wastewater at the Western NC Megasite.
(3) Five hundred thousand dollars ($500,000) for a directed grant to the Catawba-Wateree Water Management Group.
(4) One million dollars ($1,000,000) for a directed grant to Cleveland County Water for improvements on the property of Cleveland County Water necessary to accommodate construction of the Stagecoach Greenway Recreation Trail.
(5) Two hundred fifty thousand dollars ($250,000) for a directed grant to Craven County for a backup generator for the water plant.
(6) Two million dollars ($2,000,000) for a directed grant to the Eastern Band of Cherokee Indians for water or wastewater infrastructure.
(7) Four hundred thousand dollars ($400,000) for a directed grant to the Friends of Camp Kirkwood, Inc.
(7a) Five hundred thousand dollars ($500,000) for a directed grant to the Aeronautics Authority of the City of Henderson for a water line extension.
(8) Four hundred fifty thousand dollars ($450,000) for a directed grant to the Town of Hookerton to repay a USDA loan.
(9) Four hundred seventy thousand dollars ($470,000) for a directed grant to McDowell County to address drainage issues.
(10) Fifteen million dollars ($15,000,000) for a directed grant to the City of Mount Holly to decommission a wastewater treatment plant.
(11) Four hundred thousand dollars ($400,000) for a directed grant to the Young Men's Christian Association of Southeastern North Carolina, Inc.

SECTION 12.2.(g) Siler City Project Directive. – The following limitations and conditions apply to the funds allocated by subsection (e) of this section to the Town of Siler City:

(1) Up to fifteen percent (15%) of the funds may be used at any time after the effective date of this act for permitting, project design and engineering, and other preconstruction activities.
(2) The remainder of the funds shall not be disbursed by the Department of Environmental Quality until the Town of Siler City and the City of Sanford

have entered into an agreement regarding operation of the Town of Siler City wastewater improvements funded by this act.

(3) The limitation set forth in this subsection shall not apply to funds allocated to the Town of Siler City for the construction of an elevated water tank associated with an economic development project.

SECTION 12.2.(h) Funding Reallocation. – Of the funds allocated to the Department of Environmental Quality from the Clean Water and Drinking Water Reserve by Section 2.2(p) of S.L. 2022-74, as amended, the sum of three million dollars ($3,000,000) shall be reallocated to the Office of State Budget and Management to be used to provide a directed grant to the Town of Walnut Cove for an administration building.

SECTION 12.2.(i) Funding Reduction. – The allocation to the Town of Walnut Cove for water and sewer infrastructure projects set forth in Section 12.9(e)(86) of S.L. 2022-74, as amended, is reduced by three million dollars ($3,000,000).

SECTION 12.2.(j) Staffing. – The Secretary may create new positions to assist the Department in executing projects funded by the State Fiscal Recovery Fund and the Water Infrastructure Fund if State and federal funds are available to support those positions. The new positions created in this section shall be based upon availability of State and federal funds and are exempt from the provisions of the State Human Resources Act, Chapter 126 of the General Statutes, except Articles 6 and 7 of that Chapter.

SECTION 12.2.(k) Administrative Costs. – The Department may use three percent (3%) of the funds allocated in this section for administrative costs. The Department shall not charge the grant fee authorized by G.S. 159G-24 for grants made from funds subject to the set-aside of administrative costs authorized by this subsection.

SECTION 12.2.(*l*) Report. – The Department shall include in the report required by G.S. 159G-26 the status of projects funded under this section. This report may be provided in tabular or summary form and need not include information beyond that described in G.S. 159G-26(b)(4).

VIABLE UTILITY RESERVE AMENDMENTS

SECTION 12.3.(a) G.S. 159G-35(c) reads as rewritten:

"(c) Viable Utility Reserve. – The Local Government Commission and the Authority shall jointly develop evaluation criteria for grants from the Viable Utility Reserve. Criteria shall also be developed concerning distressed units for which the Local Government Commission has exercised its authority under Article 11 of Chapter 159 of the General Statutes to assume control, in whole or in part, of the financial affairs of an applicant. These evaluation criteria shall be used to review applications and award grants as provided in G.S. 159G-39."

SECTION 12.3.(b) G.S. 159G-36(d)(2) reads as rewritten:

"(2) Grants for the purpose set forth in G.S. 159-32(d)(6) to any single local government unit shall not ~~(i)~~ exceed seven hundred fifty thousand dollars ($750,000) in any fiscal ~~year and (ii) be awarded for more than three consecutive fiscal years.~~year."

PROHIBIT CAP AND TRADE REQUIREMENTS FOR CO2 EMISSIONS

SECTION 12.5.(a) Article 21B of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.107E. Prohibit cap and trade requirements for carbon dioxide (CO2) emissions.**

Neither the Governor, nor any of the agencies of the State, including the Utilities Commission, the Department of Environmental Quality, and the Environmental Management Commission, may require an electric public utility, as defined in G.S. 62-126.3(7), or persons who operate an electric generating facility the primary purpose of which is for the person's own use and not for the primary purpose of producing electricity for sale to or for the public for

compensation, to participate in a program that requires such utilities to obtain allowances to offset their CO2 emissions, commonly characterized as emissions cap-and-trade programs, CO2 budget trading programs, or cap-and-invest initiatives. In addition, the Governor and the Department are expressly prohibited from entering into any agreement with other states obligating North Carolina's participation in any program requiring acquisition of allowances to offset CO2 emissions by such utilities."

SECTION 12.5.(b) This section is effective when it becomes law.

PROHIBITION ON STATE OR REGIONAL EMISSIONS STANDARDS FOR NEW MOTOR VEHICLES

SECTION 12.6.(a) Article 21B of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.107F. Prohibit requirements for control of emissions from new motor vehicles.**

Notwithstanding any authorization granted under 42 U.S.C. § 7507, no agency of the State, including the Department of Environmental Quality, the Environmental Management Commission, the Department of Transportation, or the Department of Administration, may adopt and enforce standards relating to control of emissions from new motor vehicles or new motor vehicle engines, including requirements that mandate the sale or purchase of "zero-emission vehicles," or electric vehicles as defined in G.S. 20-4.01. The prohibitions of this section shall not be construed to effect requirements for the vehicle emissions testing and maintenance program established pursuant to G.S. 143-215.107A."

SECTION 12.6.(b) This section is effective when it becomes law.

REDUCE EMISSIONS INSPECTIONS REQUIREMENTS

SECTION 12.7.(a) G.S. 20-183.2(b) reads as rewritten:

"(b) Emissions. – A motor vehicle is subject to an emissions inspection in accordance with this Part if it meets all of the following requirements:

…

~~(3) It is (i) a vehicle with a model year within 20 years of the current year and older than the three most recent model years or (ii) a vehicle with a model year within 20 years of the current year and has 70,000 miles or more on its odometer.~~

(3a) It is a vehicle with a model year within 20 years of the current year and earlier than the 2017 model year.

…."

SECTION 12.7.(b) G.S. 143-215.107A(c) reads as rewritten:

"(c) Counties Covered. – Motor vehicle emissions inspections shall be performed in ~~the following counties: Alamance, Buncombe, Cabarrus, Cumberland, Davidson, Durham, Forsyth, Franklin, Gaston, Guilford, Iredell, Johnston, Lincoln, Mecklenburg, New Hanover, Randolph, Rowan, Union, and Wake.~~Mecklenburg County."

SECTION 12.7.(c) No later than one year after this section becomes law, the Department of Environmental Quality shall prepare and submit to the United States Environmental Protection Agency for approval by that agency a proposed North Carolina State Implementation Plan amendment based on the change to the motor vehicle emissions testing program provided in this section.

SECTION 12.7.(d) Subsections (a) and (b) of this section become effective on the first day of a month that is 60 days after the Secretary of the Department of Environmental Quality certifies to the Revisor of Statutes that the United States Environmental Protection Agency has approved an amendment to the North Carolina State Implementation Plan submitted as required by subsection (c) of this section and applies to motor vehicles inspected, or due to be inspected, on or after that date. The Secretary shall provide this notice of approval along with the

effective date of this section on its website and by written or electronic notice to emissions inspection mechanic license holders, emissions inspection station licensees, and self-inspector licensees in the county where motor vehicle emissions inspection requirements are removed by this section. The remainder of this section is effective when it becomes law.

DAM SAFETY EMERGENCY FUND/OVERTOPPING STUDIES

SECTION 12.8. G.S. 143-215.32A reads as rewritten:

"**§ 143-215.32A. Dam Safety Emergency Fund.**

(a) Establishment; Purpose. – There is established the Dam Safety Emergency Fund within the Department, as set forth in this section. The Fund shall be used to defray expenses incurred by the Department in developing and implementing an emergency dam safety remedial ~~plan.~~plan and assessing overtopping risk for high hazard and intermediate hazard dams.

(b) Eligible Expenses. – The Fund may be used for ~~expenses incurred in developing~~ the following expenses:

(1) Developing and implementing an emergency dam safety remedial plan that has been approved by the Department, including expenses incurred to contract with any third party for services related to plan development or implementation.

(2) Performing overtopping studies for dams categorized by the Department as high hazard or intermediate hazard for which the Department currently has no or inadequate overtopping risk information.

(c) Conditions for Use. – These funds shall be used upon the Department's determination that sufficient funds or corrective action cannot be obtained from other sources without incurring a delay that would significantly increase the threat to life or risk of damage to property or the environment.

(d) Cost Recovery. – Costs of site investigation and the development and implementation of an emergency dam safety remedial plan, including attorney's fees and other expenses of bringing the cost recovery action, may be recovered from the owners of the dam by appropriate legal action by the Commission. Funds recovered pursuant to this subsection shall be used to reimburse the Dam Safety Emergency Fund.

(e) Standards for Funded Activities. – Emergency dam safety remedial plan development and implementation activities and overtopping studies shall be conducted in accordance with standards set forth in G.S. 143-215.29."

DISCHARGES OF HIGHLY TREATED WASTEWATER

SECTION 12.9.(a) G.S. 143-215.1 is amended by adding a new subsection to read:

"(c8) Permitted Discharges of Highly Treated Domestic Wastewater. –

(1) Subject only to the limitations set forth in subdivision (2) of this subsection, the Department shall authorize permitted discharges of highly treated domestic wastewater to surface waters of the State, including wetlands, perennial streams, and unnamed tributaries of named and classified streams where the 7Q10 flow or 30Q2 flow of the receiving waterbody is estimated to be low flow or zero flow, as determined by the United States Geological Survey, from wastewater treatment systems capable of meeting the following water quality-based effluent limitations:

a. Biological oxygen demand (BOD_5), 5mg/L.

b. NH_3, 0.5mg/L monthly average, 1.0 mg/L daily maximum.

c. Total nitrogen, 4mg/L monthly average.

d. Total phosphorus, 1.0mg/L monthly average, 2.0mg/L daily maximum.

e. Fecal coliforms, 14 colonies/100mL.

f. Dissolved oxygen, 6mg/L, or 1mg/L more than the BOD_5 concentration.
g. Turbidity, 1 Nephelometric Turbidity Units.
h. Total suspended solids, 5mg/L monthly average.
i. Nitrate, 1mg/L monthly average.

(2) In addition to the requirements set forth in subdivision (1) of this subsection, only the following requirements shall apply to wastewater discharges to be authorized pursuant to this subsection:

a. No discharge shall be permitted to classified shellfish waters or outstanding resource waters. Discharges to unnamed tributaries of classified shellfish waters, however, shall be authorized in compliance with the requirements of this section.

b. The limitation of flow for any wastewater discharge shall be no more than one-tenth of the flow generated by the one-year, 24-hour storm event given the drainage area and calculated using the rational method. The rational method shall be used to calculate the peak runoff for the one-year, 24-hour precipitation event in cubic foot per second. The peak runoff shall then be divided by 10 and multiplied by 646,272 to convert the result to gallons per day of allowable discharge at the point studied.

c. Discharges shall be limited based on the ability of the receiving waters to hydraulicly accept the proposed flow, as demonstrated by being equal to or less than one-tenth of the flow using the rational method.

d. All discharges shall be directed to buffer systems that utilize low-energy methodologies to function as a buffer between the discharge and the receiving waters. Buffer systems shall:

1. Consist of one of the following: (i) high-rate infiltration basins that utilize engineered materials to achieve high rates of infiltration, which engineered materials shall have an ASTM gradation of a clean washed coarse grained sand; (ii) constructed free surface wetlands having a hydraulic residence time of 14 days; and (iii) other suitable technologies that provide a physical or hydraulic residence time buffer, or both, between the discharge and the receiving waters.
2. Discharge to areas that are 50 feet upland of the receiving waters or wetlands at a non-erosive velocity equal to or less than 2 feet per second through an appropriately designed energy dissipater, or other applicable designs, that meet the standard of practice for professional engineers for such devices.
3. Divide the subsequent outfall to the receiving stream so that no one particular outfall exceeds 1 cubic foot per second based on the average daily flow of the discharge. Discharges from buffer systems shall be allowed to be placed at increments along a stream or receiving waters at a distance of no less than 50 linear feet.

(3) For purposes of this subsection, the following definitions apply:

a. 7Q10 flow. – A method to calculate the minimum average flow of a receiving water for a period of seven consecutive days that has an average recurrence of once in 10 years.

b. 30Q2 flow. – A method to calculate the minimum average flow of a receiving water for a period of 30 consecutive days that has an average recurrence of once in two years.

c. Highly treated domestic wastewater. – Wastewater effluent from treatment systems that receive flows from sources of domestic wastewater that meet the effluent limitations as set forth in subdivision (1) of this subsection.

d. Rational method. – The method of computing storm drainage flow rates (Q) by use of the formula Q = CIA. For purposes of this sub-subdivision, the following definitions apply:

1. C. – The rational coefficient describing the stormwater runoff characteristics of the drainage.
2. I. – The rainfall intensity for the one-year, 24-hour precipitation event given by the National Oceanic and Atmospheric Administration through its online precipitation data server or other appropriate sources in units of inches per hour.
3. A. – The catchment area tributary to the point being studied as further defined using methodologies that meet the standard of practice for such work, including, but not limited to, web-based data and tools provided by the United States Geological Survey or by other analysis using topographic data that follows the standard of practice for such work by licensed professional engineers in units of acres.

(4) Once an applicant has submitted data to demonstrate the proposed discharge will meet the requirements of subdivisions (1) and (2) of this subsection, signed and sealed by a professional engineer licensed in accordance with the provisions of Chapter 89C of the General Statutes, the application shall be deemed complete for the purposes of review by the Department."

SECTION 12.9.(b) If rules are required in order to implement the requirements of this section, the Department of Environmental Quality shall adopt temporary rules no later than 60 days after this section becomes law. Any temporary rules adopted in accordance with this section shall remain in effect until permanent rules that replace the temporary rules become effective. Rules adopted pursuant to this section shall not, however, impose additional requirements on permitting of the discharge of highly treated domestic wastewater over that established under G.S. 143-215.1(c8), as enacted by subsection (a) of this section.

SECTION 12.9.(c) This section is effective when it becomes law. G.S. 143-215.1(c8), as enacted by subsection (a) of this section, applies to permits for new or expanded wastewater discharge facilities issued on or after that date.

RIGHT TO APPLY FOR AND OBTAIN A PERMIT

SECTION 12.10.(a) Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-279.18. Right to apply and obtain permits.**

Except to the extent required by federal or State law, the Department of Environmental Quality shall not refuse to accept an application for a permit, authorization, or certification or refuse to issue any permit, authorization, or certificate based solely on the failure of an applicant to obtain another permit, authorization, or certification required for the same project. For purposes of this section, failure to obtain a permit, authorization, or certification shall not include denial of the permit, authorization, or certification by the Department based on the standards for approval of the permit, authorization, or certification provided by law."

SECTION 12.10.(b) G.S. 113A-54.1(a) reads as rewritten:

"(a) A draft erosion and sedimentation control plan must contain the applicant's address and, if the applicant is not a resident of North Carolina, designate a North Carolina agent for the purpose of receiving notice from the Commission or the Secretary of compliance or noncompliance with the plan, this Article, or any rules adopted pursuant to this Article. Except as provided in subsection (a1) of this section, if the applicant is not the owner of the land to be disturbed, the draft erosion and sedimentation control plan must include the owner's written consent for the applicant to submit a draft erosion and sedimentation control plan and to conduct the anticipated land-disturbing activity. The Commission shall approve, approve with modifications, or disapprove a draft erosion and sedimentation control plan for those land-disturbing activities for which prior plan approval is required within 30 days of receipt. The Commission shall not deny a draft erosion and sedimentation control plan based solely upon the applicant's need to obtain other environmental permits, authorizations, or certifications for the project, aside from a permit required for stormwater discharges from construction sites pursuant to 40 C.F.R. § 122.26; the Commission shall, however, condition approval of a draft erosion and sedimentation control plan upon the applicant's compliance with federal and State water quality laws, regulations, and ~~rules.~~ rules, including the applicant's receipt of other environmental permits, authorizations, or certifications that may be required for the project. Failure to approve, approve with modifications, or disapprove a completed draft erosion and sedimentation control plan within 30 days of receipt shall be deemed approval of the plan. If the Commission disapproves a draft erosion and sedimentation control plan or a revised erosion and sedimentation control plan, it must state in writing the specific reasons that the plan was disapproved. Failure to approve, approve with modifications, or disapprove a revised erosion and sedimentation control plan within 15 days of receipt shall be deemed approval of the plan. The Commission may establish an expiration date for erosion and sedimentation control plans approved under this Article."

SECTION 12.10.(c) G.S. 113A-61 reads as rewritten:

"**§ 113A-61. Local approval of erosion and sedimentation control plans.**

…

(b) Local governments shall review each erosion and sedimentation control plan submitted to them and within 30 days of receipt thereof shall notify the person submitting the plan that it has been approved, approved with modifications, or disapproved. A local government shall only approve a plan upon determining that it complies with all applicable State and local regulations for erosion and sedimentation control.

(b1) A local government shall not deny a draft erosion and sedimentation control plan based solely upon the applicant's need to obtain other environmental permits, authorizations, or certifications for the project, aside from a permit required for stormwater discharges from construction sites pursuant to 40 C.F.R. § 122.26; the local government shall, however, condition approval of a draft erosion and sedimentation control plan upon the applicant's compliance with federal and State water quality laws, regulations, and ~~rules.~~ rules, including the applicant's receipt of other environmental permits, authorizations, or certifications that may be required for the project. A local government shall disapprove an erosion and sedimentation control plan if implementation of the plan would result in a violation of rules adopted by the Environmental Management Commission to protect riparian buffers along surface waters. A local government may disapprove an erosion and sedimentation control plan or disapprove a transfer of a plan under subsection (b3) of this section upon finding that an applicant or a parent, subsidiary, or other affiliate of the applicant:

…."

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.**

(a) New Facilities. – ~~A~~ Except as provided in subsection (b1) of this section, a person may not, without obtaining a permit under G.S. 143-215.108, construct or operate an air contaminant source, equipment, or associated air cleaning device at a site or facility where, at the time of the construction, there is no other air contaminant source, equipment, or associated air cleaning device for which a permit is required under G.S. 143-215.108. ~~A person may, however, undertake the following activities prior to obtaining a permit if the person complies with the requirements of this section:~~

~~(1) Clearing and grading.~~

~~(2) Construction of access roads, driveways, and parking lots.~~

~~(3) Construction and installation of underground pipe work, including water, sewer, electric, and telecommunications utilities.~~

~~(4) Construction of ancillary structures, including fences and office buildings, that are not a necessary component of an air contaminant source, equipment, or associated air cleaning device for which a permit is required under G.S. 143-215.108.~~

(b) Permitted Facilities. – A person who holds a permit under G.S. 143-215.108 may apply to the Commission for a modification of the permit to allow the person to alter or expand the physical arrangement or operation of an air contaminant source, equipment, or associated air cleaning device in a manner that alters the emission of air contaminants. ~~The~~ Except as provided in subsection (b1) of this section, the permittee may not operate the altered, expanded, or additional air contaminant source, equipment, or associated air cleaning device in a manner that alters the emission of any air contaminant without obtaining a permit modification under G.S. 143-215.108. A permittee may, however, alter or expand the physical arrangement or operation of an air contaminant source, equipment, or associated air cleaning device at a facility permitted under G.S. 143-215.108 if the permittee complies with the requirements of this section. At least 15 days prior to commencing alteration or expansion under this subsection, the permittee shall give notice by publication and shall submit to the Commission a notice of the permittee's intent to alter or expand the physical arrangement or operation of an air contaminant source, equipment, or associated air cleaning device. Notice by publication shall be in a newspaper having general circulation in the county or counties where the facility is to be located; shall be at the permittee's own expense; shall include a statement that written comment may be submitted to the Commission, that the Commission will consider any comment that it receives, and the Commission's address for submission of written comment; and shall include all the information required by subdivisions (1) through (6) of this subsection. The permittee shall submit a proof of publication of the notice to the Commission within 15 days of the date of publication. The notice of intent to the Commission shall include all of the following:

…

(b1) A person who (i) has filed an application under this Article to construct or operate an air contaminant source, equipment, or associated air cleaning device at a site or facility or (ii) holds a permit under G.S. 143-215.108 and who has applied to the Commission for a modification of the permit to allow the person to alter or expand the physical arrangement or operation of an air contaminant source, equipment, or associated air cleaning device in a manner that alters the emission of air contaminants may undertake the following activities prior to obtaining a permit if the person complies with the requirements of this section:

(1) Clearing and grading.

(2) Construction of access roads, driveways, and parking lots.

(3) Construction and installation of underground pipe work, including water, sewer, electric, and telecommunications utilities.

(4) Construction of ancillary structures, including fences and office buildings, that are not a necessary component of an air contaminant source, equipment,

or associated air cleaning device for which a permit is required under G.S. 143-215.108.

(5) Upon determination that an application for a permit or permit modification is administratively complete, the construction (but not operation) of a new air contaminant source, equipment, or associated air cleaning or emissions control devices prior to permit issuance. The exception in this subdivision applies only to an application for the addition or modification of an emissions source that is not subject to (i) permit limits set pursuant to programs for the prevention of significant deterioration and for the attainment of air quality standards in nonattainment areas under G.S. 143-215.107(a)(7), (ii) a residual risk-based hazardous air pollutant standard under 42 U.S.C. § 7412(f), as amended, or (iii) a case-by-case maximum achievable control technology (MACT) permit requirement issued by the Department pursuant to 42 U.S.C. § 7412(j), as amended. The undertaking of pre permitting activities under this subdivision shall not entitle the permit or permit modification applicant to operate any air contaminant source, equipment, or associated air cleaning or emissions control devices prior to permit issuance.

…."

STORMWATER PERMITTING REVISIONS

SECTION 12.12.(a) G.S. 143-214.7 is amended by adding two new subsections to read:

"(b5) Permitting under the authority granted to the Commission by this section shall comply with the procedures and time lines set forth in this subsection. For any development necessitating stormwater measures subject to this section, applications for new permits, permit modifications, permit transfers, permit renewals, and decisions to deny an application for a new permit, permit modification, transfer, or renewal shall be in writing. Where the Commission has provided a digital submission option, such submission shall constitute a written submission. The Commission shall act on a permit application as quickly as possible. The Commission may conduct any inquiry or investigation it considers necessary before acting on an application and may require an applicant to submit plans, specifications, and other information the Commission considers necessary to evaluate the application. If the Commission fails to act on an application for a permit or for a renewal of a permit as specified in this subsection after the applicant submits all information required by the Commission, the application shall be deemed approved without modification.

(1) The Commission shall perform an administrative review of a new application and of a resubmittal of an application determined to be incomplete under subdivision (3) of this subsection within 10 working days of receipt to determine if the information is administratively complete. If complete, the Commission shall issue a receipt letter or electronic response stating that the application is complete and that a 70-calendar day technical review period has started as of the original date the application was received. If required items or information is not included, the application shall be deemed incomplete, and the Commission shall issue an application receipt letter or electronic response identifying the information required to complete the application package before the technical review begins. When the required information is received, the Commission shall then issue a receipt letter or electronic response specifying that it is complete and that the 70-calendar day review period has started as of the date of receipt of all required information. The Commission shall develop an application package checklist identifying the

items and information required for an application to be considered administratively complete.

(2) If, during the 70-calendar day technical review period, the Commission determines that the application meets the standards for issuance of a stormwater permit, it shall issue the permit.

(3) If, during the 70-calendar day technical review period, the Commission determines that additional information is required to continue processing the application, the Commission and the applicant shall comply with the following:

a. The Commission shall issue a letter or electronic response with a list of the additional information required to issue the permit.

b. The applicant shall have 30 calendar days from the date the letter or electronic response is sent to submit the additional information to the Commission.

c. If the applicant fails to provide the required information within 30 calendar days, the Commission shall return the application to the applicant, the application is deemed denied, and the applicant must resubmit a complete application with a new application fee before the project may be reviewed.

d. Upon receipt of the required information from the applicant, the Commission shall have 30 calendar days to complete the technical review and issue the permit, issue the permit with modifications, deny the permit, or issue a letter or electronic response with a list of additional information required to continue processing the application, and the review process will proceed in accordance with sub-subdivision b. of this subdivision.

e. After issuing a letter or electronic response requesting additional information under this subdivision, the Commission shall not subsequently request additional information that was not previously identified as missing or required in that additional information letter or electronic response. The Commission may request additional information if required for the technical review based on any new information, changed circumstances, or changed designs provided by the applicant in the response under sub-subdivision b. of this subdivision. Where the Commission identifies information that should have been requested, the Commission may include conditions in or modifications to the permit upon issuance addressing this information but shall not deny the permit because of the missing information. This prohibition on permit denial shall not apply where an application was deemed denied under sub-subdivision c. of this subdivision.

(b6) All permits issued pursuant to this section for which an expiration date is specified shall be issued for a term not to exceed eight years."

SECTION 12.12.(b) The Commission shall adopt amendments to its relevant permitting rules to reflect the statutory changes made by subsection (a) of this section. These amendments shall include updating 15A NCAC 02H .1045(4)(c) to reference G.S. 143-214.7 instead of G.S. 143-215.1.

SECTION 12.12.(c) Subsections (a) and (b) of this section become effective July 1, 2024.

EXPRESS PERMITTING REVISIONS

SECTION 12.13.(a) G.S. 143B-279.13 reads as rewritten:

"**§ 143B-279.13. Express permit and certification reviews.**

(a) The Department of Environmental Quality shall develop an express review program to provide express permit and certification reviews in all of its regional offices. Participation in the express review program is voluntary, and the program ~~is to become~~ shall be supported by the fees determined pursuant to subsection (b) of this section. The Department of Environmental Quality shall determine the project applications to review under the express review program from those who request to participate in the program. The express review program may be applied to any one or all of the permits, approvals, or certifications in the following programs: the erosion and sedimentation control program, the coastal management program, and the water quality programs, including water quality certifications and stormwater management. The express review program shall focus on the following permits or certifications:

(1) Stormwater permits under Part 1 of Article 21 of Chapter 143 of the General Statutes.

(2) Stream origination certifications under Article 21 of Chapter 143 of the General Statutes.

(3) Water quality certification under Article 21 of Chapter 143 of the General Statutes.

(4) Erosion and sedimentation control permits under Article 4 of Chapter 113A of the General Statutes.

(5) Permits under the Coastal Area Management Act (CAMA), Part 4 of Article 7 of Chapter 113A of the General Statutes.

(a1) The Department of Environmental Quality shall have the authority to create express permitting options for programs in addition to those listed in subsection (a) of this section where it deems there to be a need or where it determines an express permitting option would create greater efficiencies for the permitting process.

(b) The Department of Environmental Quality ~~may determine~~ shall set the fees for express application review under the express review ~~program.~~ program at a level sufficient to cover all program expenses. Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged under subsection (a) of this section for the express review of a project application requiring all of the permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed five thousand five hundred dollars ($5,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee to be charged for the express review of a project application requiring all of the permits under subdivisions (1) through (4) of subsection (a) of this section shall not exceed four thousand five hundred dollars ($4,500). Notwithstanding G.S. 143-215.3D, the maximum permit application fee charged for the express review of a project application for any other combination of permits under subdivisions (1) through (5) of subsection (a) of this section shall not exceed four thousand dollars ($4,000). ~~Express~~ As set forth in subsection (a1) of this section, express review of a project application involving additional permits or certifications issued by the Department of Environmental Quality other than those under subdivisions (1) through (5) of subsection (a) of this section may be allowed by the Department, and, notwithstanding G.S. 143-215.3D or any other statute or rule that sets a permit fee, the maximum permit application fee charged for the express review of a project application that includes a permit, approval, or certification designated for express review under subsection (a1) of this section shall not exceed four thousand dollars ($4,000), plus one hundred fifty percent (150%) of the fee that would otherwise apply by statute or rule for that particular ~~permit~~ permit, approval, or certification. Additional fees, not to exceed fifty percent (50%) of the original permit application fee under this section, may be charged for subsequent reviews due to the insufficiency of the permit applications. 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 under this 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

acres of land is ~~eight hundred ten dollars ($810.00).~~one thousand one hundred sixty dollars ($1,160).

(8) Animal Waste Management Systems. – The annual fee for animal waste management systems is as set out in G.S. 143-215.10G.

(9) Authorizations to Construct. – The application fee for an authorization to construct for a wastewater treatment plant expansion, upgrade, replacement, or repair is one thousand dollars ($1,000).

(10) NPDES Stormwater Permits. – The permit fee and annual fee for NPDES stormwater permits is as follows:

a. The fee for an industrial NPDES individual permit is one thousand two hundred dollars ($1,200).

b. The fee for coverage under a construction or industrial NPDES general permit is one hundred twenty dollars ($120.00).

c. The fee for an NPDES MS4 major permit is four thousand two hundred dollars ($4,200).

d. The fee for an NPDES MS4 minor permit is one thousand dollars ($1,000).

e. The fee for an NPDES no exposure certification is two hundred fifty dollars ($250.00), only in the first year.

(b) Application fee for new discharge and nondischarge permits. – An application for a new permit of the type set out in subsection (a) of this section shall be accompanied by an initial application fee equal to the annual fee for that permit. If a permit is issued, the application fee shall be applied as the annual fee for the first year that the permit is in effect. If the application is denied, the application fee shall not be refunded.

…

(e) Other fees under this Article. –

(1) Sewer System Extension Permits. – The application fee for (i) a permit for the construction of a new sewer ~~system or for~~ system, (ii) a permit for the extension of an existing sewer ~~system~~ system, or (iii) a variance request is ~~four hundred eighty dollars ($480.00).~~six hundred dollars ($600.00).

(2) State Stormwater Permits. – ~~The application fee for~~ The fee for a permit regulating stormwater runoff under G.S. 143-214.7 and ~~G.S. 143-215.1 is five hundred five dollars ($505.00).~~G.S. 143-215.1 is as follows:

a. The fee for a new permit or a major modification of an existing development project permit is based on the number of stormwater control measures (SCMs) proposed in the permit as set forth in this sub-subdivision. The term "major modification" is defined in 15A NCAC 02H .1002.

1. For one or fewer SCMs, one thousand dollars ($1,000).

2. For two SCMs, one thousand two hundred fifty dollars ($1,250).

3. For three SCMs, one thousand seven hundred fifty dollars ($1,750).

4. For four or more SCMs, two thousand two hundred fifty dollars ($2,250).

b. The fee for a minor modification of a State stormwater permit is two hundred fifty dollars ($250.00). The term "minor modification" is defined in 15A NCAC 02H .1002.

c. The fee for a renewal or transfer of a State stormwater permit is seven hundred fifty dollars ($750.00).

d. The fee for a combination renewal and transfer of a State stormwater permit is one thousand five hundred dollars ($1,500).

e. The fee for new coverage under a general permit is seven hundred dollars ($700.00).

(3) Major Water Quality Certifications. – The fee for a water quality certification involving one acre or more of wetland fill or 150 feet or more of stream impact is ~~five hundred seventy dollars ($570.00).~~seven hundred sixty-seven dollars ($767.00).

(4) Minor Water Quality Certifications. – The fee for a water quality certification involving less than one acre of wetland fill or less than 150 feet of stream impact is ~~two hundred forty dollars ($240.00).~~three hundred twenty-three dollars ($323.00).

…."

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	~~$150~~$190

Community Water Systems: Number of Persons Served	
50 or fewer	~~$255~~$320
More than 50 but no more than 100	~~$270~~$340
More than 100 but no more than 200	~~$330~~$410
More than 200 but no more than 300	~~$350~~$430
More than 300 but no more than 400	~~$385~~$480
More than 400 but no more than 500	~~$420~~$520
More than 500 but no more than 750	~~$780~~$970
More than 750 but no more than 1000	~~$810~~$1,010
More than 1000 but no more than 2000	~~$840~~$1,050
More than 2000 but no more than 3000	~~$870~~$1,090
More than 3000 but no more than 4000	~~$1350~~$1,690
More than 4000 but no more than 5000	~~$1460~~$1,830
More than 5000 but no more than 7500	~~$1925~~$2,410
More than 7500 but no more than 10,000	~~$2065~~$2,580
More than 10,000 but no more than 25,000	~~$2600~~$3,250
More than 25,000 but no more than 50,000	~~$2925~~$3,660
More than 50,000 but no more than 75,000	~~$4250~~$5,310
More than 75,000 but no more than 100,000	~~$4675~~$5,840
More than 100,000 but no more than 250,000	~~$5100~~$6,380
More than 250,000 but no more than 500,000	~~$5525~~$6,910
More than 500,000	~~$5950~~$7,440

(c) The following fees are imposed for the review of plans, specifications, and other information submitted to the Department for approval of construction or alteration of a public water system. The fees are based on the type of constructions or alteration proposed:

Distribution system:	Fee
Construction of water lines, less than 5000 linear feet	~~$150~~$300
Construction of water lines, 5000 linear feet or more	~~$200~~$400
Other construction or alteration to a distribution system	~~$75~~$150
Ground water system:	
Construction of a new ground water system or adding a new well	~~$200~~$400
Alteration to an existing ground water system	~~$100~~$200
Surface Water system:	
Construction of a new surface water treatment facility	~~$250~~$500
Alteration to an existing surface water treatment facility	~~$150~~$300
Water System Management Plan review	~~$75~~$150
Miscellaneous changes or maintenance not covered above	~~$50~~$100

(d) The Department may charge an administrative fee of up to one hundred fifty dollars ($150.00) for failure to pay the permit fee by January 31 of each year.

…."

WASTEWATER OPERATOR FEES

SECTION 12.14.(g) G.S. 90A-42 reads as rewritten:

"**§ 90A-42. Fees.**

(a) The Commission, in establishing procedures for implementing the requirements of this Article, shall impose the following schedule of fees:

(1) Examination including Certificate, $85.00;
(2) Temporary Certificate, $200.00;
(3) Temporary Certification Renewal, $300.00;
(4) Conditional Certificate, $75.00;
(5) Repealed by Session Laws 1987, c. 582, s. 3.
(6) Reciprocity Certificate, $100.00;
(6a) Voluntary Conversion Certificate, $50.00;
(7) Annual Renewal, per certification $50.00;
(8) Replacement of Certificate, $20.00;
(9) Late Payment of Annual Renewal, $50.00 penalty in addition to all current and past due annual renewal fees plus one hundred dollars ($100.00) penalty per year for each year for which annual renewal fees were not paid prior to the current year; and
(10) Mailing List Charges – The Commission may provide mailing lists of certified water pollution control system operators and of water pollution control system operators to persons who request such lists. The charge for such lists shall be twenty-five dollars ($25.00) for each such list provided.

(b) The Water Pollution Control System Account is established as a nonreverting account within the Department. Fees collected under this section shall be credited to the Account and applied to the costs of administering this Article. Interest and other income received on the Fund balance shall be treated as set forth in G.S. 147-69.1(d)."

LAB CERTIFICATION FEES

SECTION 12.14.(h) Definitions. – For purposes of this section and its implementation, "Lab Certification Fee Rule" means 15A NCAC 02H .0806 (Fees Associated with Certification Program).

SECTION 12.14.(i) Lab Certification Fee Rule. – Until the effective date of the revised permanent rule that the Environmental Management Commission is required to adopt pursuant to subsection (k) of this section, the Commission shall implement the Lab Certification Fee Rule as provided in subsection (j) of this section.

SECTION 12.14.(j) Implementation. – Laboratory certification fees shall be revised as follows:

(1) The fee for municipal, industrial, and other laboratories analyzing only samples for field parameters shall be increased from one hundred fifty dollars ($150.00) to two hundred fifty dollars ($250.00).
(2) The fee for commercial laboratories analyzing only samples for field parameters shall be increased from three hundred dollars ($300.00) to five hundred dollars ($500.00).
(3) The minimum fee for municipal, industrial, and other laboratories shall be increased from one thousand seven hundred fifty dollars ($1,750) to two thousand dollars ($2,000).
(4) The minimum fee for other commercial laboratories shall be increased from three thousand five hundred dollars ($3,500) to six thousand five hundred dollars ($6,500).
(5) To reflect the additional costs of certifying labs located outside the State, the minimum fee for those labs shall be set at one hundred fifty percent (150%) of the amounts set out in subdivisions (1) through (4) of this subsection.

SECTION 12.14.(k) Additional Rulemaking Authority. – The Commission shall adopt a rule to amend the Lab Certification Fee Rule consistent with subsection (j) of this section.

Notwithstanding G.S. 150B-19(4), the rule adopted by the Commission pursuant to this section shall be substantively identical to the provisions of subsection (j) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes and shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

SECTION 12.14.(*l*) Applicability and Sunset. – This section and rules adopted pursuant to this section apply to all applications for certification submitted on or after July 1, 2023. Subsections (i) through (k) of this section expire when permanent rules adopted as required by subsection (k) of this section become effective.

SECTION 12.14.(m) G.S. 143-215.3(a)(10) reads as rewritten:

"(10) To require a laboratory facility that performs any tests, analyses, measurements, or monitoring required under this Article or Article 21B of this Chapter to be certified annually by the Department, to establish standards that a laboratory facility and its employees must meet and maintain in order for the laboratory facility to be certified, and to charge a laboratory facility a fee for certification. Fees collected under this subdivision shall be credited to the Water and Air Account and used to administer this subdivision. Beginning July 1, 2025, and every two years thereafter, the Commission shall adjust the fees imposed pursuant to this subdivision to cover the costs of legislatively mandated salary and benefits revisions for the employees administering the laboratory facility certification program. These fees shall be applied to the cost of certifying ~~commercial, industrial, and municipal~~ laboratory facilities."

WIND ENERGY FACILITY FEES

SECTION 12.14.(n) G.S. 143-215.119(c) reads as rewritten:

"(c) Fees. – An applicant for a permit for a proposed wind energy facility or proposed wind energy facility expansion under this section shall submit with the application required pursuant to subsection (a) of this section, an application fee of ~~three thousand five hundred dollars ($3,500).~~the lesser of (i) two hundred dollars ($200.00) per megawatt of nameplate capacity for the proposed facility or (ii) fifty thousand dollars ($50,000). The proceeds of this fee and the annual fee required by G.S. 143-215.125A shall be credited to a special fund within the Department and may be expended only for purposes authorized by this Article or necessary to carry out a duty imposed by this Article."

SECTION 12.14.(o) Article 21C of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-215.125A. Annual fee.**

The Department shall charge permittees an annual fee of seventy-five dollars ($75.00) per permitted megawatt of capacity payable on or before September 1 for the previous fiscal year to be applied to the costs of administering this Article. The Department may charge a late fee of seventy-five dollars ($75.00) per month per permit for every month or partial month that payment of the annual operating fee is delinquent."

PROVIDE FLEXIBILITY TO ADJUST FEES FOR INFLATION

SECTION 12.14.(p) Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-279.18. Quadriennial adjustment of certain fees and rates.**

(a) Adjustment for Legislatively Mandated Salaries and Benefits. – Beginning July 1, 2025, and every four years thereafter, the Department shall adjust the fees and rates imposed pursuant to the statutes listed in this subsection in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics during the prior two bienniums. The adjustment for per transaction rates shall be rounded to the nearest dollar ($1.00):

(1) G.S. 74-54.1.
(2) G.S. 90A-42.
(3) G.S. 90A-47.4.
(4) G.S. 113A-54.2.
(5) G.S. 113A-119.1.
(6) G.S. 130A-291.1.
(7) G.S. 130A-294.1.
(8) G.S. 130A-295.8.
(9) G.S. 130A-310.9.
(10) G.S. 130A-310.39.
(11) G.S. 130A-310.76.
(12) G.S. 130A-328(b).
(13) G.S. 130A-328(c).
(14) G.S. 143-215.3D.
(15) G.S. 143-215.10G.
(16) G.S. 143-215.28A.
(17) G.S. 143-215.94C.
(18) G.S. 143-215.119.
(19) G.S. 143-215.125A.
(20) G.S. 143B-279.13.

(b) Rulemaking Exemption. – The fee adjustments required by this section are not subject to the requirements of Article 2A of Chapter 150B of the General Statutes.

(c) Consultation and Publication. – Notwithstanding any provision of G.S. 12-3.1 to the contrary, prior to implementing an adjustment pursuant to subsection (a) of this section the Department must, no later than 90 days prior to the end of the fiscal biennium, (i) consult with the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, (ii) report the proposed fee adjustments to the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division, and (iii) publish notice of the fees that will be in effect in the offices of the Department and on the Department's website. After making the adjustment, the Department shall notify the Revisor of Statutes, who shall adjust the amounts in statute.

(d) Effective Date; Grandfathering. – Any adjustment to fees or rates under this section applicable to an application or request for a permit, certification, or other Department approval submitted to the Department is only applicable to an application or request for a permit, certification, or other Department approval submitted to the Department on or after the effective date of the fee or rate adjustment. No adjustment to fees or rates under this section applies to an application or request for a permit, certification, or other Department approval submitted to the Department prior to the effective date of the fee or rate adjustment."

ELIMINATE FAST-TRACK STORMWATER PERMIT OPTION

SECTION 12.14.(q) G.S. 143-214.7B is repealed.

SECTION 12.14.(r) Subsection (q) of this section becomes effective October 1, 2023, and applies to permit applications filed on or after that date.

FLOW ALLOCATION LIMIT CLARIFICATION FOR WASTEWATER TREATMENT SYSTEM PERMITTEES

SECTION 12.15. G.S. 143-215.1(f5), as enacted by Section 1 of S.L. 2023-55, reads as rewritten:

"(f5) A permittee for a wastewater treatment system, who has signed a contract for the expansion of its wastewater treatment system, utilization, or disposal system and whose current

system is located in a county with a projected population growth rate above two percent (2%) annually or is located in one of the top twenty percent (20%) of the fastest growing counties in the State, by population, and is meeting ~~flow and~~ pollutant discharge limits set out in the system's current permit, may allocate one hundred ten percent (110%) of its existing system's hydraulic capacity and increase the allocation amount to one hundred fifteen percent (115%) when the expansion of its system is within 24 months of completion, but may not allocate more than the permitted projected capacity after expansion without approval by the Department. If the permittee exceeds its current permitted monthly flow more than once in any 12-month period, the permittee may not allocate more than one hundred percent (100%) of the existing system's hydraulic capacity until the permittee complies with the permitted monthly flow for at least 12 consecutive months. Nothing in this subsection shall be construed to limit the Department from authorizing allocations above one hundred fifteen percent (115%) of a system's hydraulic capacity."

REGIONAL WATER/WASTEWATER PLANNING

SECTION 12.16.(a) Of the funds appropriated in this act to the North Carolina Megasite Fund established by Section 11.11 of S.L. 2022-74, as amended, one million dollars ($1,000,000) in nonrecurring funds for the 2023-2024 fiscal year is allocated to the Department of Environmental Quality for the purposes set forth in this section.

SECTION 12.16.(b) The Department shall develop a Regional Water and Wastewater Infrastructure Master Plan in the geographic area surrounding United States Route 421 between Interstate Route 85 in Greensboro and Interstate Route 95 in Dunn, designated as a high-priority corridor in the Infrastructure Investment and Jobs Act of 2021. The Department may contract with a third party for all or part of the development of the Master Plan. The Master Plan shall prioritize a study of options for the regionalization of water and wastewater systems and make recommendations for the long-term economic growth and environmental protection of the region. The study shall also consider options for the governance of one or more regional systems and nutrient loading capacity for wastewater discharges. The Department shall submit the Regional Master Plan to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than May 1, 2024.

SECTION 12.16.(c) The Department may contract with a third party for development of the Master Plan required by this section and shall be exempt from Articles 3 and 3C of Chapter 143 of the General Statutes with respect to that contract.

TITLE V AIR PERMIT BONUS PILOT PROGRAM

SECTION 12.17.(a) Establishment of Pilot Program. – Notwithstanding G.S. 126-4(10), the Environmental Management Commission shall establish a Permit Bonus Pilot Program (Program) for qualifying employees who process applications for Title V Air Permits. Qualifying employees shall receive a bonus after a Title V Air Permit is reviewed and completed in accordance with this section. Bonuses for reviewing and processing Title V Air Permits shall be awarded under the applicable schedule. The issuance or denial of a Title V Air Permit shall not affect whether the qualifying employee receives a bonus. The Program shall expire on June 30, 2025.

SECTION 12.17.(b) Definitions. – The following definitions apply in this section:

(1) Administratively complete. – All information required by statute, regulation, or application form has been submitted to the Department for the purpose of processing a permit application.

(2) Application receipt. – The day in which the application or fee payment has been delivered, whichever is later if delivered on different days, to the Department by hand delivery, mail, or electronic means prescribed by the Department.

(3) Department. – The Department of Environmental Quality.
(4) Director. – The Director of the Division.
(5) Division. – The Division of Air Quality.
(6) Federal program. – A federal program, as defined in 15A NCAC 02Q .0203(c), to which the facility is subject after the permit action.
(7) Final action. – As defined in 15A NCAC 02Q .0518.
(8) Major modification. – As defined in 15A NCAC 02Q .0516.
(9) Minor modification. – As defined in 15A NCAC 02Q .0515.
(10) New Source Review or NSR. – A permit review process applicable to certain new or modified stationary sources that emit, or will emit, criteria air pollutants and are located in air quality control regions.
(11) Nonattainment Area or NAA. – A permit review process applicable to the construction and operation of new and modified stationary sources in nonattainment areas.
(12) Prevention of Significant Deterioration or PSD. – A permit review process applicable to the construction and operation of new and modified stationary sources in attainment areas and includes a preconstruction permit demonstrating implementation of best available control technologies to control future emissions of pollutants.
(13) Qualifying employee. – A full-time equivalent position or part-time position employed on or after the date this section becomes law by the Department or Division that does any of the following for Title V Air Permits:
a. Processes and reviews Title V Air Permit applications.
b. Provides administrative support.
c. Supervises the processing and reviewing of Title V Air Permits.
d. Reviews the air quality analysis provided with the Title V Air Permit application.
(14) Title V Air Permit. – A permit issued under the authority conveyed by the Environmental Protection Agency under Title V of the Clean Air Act Amendments of 1990 (42 U.S.C. §§ 7661 through 7661f) and delegated by that agency to the Department.

SECTION 12.17.(c) Fund. – The Permit Bonus Fund (Fund) is established as a nonreverting special fund in the Department. The Fund shall consist of the funds appropriated in this section to implement the Program. The Division may use lapsed salary funds to pay bonuses authorized by the Program if there are not sufficient funds remaining to pay out the bonuses in accordance with this section. The Department shall not encumber or disburse these funds for any other purpose not authorized in this section.

SECTION 12.17.(d) Permit Bonus Structure. – The following schedule applies to the permit bonus program for Title V Air Permits and specifies the maximum amount each qualifying employee is eligible to receive per permit:

Permit Type	**Permit Engineer**	**Supervisor**	**Meteorologist**	**Admin. Staff**
Minor Modification				
0-2 federal programs	$250	$75	N/A	$25
3-6 federal programs	$500	$150	N/A	$25
7+ federal programs	$750	$225	N/A	$25
Major Modification				
0-2 federal programs	$700	$75	N/A	$50
3-6 federal programs	$1,000	$300	N/A	$50

7+ federal programs	$1,500	$500	N/A	$50
New Title V Air Permit				
0-2 federal programs	$1,000	$200	$600	$50
3-6 federal programs	$1,750	$500	$900	$50
7+ federal programs	$2,500	$800	$1,200	$50
PSD/NSR NAA/NSR				
0-2 federal programs	$2,500	$600	$1,000	$100
3-6 federal programs	$3,500	$1,000	$1,500	$100
7+ federal programs	$5,000	$1,400	$2,000	$100

For the purposes of this subsection, (i) the term "Permit Engineer" means a qualifying employee that is the primary processor and reviewer for a Title V Air Permit application, (ii) the term "Supervisor" means a qualifying employee that is the primary supervisor of a reviewer that reviews and processes a Title V Air Permit application, (iii) the term "Meteorologist" means a qualifying employee that is the primary reviewer of the air quality analysis submitted in support of a Title V Air Permit application, and (iv) the term "Admin. Staff" means a qualifying employee that is the primary administrative support position for the processing and review of a Title V Air Permit application.

SECTION 12.17.(e) Permit Bonus Structure. – Qualifying employees shall receive a percentage of the maximum bonuses set forth in subsection (d) of this section if the applicable Title V Air Permit is processed within the applicable time period as set forth in subsections (f) through (j) of this section.

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	50	70	175
Major Modification	50	75	100	360
New Title V Air Permit	50	75	100	360
PSD/NSR NAA/NSR	100	150	200	600
Bonus Percentage:	100%	50%	25%.	

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	80	100	200
Major Modification	140	160	200	540
New Title V Air Permit	150	200	250	540
PSD/NSR NAA/NSR	300	350	400	700
Bonus Percentage:	100%	50%	25%.	

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.**

Minor Modification	50	70	90	175
Major Modification	120	140	160	360
New Title V Air Permit	90	120	150	360
PSD/NSR NAA/NSR	180	240	300	600
Bonus Percentage:	100%	50%	25%.	

SECTION 12.17.(i) Bonus Structure for After the First Year. – For administratively complete Title V Air Permit applications received on or after December 31, 2024, the following schedule applies:

Permit Type	**Number of Processing Days**			**Days for Deduct.**
Minor Modification	40	60	80	150
Major Modification	60	90	120	240
New Title V Air Permit	60	90	120	240
PSD/NSR NAA/NSR	120	180	240	500
Bonus Percentage:	100%	50%	25%.	

SECTION 12.17.(j) Bonus Structure for 30-Day Period Prior to Implementation. – For administratively complete Title V Air Permit applications received between December 1 and December 31, 2023, the qualifying employee shall be eligible to receive bonuses set out in either subsection (f) or (g) of this section, whichever is greater.

SECTION 12.17.(k) Payment Schedule. – The Department shall pay bonuses to qualifying employees on a quarterly basis after making deductions for excessive application processing times as described in subsections (f) through (j) of this section, respectively. The Department shall determine if a qualifying employee should not receive a bonus under this section if the qualifying employee engaged in acts or omissions amounting to bad faith, gross negligence, or intentional wrongdoing that directly impairs or delays the processing of Title V Air Permit applications.

SECTION 12.17.(*l*) Calculation of Processing Days for Bonuses. – For the determination of an applicable bonus under this section, processing days shall begin the calendar day upon the receipt of an administratively complete Title V Air Permit application and end on the day that the Department notifies the applicant whether that permit application was issued or denied. Notwithstanding any other provision of law to the contrary, the Department shall not refuse to accept a Title V Air Permit application that is timely received and in compliance with Department rules for processing at the time of submittal. If an applicant does not provide requested additional information in response to a request letter for additional information provided electronically from the Department within five calendar days, the number of processing days from the time the additional information request letter was emailed to the applicant until such day that all of the requested additional information is received may be deducted from the total processing days used to calculate bonus eligibility. If a Title V Air Permit application is reassigned after the original permit reviewer leaves or otherwise separates employment of the Department, transfers to a new position unrelated to Title V Air Permit processing, or is on extended family or medical leave, all but 10 of the calendar days may be deducted from the total calendar days used to calculate the appropriate bonus percentage. If a permit is reviewed or processed by more than one qualifying employee of the same type, then the Director may apportion the eligible bonus by an appropriate percentage between the qualifying employees for that Title V Air Permit.

For Title V Air Permit applications received after January 1, 2024, when the processing of the application requires the Department to conduct a public hearing or provide the United States Environmental Protection Agency (EPA) the opportunity to review, forty-five (45) days may be added to the timeframes in the schedules set forth in subsections (g) through (i) of

this section when determining the applicable bonus percentages. Seventy-five (75) days may be added to timeframes in those schedules when a public hearing and an EPA review period are required. Applications received before December 1, 2023, are not eligible for the additional processing days.

SECTION 12.17.(m) Deduction Applicability. – If a qualifying employee is subject to a deduction based on processing a Title V Air Permit, then the deduction shall be equal to the maximum bonus amount the qualifying employee is able to receive for processing that particular Title V Air Permit under the bonus program. To calculate deductions for each qualifying employee, the Department shall subtract each deduction from the total bonus amount the qualifying employee is eligible to receive for that quarter. If the deduction total is greater than the total bonus amount, then the qualifying employee's total bonus amount for that quarter shall be zero; the qualifying employee shall not carry a deficit into the next quarter, and the deduction shall not impact the qualifying employee's earned non-bonus compensation.

SECTION 12.17.(n) Payment of Bonuses for Pending Permits. – For bonuses earned for Title V Air Permits under subsection (f) of this section, the payment of the bonus may be delayed until funds are available from the Fund established in subsection (c) of this section to pay out the entirety of the bonus.

SECTION 12.17.(o) Bonuses Not Compensation. – Bonuses awarded to a qualifying employee under this section shall be in addition to any earned non-bonus compensation the qualifying employee receives or is scheduled to receive. Nothing in this section shall be construed to reduce a qualifying employee's earned non-bonus compensation, including regular wages and overtime. Notwithstanding G.S. 135-1(7a), the bonuses awarded under this section are not compensation under Article 1 of Chapter 135 of the General Statutes, Retirement System for Teachers and State Employees.

SECTION 12.17.(p) Quality Control Measures. – The Environmental Management Commission shall develop quality control measures to measure consistency and quality of Title V Air Permit processing that ensures each application is adequately reviewed and, if denied, that there is good cause to deny the Title V Air Permit. The Commission may temporarily reduce the percentage of future bonus payouts to the qualifying employee (supervisor or permit reviewer) if Title V Air Permit application processing fails to meet quality standards as determined by the Commission. The Commission shall consult with the Department and provide this information to be included in the annual report submitted by the Department in accordance with this section.

SECTION 12.17.(q) Exemption. – The Program is not a program (i) of meritorious service awards, (ii) of productivity incentives, or (iii) for recognition of employees, public personnel management, or management excellence for purposes of the provisions of G.S. 126-4(8), (10), and (15), and thus is not subject to the rulemaking authority or policy development of the State Human Resources Commission.

SECTION 12.17.(r) Reporting Requirement. – Beginning on December 1, 2024, the Department shall report to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources on the awarding of bonuses under this section for the previous year. The report shall include, at a minimum, (i) how many bonuses were paid and details regarding each bonus, including amount, associated permit type, and qualifying employee, and (ii) the change in processing time for permit application decisions after the implementation of the bonus program. The Department shall include the quality control measures and any findings resulting therefrom in accordance with subsection (p) of this section in this report. The report shall also include a list of contested cases where the Office of Administrative Hearings rendered a final decision or order with findings of fact and conclusions of law, or a judgment on the pleadings or summary judgment in favor of a person aggrieved by the Department, and an estimate of the resulting costs to the State from the previous year. The Department shall submit a final report for the last year the pilot program operates, and the reporting requirement under this subsection shall expire after the submittal of the final report.

SECTION 12.17.(s) Rulemaking. – The Environmental Management Commission shall adopt temporary rules to implement the provisions of this section.

SECTION 12.17.(t) Funds appropriated in this act for fiscal year 2023-2024 from the project interest in the State Fiscal Recovery Reserve to the Department of Environmental Quality for the Permit Bonus Pilot Program shall be used to implement this section.

SECTION 12.17.(u) Subsection (c) of this section is effective July 1, 2023. The remainder of this section becomes effective January 1, 2024.

PART XIII. LABOR

BE PRO BE PROUD REPORTING

SECTION 13.1. The North Carolina Home Builders Educational and Charitable Foundation shall submit a report by February 1 of each year in which it spends State funds appropriated by this act for the Be Pro Be Proud initiative to the chairs of the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the activities undertaken with the funds appropriated by this section.

OSH ISSUANCE OF CITATIONS

SECTION 13.2.(a) G.S. 95-137(b)(3) reads as rewritten:

"(3) No citation may be issued under this section after the expiration of six months following the ~~initiation of an inspection by the Director.~~occurrence of any violation."

SECTION 13.2.(b) This section becomes effective October 1, 2023, and applies to inspections initiated on or after that date.

PART XIV. NATURAL AND CULTURAL RESOURCES

NC SYMPHONY CHALLENGE GRANT

SECTION 14.1.(a) Of the funds appropriated in this act to the Department of Natural and Cultural Resources, the sum of two million dollars ($2,000,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be allocated to the North Carolina Symphony as provided in this section. It is the intent of the General Assembly that the North Carolina Symphony raise at least six million dollars ($6,000,000) in non-State funds for the 2023-2024 fiscal year and seven million dollars ($7,000,000) in non-State funds for the 2024-2025 fiscal year. The North Carolina Symphony cannot use funds transferred from the organization's endowment to its operating budget to achieve the fundraising targets set out in subsections (b) and (c) of this section.

SECTION 14.1.(b) For the 2023-2024 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

(1) Upon raising the initial sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of six million dollars ($6,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2023-2024 fiscal year.

SECTION 14.1.(c) For the 2024-2025 fiscal year, the North Carolina Symphony shall receive allocations from the Department of Natural and Cultural Resources as follows:

(1) Upon raising the initial sum of two million dollars ($2,000,000) in non-State funding, the North Carolina Symphony shall receive the sum of six hundred thousand dollars ($600,000).

(2) Upon raising an additional sum of two million dollars ($2,000,000) in non-State funding for a total amount of four million dollars ($4,000,000) in non-State funds, the North Carolina Symphony shall receive the sum of seven hundred thousand dollars ($700,000).

(3) Upon raising an additional sum of three million dollars ($3,000,000) in non-State funding for a total amount of seven million dollars ($7,000,000) in non-State funds, the North Carolina Symphony shall receive the final sum of seven hundred thousand dollars ($700,000) in the 2024-2025 fiscal year.

RENAME SECCA

SECTION 14.2. The Department of Natural and Cultural Resources shall rename the Southeastern Center for Contemporary Art as the North Carolina Museum of Art–Winston-Salem.

TOBACCO FARM LIFE MUSEUM SPECIAL FUND

SECTION 14.3.(a) The Department of Natural and Cultural Resources shall assume from the Tobacco Farm Life Museum, Inc., the ownership and administration of the Tobacco Farm Life Museum in Johnston County.

SECTION 14.3.(b) Of the funds appropriated from the General Fund to the Department of Natural and Cultural Resources, the sum of three hundred seventy-five thousand dollars ($375,000) in the 2023-2024 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) in the 2024-2025 fiscal year shall be used for the operation, administration, and new positions to staff the Tobacco Farm Life Museum.

SECTION 14.3.(c) Article 1 of Chapter 121 of the General Statutes is amended by adding the following sections to read:

"**§ 121-7.8. Tobacco Farm Life Museum Fund.**

(a) Fund. – The Tobacco Farm Life Museum Fund is created as a special, interest-bearing revenue fund in the Department of Natural and Cultural Resources. The Fund consists of all receipts derived from the lease or rental of property or facilities, disposition of structures or products of the land, donations, gifts, devises, and admissions and fees collected at the Tobacco Farm Life Museum. The Fund shall be treated as a special trust fund and may be used to pay costs associated with the operation, interpretation, development, expansion, preservation, and maintenance of the Tobacco Farm Life Museum.

(b) Fund Sources. – Notwithstanding Chapter 146 of the General Statutes, the Fund consists of (i) all revenue derived from donations, gifts, devises, grants, admissions, and fees collected by or for the benefit of the Tobacco Farm Life Museum Fund, (ii) the net proceeds derived from the sale of real property pursuant to G.S. 146-30(d)(15), and (iii) interest on funds in the Fund credited by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

(c) Board of Directors. – The Tobacco Farm Life Museum Board of Directors, or its successor, shall advise the Secretary on expenditures from the Tobacco Farm Life Museum Fund and on the basic concepts and operations of the Tobacco Farm Life Museum.

(d) Reports. – The Department of Natural and Cultural Resources must submit to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division by September 30 of each year a report on

the Fund that includes the source and amounts of all funds credited to the Fund and the purpose and amount of all expenditures from the Fund during the prior fiscal year."

SECTION 14.3.(d) G.S. 121-7.7 reads as rewritten:

"**§ 121-7.7. State Historic Sites and Museums special fund.**

…

(b) Application. – This section applies to the individual State Historic Sites and State History and Maritime Museums owned by or under the control of the Division of State Historic Sites and the Division of State History Museums, with the exception of the Bentonville Battlefield State Historic ~~Site~~ Site, the Tobacco Farm Life Museum, and the North Carolina Transportation Museum. The Bentonville Battlefield State Historic Site is subject to G.S. 121-7.5. The North Carolina Transportation Museum is subject to G.S. 121-7.6. The Tobacco Farm Life Museum Fund is subject to G.S. 121-7.8.

…."

SECTION 14.3.(e) G.S. 146-30 reads as rewritten:

"**§ 146-30. Application of net proceeds.**

…

(d) Notwithstanding any other provision of this Subchapter, the following exceptions apply:

…

(16) The net proceeds derived from the sale of real property from the Tobacco Farm Life Museum donated to the State and allocated to the Department of Natural and Cultural Resources shall be deposited in the Tobacco Farm Life Museum Fund, created in G.S. 121-7.8, and shall be used in accordance with that section."

SECTION 14.3.(f) Article 51 of Chapter 143 of the General Statutes is repealed.

SECTION 14.3.(g) Subsection (f) of this section is effective when it becomes law.

SECTION 14.3.(h) Except as otherwise provided, this section becomes effective only if the Tobacco Farm Life Museum transfers and conveys all of its assets to the State. The Department of Natural and Cultural Resources shall notify the Revisor of Statutes when those assets are transferred and the conveyance is complete.

ACCESSIBLE PARKS GRANTS

SECTION 14.4.(a) Grant Purposes. – Of the funds appropriated in this act from the interest earned in the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, the sum of twelve million five hundred thousand dollars ($12,500,000) is allocated to the Parks and Recreation Trust Fund to provide matching grants to local parks facilities for persons with disabilities and shall be used exclusively for grants to local government units or public authorities, as defined in G.S. 159-7, for construction of special facilities or adaptation of existing facilities that meet the unique needs of persons with disabilities or that enable them to participate in recreational and sporting activities, regardless of their abilities.

SECTION 14.4.(b) Match. – Notwithstanding any provision of G.S. 143B-135.56 to the contrary, a local government unit or public authority receiving a grant under this section shall provide matching funds in the amount of one dollar ($1.00) of local funds for every five dollars ($5.00) of State funds.

SECTION 14.4.(c) Limitation. – Grants made under this section shall not exceed five hundred thousand dollars ($500,000) per project.

SALUDA GRADE RAIL CORRIDOR

SECTION 14.5.(a) Findings and Purpose. – The General Assembly finds that the Saluda Grade Railroad was constructed in the 1870s to link Spartanburg, South Carolina, to Asheville, North Carolina, and holds a special place in American rail history as the steepest

standard-gauge mainline railroad in the United States, located where the line crosses the dramatic Blue Ridge Escarpment. The General Assembly further finds that the 31-mile portion of the Railroad proposed for acquisition stretches from Inman, South Carolina, to Zirconia, North Carolina, with 16 miles in South Carolina and 15 miles in North Carolina, and would pass through downtown Inman, Gramling, Campobello, Landrum, Tryon, and Saluda, as well as the picturesque Piedmont countryside, the Pacolet River valley with its plunging waterfalls, and the spectacular scenery around the Green River and Lake Summit. The purpose of this section is to take advantage of an unprecedented opportunity for the citizens of North Carolina to celebrate 2023 as the Year of the Trail and enhance the reputation of North Carolina as the Great Trails State by acquiring the Saluda Grade rail corridor for conversion into the Saluda Grade Trail.

SECTION 14.5.(b) Definition. – For purposes of this section, the Saluda Grade rail corridor means the portion of the Norfolk Southern W-Line railroad between milepost 26 in the unincorporated community of Zirconia in Henderson County and the boundary between North Carolina and South Carolina.

SECTION 14.5.(c) Funding. – Of the funds appropriated in this act from the projected interest in the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, seven million dollars ($7,000,000) in the 2023-2024 fiscal year and five million dollars ($5,000,000) in the 2024-2025 fiscal year is allocated to provide a grant to the Saluda Grade Trails Conservancy, a nonprofit corporation (Conservancy), for the purchase of the Saluda Grade rail corridor in Henderson and Polk Counties and related assessment, due diligence, and transaction costs. Of the funds allocated by this subsection, the amount necessary for the Conservancy to provide the earnest money deposit toward the purchase of the Saluda Grade rail corridor, not to exceed two million dollars ($2,000,000), shall be provided to the Conservancy as soon as possible after the effective date of this act. The remaining funds shall be provided to the Conservancy upon the earlier of (i) January 1, 2025, or (ii) the date the Department completes the study required by subdivision (c)(5) of Section 14.7 of this act and notifies the Office of State Budget and Management that it has done so.

SECTION 14.5.(d) Memorandum of Understanding. – No later than 60 days after the effective date of this act, the Department of Natural and Cultural Resources shall enter into a Memorandum of Understanding with the Conservancy regarding the long-term ownership structure, management, and improvement of the rail corridor. The Memorandum shall provide, at a minimum, the following:

(1) That not later than July 1, 2027, the corridor will be conveyed to the State to be added to the State Trail system.

(2) That the conveyance and other provisions of the Memorandum are structured to ensure that the acquisition of the rail corridor and the conversion to an interim use as a State trail is consistent with the requirements of federal law necessary to preserve established railroad rights-of-way for future activation of rail service as set forth in the railbanking provisions of the National Trails System Act Amendments of 1983.

SECTION 14.5.(e) Report. – The Department shall provide an interim report no later than March 1, 2024, and a final report no later than October 1, 2026, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the acquisition of the Saluda Grade rail corridor funded by this section. The Department shall also include a summary of its actions to promote and support the establishment of the Saluda Grade Trail as a part of the annual report required by G.S. 143B-135.102.

SECTION 14.5.(f) Authorization. – Upon completion of the acquisition of the Saluda Grade rail corridor funded by this section, the General Assembly authorizes the Department of Natural and Cultural Resources to add the trail established on the Saluda Grade rail corridor to the State Parks System as a State trail, as provided in G.S. 143B-135.54(b). The

Department shall support, promote, encourage, and facilitate the establishment of trail segments and connecting trails on State parklands and on lands of other federal, State, local, and private landowners. On segments of the trail that cross property controlled by agencies or owners other than the Department's Division of Parks and Recreation, the laws, rules, and policies of those agencies or owners shall govern the use of the property. The requirement of G.S. 143B-135.54(b) that additions be accompanied by adequate appropriations for land acquisition, development, and operations shall not apply to the authorization set forth in this section; provided, however, that the State may receive donations of appropriate land and may purchase other needed lands or finance improvements and amenities for the trail with existing funds in the Clean Water Management Trust Fund, the Parks and Recreation Trust Fund, the federal Land and Water Conservation Fund, and other available sources of funding.

GREAT TRAILS STATE PROGRAM

SECTION 14.6.(a) Of the funds appropriated from the interest earned in the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources, twelve million five hundred thousand dollars ($12,500,000) in nonrecurring funds in each year of the 2023-2025 fiscal biennium is allocated to the Great Trails Fund established in subsection (c) of this section to be used for new trail development and extension of existing trails as described in subsection (c) of this section.

SECTION 14.6.(b) Definitions. – The following definitions apply in this section:

(1) Department. – The Department of Natural and Cultural Resources.

(2) Eligible entity. – Any of the following:
   a. A municipality or county.
   b. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes.
   c. A public authority, as defined in G.S. 159-7.
   d. A nonprofit entity, provided the entity demonstrates in a manner acceptable to the Department that the unit or units of local government where the eligible trail project will be conducted have been notified of and support the trail project.

(3) Eligible trail project. – Any of the following:
   a. Planning, design, and related environmental assessment or permitting activities for trails.
   b. Land and easement acquisition for trails.
   c. Construction of trails and trail structures.
   d. Trail amenities.
   e. Maintenance activities, which include rehabilitation of trails and trail structures, the installation of water bars, the relocation of eroded trail segments, and other activities that will mitigate erosion or deterioration of trails or prevent future erosion or deterioration of trails.
   f. Matching funds for grants awarded by the federal government or any other non-State source or entity to an eligible entity for any of the purposes set forth in this subdivision.

(4) Secretary. – The Secretary of the Department of Natural and Cultural Resources.

(5) Trail. – Includes paved trails or greenways, natural surface trails, biking trails, equestrian trails, and any other type of trail recognized by the Department. The term does not include a series of tourism attractions related to a particular theme that are jointly marketed based on that theme and are interconnected only by vehicular roadways.

(6) Trail amenities. – Markers, signage, benches, water fountains, restroom facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic facilities, equipment rental facilities, and other improvements or structures intended to enhance visitor experience for trail users.

(7) Trail structures. – Bridges, boardwalks, retaining walls, and other structures that are necessary for visitors to use the trail to travel from one location to another. For paddle trails, trail structures include waterway access points and watercraft launch structures.

SECTION 14.6.(c) Fund Created. – The Great Trails State Program is established as a special fund within the Department of Natural and Cultural Resources. These funds shall be used by the Department to provide grants to an eligible entity for eligible trail projects, with priority given to projects for the purposes set forth in sub-subdivisions a., b., and c. of subdivision (3) of subsection (b) of this section. The following requirements and limitations apply to these grants:

(1) The Department is authorized to accept applications for grants authorized by this section and evaluate them based on criteria that includes the amount of additional funding being provided from other sources for the proposed project, current access to trails and other outdoor recreational facilities in the area of the proposed project, and the size and demographics of the population served by the proposed project. Notwithstanding G.S. 143B-135.56, an eligible entity receiving a grant from the Department shall provide a match as set forth in this subsection.

(2) Match. – Grants shall be matched by an eligible entity receiving a grant as follows:

a. The Department may determine the amount of match based on the wealth of the county where the trail project is located. In the case of trail projects in more than one county, the match shall be based on the lowest wealth county.

b. The match shall be no greater than one non-State dollar ($1.00) for every one dollar ($1.00) from the Fund and no less than one non-State dollar ($1.00) for every four dollars ($4.00) from the Fund.

c. The match may include cash, fee waivers, in-kind services, the donation of assets, the provision of infrastructure, or a combination of these. Non-cash matches must be quantifiable and documented in a manner as the Department may specify.

(3) Limitation. – Grants made under this subsection shall not exceed five hundred thousand dollars ($500,000) per project.

SECTION 14.6.(d) Reports. – The Department shall provide an initial report no later than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the process for awarding grants and the metrics the Department intends to use in evaluating grant applications for the Great Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later than October 1 regarding the use of funds allocated by this section. The annual report will include a list of grant recipients and amounts, a description of trail projects funded, and a summary of non-State funds leveraged with grant funding. The Department may discontinue annual reporting upon providing a final summary report after it awards all funds allocated by this section. These reports may be included as a part of the report required by G.S. 143B-135.102.

SECTION 14.6.(e) Administrative Expenses. – The Department may use up to one percent (1%) of the funds appropriated by this section for operating and administrative expenses.

COMPLETE THE TRAILS FUND

SECTION 14.7.(a) Of the funds transferred from the State Fiscal Recovery Reserve to the Department of Natural and Cultural Resources for the 2023-2024 fiscal year for trails, five million dollars ($5,000,000) shall be allocated to the Complete the Trails Fund to be used as set forth in subsection (c) of this section.

SECTION 14.7.(b) Definitions. – The following definitions apply in this section:

(1) Complete the Trails Fund. – The Complete the Trails Fund established in Section 14.7 of S.L. 2021-180.

(2) Department. – The Department of Natural and Cultural Resources.

(3) Eligible entity. – Any of the following:
   a. A municipality or county.
   b. A regional council of government created pursuant to Part 2 of Article 20 of Chapter 160A of the General Statutes.
   c. A public authority, as defined in G.S. 159-7.
   d. A nonprofit entity, provided the entity demonstrates in a manner acceptable to the Department that the unit or units of local government where the eligible trail project will be conducted have been notified of and support the trail project.

(4) Eligible trail project. – Any of the following:
   a. Planning, design, and related environmental assessment or permitting activities for trails.
   b. Land and easement acquisition for trails.
   c. Construction of trails and trail structures.
   d. Trail amenities.
   e. Maintenance activities, which include rehabilitation of trails and trail structures, the installation of water bars, the relocation of eroded trail segments, and other activities that will mitigate erosion or deterioration of trails or prevent future erosion or deterioration of trails.
   f. Matching funds for grants awarded by the federal government or any other non-State source or entity to an eligible entity for any of the purposes set forth in this subdivision.

(5) Secretary. – The Secretary of the Department of Natural and Cultural Resources.

(6) Trail. – Includes paved trails or greenways, natural surface trails, biking trails, equestrian trails, and any other type of trail recognized by the Department. The term does not include a series of tourism attractions related to a particular theme that are jointly marketed based on that theme and are interconnected only by vehicular roadways.

(7) Trail amenities. – Markers, signage, benches, water fountains, restroom facilities, bathhouses, campsites, docks, boat ramps, parking facilities, picnic facilities, equipment rental facilities, and other improvements or structures intended to enhance visitor experience for trail users.

(8) Trail structures. – Bridges, boardwalks, retaining walls, and other structures that are necessary for visitors to use the trail to travel from one location to another. For paddle trails, trail structures include waterway access points and watercraft launch structures.

SECTION 14.7.(c) Complete the Trails Fund. – Funds allocated to the Complete the Trails Fund by subsection (a) of this section shall be used as follows:

(1) Capacity building funds. – Seven hundred fifty thousand dollars ($750,000) to provide capacity building grants to the partner organizations for each component of the State Trail System with which the Department has signed a

Memorandum of Understanding (MOU) pursuant to Section 14.7(d) of S.L. 2021-180 as well as the partner organizations for the trail established on the Saluda Grade rail corridor as set forth in Section 14.5 of this act. The Department shall distribute fifty thousand dollars ($50,000) to the local partner for each System component. With respect to funding under this subdivision for the Equine State Trail established in Section 6 of S.L. 2023-63, the Department shall identify one or more partners and enter into Memoranda of Understanding (MOUs) with those partners prior to disbursing any funds under this subdivision to those partner organizations. Where there is more than one partner organization for a System component, the Department shall apportion the funds under this subdivision based on relative scope of activity for which each partner organization assumes responsibility in the MOU.

(2) Directed allocations. – Two million seven hundred twenty-five thousand dollars ($2,725,000) to provide grants in the following amounts to the following entities for an eligible trail project except as otherwise specified:

a. Two hundred thousand dollars ($200,000) to Roanoke River Partners for the Roanoke River State Trail for the purposes set forth in sub-subdivisions d. and e. of subdivision (b)(4) of this section.

b. One hundred seventy-five thousand dollars ($175,000) to the Friends of the Mountain-to-Sea Trail for the Mountains-to-Sea Trail. These funds shall be used for eligible trail projects in Bladen Lakes State Forest and eligible trail projects to extend the Mountains-to-Sea Trail east from Bladen Lakes State Forest.

c. Two hundred thousand dollars ($200,000) to be split evenly between the Town of Brevard and Henderson County for the Ecusta Trail in Henderson and Transylvania Counties to be used for the purposes set forth in sub-subdivisions a., c., d., and f. of subdivision (b)(4) of this section.

d. Two hundred thousand dollars ($200,000) to the East Coast Greenway Alliance for the East Coast Greenway Trail for any eligible trail project in Bertie, Chowan, Perquimans, Pasquotank, or Camden Counties.

e. Two hundred thousand dollars ($200,000) to the Friends of Fonta Flora State Trail for the Fonta Flora State Trail for any eligible trail project.

f. Two hundred thousand dollars ($200,000) to Conserving Carolina for the Hickory Nut Gorge State Trail for any eligible trail project.

g. Two hundred thousand dollars ($200,000) to the Foothills Conservancy of N.C. for the Wilderness Gateway Trail for any eligible trail project.

h. Four hundred thousand dollars ($400,000) to OVNCST-Friends for the Overmountain Victory State Trail for any eligible trail project.

i. Two hundred thousand dollars ($200,000) to Blue Ridge Conservancy for the Northern Peaks State Trail for any eligible trail project.

j. One hundred thousand dollars ($100,000) each to the partner organizations for the Dan River, French Broad River, Yadkin River, and Deep River components of the State Trails System for any eligible trail project.

k. Three hundred fifty thousand dollars ($350,000) to the partner organizations for the Equine State Trail, to be used for any eligible trail project.

(3) Land and easement acquisition funds. – One million five hundred thousand dollars ($1,500,000) for grants for the purpose set forth in sub-subdivision b. of subdivision (b)(4) of this section, limited to acquisition of land or easements in North Carolina. Eligible entities for funds allocated under this subdivision are the partner organizations for each component of the State Trail System that is land-based or has significant land-based components. Grants under this subdivision shall not exceed two hundred thousand dollars ($200,000) and shall be matched dollar-for-dollar with non-State funds. Two hundred thousand dollars ($200,000) of the funds allocated by this subdivision shall be reserved for the Equine State Trail.

(4) Rail Line Study. – Twenty-five thousand dollars ($25,000) in the 2023-2024 fiscal year for the Department, in consultation with the Saluda Grade Conservation and Development Council established in subsection (f) of this section, to study the potential and feasibility of a multipurpose active tourism rail and hiking corridor on that portion of the Norfolk Southern W-Line rail corridor from the City of Hendersonville to either the Town of Tryon or the Town of Saluda and, if such a multipurpose active tourism rail and hiking corridor is determined to be feasible, to develop a conceptual plan and preliminary engineering for its implementation. The Department shall provide its report to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division no later than January 1, 2025. Funds allocated by this section that are not spent or encumbered by January 1, 2025, may thereafter be used for the purposes set forth in subdivisions (2) or (3) of this subsection.

SECTION 14.7.(d) Reports. – The Department shall provide an initial report no later than October 1, 2023, to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources and the Fiscal Research Division regarding the process for awarding grants and the metrics the Department intends to use in evaluating grant applications for the Complete the Trails Fund pursuant to this section. Thereafter, the Department shall report annually no later than October 1 regarding the use of funds allocated by this section. The annual report will include a list of grant recipients and amounts, a description of trail projects funded, and a summary of non-State funds leveraged with grant funding. The Department may discontinue annual reporting upon providing a final summary report after it awards all funds allocated by this section. These reports may be included as a part of the report required by G.S. 143B-135.102.

SECTION 14.7.(e) Administrative Expenses. – The Department may use up to one percent (1%) of the funds appropriated by this section (other than the funds allocated in subdivision (4) of subsection (c) of this section) for operating and administrative expenses associated with the implementation of subdivisions (2), and (3) of subsection (c) of this section.

SECTION 14.7.(f) Council Established. – The Saluda Grade Conservation and Development Council (Council) is established to advise and partner with the Department regarding the study of the Saluda Grade rail corridor funded by subdivision (c)(4) of this section as provided in this subsection:

(1) Membership. – The Council shall include two members selected by the Polk County Board of Commissioners, two members selected by the Henderson County Board of Commissioners, one member selected by the City of Hendersonville City Council, one member selected by the City of Saluda Board of Commissioners, one member selected by the Town of Tryon Board of Commissioners and the executive director of the Polk County Community Foundation, Inc., a nonprofit corporation, ex officio, or the executive director's designee. The Chair of the board of the Saluda Historic Depot and

Museum Board or the Chair's designee shall serve as an ex officio member of the Council and shall vote only in the case of a tie.

(2) Purpose; Dissolution. – The Council shall advise the Department in conducting the study of the W-Line rail corridor required by subdivision (c)(5) of this section and shall cease to exist when the funds allocated for the study have been disbursed and all reports, audits, and other documentation required by the State Budget Act (Chapter 143C of the General Statutes) have been submitted.

LAND AND WATER FUND ADMINISTRATIVE EXPENSES

SECTION 14.8. G.S. 143B-135.234 is amended by adding a new subsection to read:

"(e) Administrative Expenses. – Of the funds appropriated to the Fund, the Trustees may use no more than three percent (3%) for operating expenses associated with programs and activities authorized by this Part."

AMERICA'S 250TH LOCAL GRANTS

SECTION 14.9.(a) Funds appropriated in this act to the Department of Natural and Cultural Resources (the Department) for America's 250th Local Grants shall be used for a grant program to facilitate participation in America's 250th anniversary activities, as set forth in this section.

SECTION 14.9.(b) The Department shall use up to one million dollars ($1,000,000) in fiscal year 2023-2024 for grants of ten thousand dollars ($10,000) each to county governments whose county commissioners have adopted a resolution creating a commemoration committee or otherwise designated a group to ensure North Carolina's commemoration of the semiquincentennial occurs in their county. Any funds allocated under this subsection but not spent or encumbered by June 30, 2024, may be reallocated by the Department for grants under subsection (c) of this section and shall be in addition to the allocations made in that subsection.

SECTION 14.9.(c) The Department shall use five hundred thousand dollars ($500,000) in fiscal year 2023-2024 and six hundred thousand dollars ($600,000) in fiscal year 2024-2025 to provide matching grants to local governments and nonprofits for commemoration activities, including Revolutionary War research, development of educational resources, wayside installation, and event needs. The Department may consider county tier designations under G.S. 143B-437.08, for the county in which the project is located, in determining match amounts awarded under this subsection.

SECTION 14.9.(d) The Department may use up to five percent (5%) of the funds allocated by this section to administer the grant program and provide technical assistance to counties.

AMERICA'S SEMIQUINCENTENNIAL COMMITTEE

SECTION 14.10.(a) There is created the America's Semiquincentennial Committee (the Committee).

SECTION 14.10.(b) Membership. – The Committee shall be composed of seven members, as follows:

(1) Three members appointed by the President Pro Tempore of the Senate, one of whom shall be a member of the Senate and the remainder of whom shall be members of the public.

(2) Three members appointed by the Speaker of the House of Representatives, one of whom shall be a member of the House of Representatives and the remainder of whom shall be members of the public.

(3) One member jointly appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives who shall be a noted historian with expertise regarding the American Revolution.

SECTION 14.10.(c) Terms; Chairs; Vacancies; Quorum. – Members appointed shall serve until the Committee terminates. The Committee shall have two cochairs which shall be the legislative member designated by the President Pro Tempore of the Senate and the legislative member designated by the Speaker of the House of Representatives. The Committee shall meet upon the call of the cochairs. Vacancies shall be filled by the appointing authority. A quorum of the Committee shall be a majority of the members.

SECTION 14.10.(d) Duties. – The Committee shall (i) study means for the State to celebrate the two hundred fiftieth anniversary of the founding of our nation and (ii) report the means and anticipated costs of the celebratory events to the General Assembly.

SECTION 14.10.(e) Compensation; Administration. – Members of the Committee shall receive subsistence and travel allowances at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

SECTION 14.10.(f) Reports; Termination. – The Committee shall make an interim report to the 2025 Regular Session of the 2025 General Assembly and a final report to the 2026 Regular Session of the 2025 General Assembly no later than January 14, 2026. The Committee shall terminate on January 15, 2026.

SECTION 14.10.(g) This section is effective when it becomes law.

STATUARY HALL PLACEMENT

SECTION 14.11.(a) Notwithstanding any other provision of law, the Department of Natural and Cultural Resources shall accept receipt of the statue of Charles Brantley Aycock, currently in the National Statuary Hall Collection, from the Statuary Hall Selection Committee and, from funds available to the Department, shall (i) place the statue as expeditiously as possible after receipt at the Governor Charles B. Aycock Birthplace State Historic Site and (ii) make any improvements to the site necessary for the placement thereof.

SECTION 14.11.(b) This section is effective when it becomes law.

PART XV. WILDLIFE RESOURCES COMMISSION

COMMISSION BASE BUDGET CORRECTION

SECTION 15.1. During the budget certification process for the 2023-2024 fiscal year, the Wildlife Resources Commission, in conjunction with the Office of State Budget and Management (OSBM), shall redistribute two million two hundred forty-nine thousand nine dollars ($2,249,009) from the over-realized receipts departmentwide reserve to the appropriate fund codes in the General Fund used to support Commission operations. In the redistribution of receipts directed by this section, the Commission and OSBM shall neither increase or decrease the Commission's net General Fund appropriation, nor create a negative General Fund appropriation at the fund code level.

PART XVI. ADMINISTRATIVE OFFICE OF THE COURTS

COLLECTION OF WORTHLESS CHECKS

SECTION 16.1. Notwithstanding the provisions of G.S. 7A-308(c), the Judicial Department may use any balance remaining in the Collection of Worthless Checks Fund on June

30, 2023, for the purchase or repair of office or information technology equipment during the 2023-2024 fiscal year and may use any balance remaining in the Collection of Worthless Checks Fund on June 30, 2024, for the purchase or repair of office or information technology equipment during the 2024-2025 fiscal year. Prior to using any funds under this section, the Judicial Department shall report to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the Office of State Budget and Management on the equipment to be purchased or repaired and the reasons for the purchases.

MAGISTRATE-CLERK STAFFING PROGRAM

SECTION 16.2. G.S. 7A-133 is amended by adding a new subsection to read:

"(c1) Notwithstanding the minimum staffing numbers in subsection (c) of this section, the clerk of superior court in a county, with the written or emailed consent of the chief district court judge, may hire one deputy or assistant clerk in lieu of one of the magistrate positions allocated to that county. To provide accessibility for law enforcement and citizens, the clerk of superior court's office shall provide some of the services traditionally provided by the magistrates' office during some or all of the regular courthouse hours.

The Administrative Office of the Courts shall report by March 1 of each year to the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety regarding each of the following:

(1) All deputy or assistant clerk positions previously filled pursuant to this subsection if the position remains filled pursuant to this subsection.

(2) New deputy or assistant clerk positions filled pursuant to this subsection."

CLARIFY TRIAL COURT ADMINISTRATOR NUMBERS AND LOCATIONS

SECTION 16.3.(a) G.S. 7A-355, as amended by Section 16.26 of this act, reads as rewritten:

"**§ 7A-355. Trial court administrators.**

The following districts or sets of districts as defined in G.S. 7A-41.1(a) shall have trial court ~~administrators: Set of districts 10A, 10B, 10C, 10D; District 22, District 27B, and District 28, and such~~ administrators, including other districts or sets of districts as may be designated by the Administrative Office of the ~~Courts.~~Courts:

Set of districts	10A, 10B, 10C, 10D, 10E, 10F
District	13
Set of districts	14A, 14B, 14C
Set of districts	16A, 16B
Set of districts	24A, 24B, 24C, 24D, 24E
Set of districts	26A, 26B, 26C, 26D, 26E, 26F, 26G, 26H
Set of districts	31A, 31B, 31C, 31D
District	39"

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:

Prosecutorial District	**No. of Full-Time Asst. District Counties**	**Attorneys**

…		
10	Wake	~~44~~45
…		
14	Cumberland	~~25~~26
…		
26	Mecklenburg	~~58~~62
…		
31	Forsyth	~~27~~28
…		
37	Randolph	~~10~~11
…		
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	~~15~~16

SECTION 16.4.(b) G.S. 7A-60(a1), as amended by subsection (a) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	**Counties**	**No. of Full-Time Asst. District Attorneys**
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	12
2	Beaufort, Hyde, Martin, Tyrrell, Washington	8
3	Pitt	15
4	Carteret, Craven, Pamlico	14
5	Duplin, Jones, Onslow, Sampson	20
6	New Hanover, Pender	20
7	Bertie, Halifax, Hertford, Northampton	11
8	Edgecombe, Nash, Wilson	22
9	Greene, Lenoir, Wayne	16
10	Wake	45
11	Franklin, Granville, Person Vance, Warren	18
12	Harnett, Lee	12
13	Johnston	13
14	Cumberland	26
15	Bladen, Brunswick, Columbus	16
16	Durham	18
17	Alamance	12
18	Orange, Chatham	10
20	Robeson	13
21	Anson, Richmond, Scotland	11
22	Caswell, Rockingham	9
23	Stokes, Surry	9
24	Guilford	40

25	Cabarrus	~~10~~11
26	Mecklenburg	62
27	Rowan	9
28	Montgomery, Stanly	6
29	Hoke, Moore	10
30	Union	11
31	Forsyth	28
32	Alexander, Iredell	15
33	Davidson, Davie	13
34	Alleghany, Ashe, Wilkes, Yadkin	9
35	Avery, Madison, Mitchell, Watauga, Yancey	8
36	Burke, Caldwell, Catawba	21
37	Randolph	11
38	Gaston	19
39	Cleveland, Lincoln	13
40	Buncombe	14
41	McDowell, Rutherford	8
42	Henderson, Polk, Transylvania	10
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	16

SECTION 16.4.(c) G.S. 7A-60(a1), as amended by subsections (a) and (b) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	**Counties**	**No. of Full-Time Asst. District Attorneys**
…		
36	Burke, Caldwell	~~10~~11

…."

SECTION 16.4.(d) Section 1(d) of S.L. 2019-229 reads as rewritten:

"**SECTION 1.(d)** Subsection (a) of this section becomes effective July 1, 2019. Subsection (b) of this section becomes effective July 1, 2020. Subsection (c) of this section becomes effective January 1, ~~2023.~~2027."

SECTION 16.4.(e) Subsection (c) of this section becomes effective January 1, 2027. The remainder of this section is effective July 1, 2023.

ADDITION OF DISTRICT COURT JUDGES TO MULTIPLE COUNTIES, TECHNICAL CORRECTION FOR MAGISTRATE ALLOCATION NUMBERS, AND ADDITION OF MAGISTRATES TO MULTIPLE COUNTIES

SECTION 16.5.(a) G.S. 7A-133(a), as amended by Section 16.26 of this act, reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County

…		
5	~~9~~10	Sampson Duplin Jones Onslow
…		
17	~~4~~5	Alamance
…		
34	~~4~~5	Alleghany Ashe Wilkes Yadkin
…		
43	~~6~~7	Cherokee Clay Graham Haywood Jackson Macon 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	~~2~~3	
…		
Martin	~~3~~4	
…		
Pitt	~~11.5~~13	Farmville Ayden
…		
Jones	~~2~~3	
…		
New Hanover	~~12~~14	
Pender	~~4.8~~5	
…		
Hertford	~~3~~4	
…		
Wake	~~23.5~~32	Apex, Wendell, Fuquay-Varina, Wake Forest
Harnett	~~8~~7	Dunn
…		
Cumberland	~~19~~20	
Bladen	~~3~~4	
…		
Durham	~~13~~18	
…		

Hoke	~~3~~4	
…		
Stokes	~~3~~4	
Surry	~~6~~5	Mt. Airy
Guilford	~~25.4~~32	High Point
Cabarrus	~~9~~10	Kannapolis
Montgomery	~~3~~4	
…		
Anson	~~3~~4	
…		
Forsyth	~~16~~20	Kernersville
Alexander	~~3~~4	
…		
Davie	~~3~~4	
…		
Alleghany	~~2~~3	
…		
Yadkin	~~3~~4	
…		
Mecklenburg	~~31.5~~38.5	
…		
Henderson	~~6.5~~7	
McDowell	~~3~~4	
…		
Transylvania	~~3~~4	
Cherokee	~~3~~4	
Clay	~~2~~3	
Graham	~~2~~3	
…		
Jackson	~~3~~4	
Macon	~~3~~4	

…."

SECTION 16.5.(c) G.S. 7A-133(c), as amended by subsection (b) of this section, 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
…		
Duplin	~~4~~5	
Jones	~~3~~4	
…		
Stanly	~~5~~6	
…		
Ashe	~~3~~4	

…."

SECTION 16.5.(d) G.S. 7A-133(c), as amended by subsections (b) and (c) of this section, 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
…		
Caswell	~~4~~5	
…		
Rockingham	~~7~~8	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	~~1~~2
…			
Fifth	38	Gaston	~~2~~3

…."

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.

SECTION 16.9.(b) Funds provided by this act to the North Carolina Legal Education Assistance Foundation (NC LEAF) shall not be used to provide assistance to attorneys working for Legal Aid of North Carolina, Inc.

SECTION 16.9.(c) Subsection (b) of this section becomes effective July 1, 2023. The remainder of this section is effective when it becomes law.

REPORTING REQUIREMENT FOR PISGAH LEGAL SERVICES

SECTION 16.10.(a) No later than February 1, 2025, and February 1, 2026, Pisgah Legal Services (Pisgah) 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 State funds utilized by Pisgah for its Veterans Law Project during the prior year.

(2) The number of individuals that received services from Pisgah as a part of its Veterans Law Project during the prior year.

(3) The types of services performed by Pisgah during the prior year as a part of its Veterans Law Project and the counties in which those services were performed.

SECTION 16.10.(b) This section is effective when it becomes law.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 16.12.(a) The Administrative Office of the Courts shall maintain and shall furnish upon request a remote work policy.

SECTION 16.12.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 16.12.(c) The Administrative Office of the Courts shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024, and March 1, 2025:

(1) The remote work policy currently in place for its employees.

(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.

(3) The total number of employees utilizing its remote work policy.

(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 16.12.(d) This section becomes effective October 1, 2023.

RAISE MANDATORY RETIREMENT AGE FOR APPELLATE JUDGES

SECTION 16.14.(a) Article 1B of Chapter 7A of the General Statutes is repealed.

SECTION 16.14.(b) G.S. 7A-5 reads as rewritten:

"**§ 7A-5. ~~Organization.~~Organization and age limit for service as justice or judge.**

(a) The appellate division of the General Court of Justice consists of the Supreme Court and the Court of Appeals.

(b) No justice or judge of the appellate division of the General Court of Justice may continue in office beyond the last day of the month in which the justice or judge attains 76 years of age, but justices and judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(c) G.S. 7A-39.3(a) reads as rewritten:

"(a) Justices of the Supreme Court and judges of the Court of Appeals who have not reached the mandatory retirement age specified in ~~G.S. 7A-4.20,~~ G.S. 7A-5(b), but who have retired under the provisions of G.S. 7A-39.2, or under the Uniform Judicial Retirement Act after

having completed 12 years of creditable service, may apply as provided in G.S. 7A-39.6 to become emergency justices or judges and upon being commissioned as an emergency justice or emergency judge shall be subject to temporary recall to active service in place of a justice or judge who is temporarily incapacitated as provided in G.S. 7A-39.5."

SECTION 16.14.(d) G.S. 7A-39.6 reads as rewritten:

"**§ 7A-39.6. Application to the Governor; commission as emergency justice or emergency judge.**

No retired justice of the Supreme Court or retired judge of the Court of Appeals may become an emergency justice or emergency judge except upon his written application to the Governor certifying his desire and ability to serve as an emergency justice or emergency judge. If the Governor is satisfied that the applicant qualifies under G.S. 7A-39.3(a) to become an emergency justice or emergency judge and that he is physically and mentally able to perform the official duties of an emergency justice or emergency judge, he shall issue to such applicant a commission as an emergency justice or emergency judge of the court from which he retired. The commission shall be effective upon the date of its issue and shall terminate when the judge to whom it is issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a).~~G.S. 7A-5(b)."

SECTION 16.14.(e) G.S. 7A-39.15(a) reads as rewritten:

"(a) A retired justice or judge of the Appellate Division of the General Court of Justice is eligible to be appointed as an emergency recall judge of the Court of Appeals ~~under~~ if the justice or judge meets each of the following ~~circumstances:~~requirements:

(1) The justice or judge has retired under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or is eligible to receive a retirement allowance under that ~~act;~~act.

(2) The justice or judge has not reached the mandatory retirement age specified in ~~G.S. 7A-4.20;~~G.S. 7A-5(b).

(3) The justice or judge has served a total of at least five years as a judge or justice of the General Court of Justice, provided that at least six months was served in the Appellate Division, whether or not otherwise eligible to serve as an emergency justice or judge of the Appellate Division of the General Court of ~~Justice;~~Justice.

(4) The judicial service of the justice or judge ended within the preceding 15 ~~years; and~~years.

(5) The justice or judge has applied to the Governor for appointment as an emergency recall judge of the Court of Appeals in the same manner as is provided for application in G.S. 7A-53. If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a judge of the Court of Appeals, the Governor shall issue a commission appointing the applicant as an emergency recall judge of the Court of Appeals until the applicant reaches the mandatory retirement age for judges of the Court of Appeals specified in ~~G.S. 7A-4.20.~~G.S. 7A-5(b).

Any former justice or judge of the Appellate Division of the General Court of Justice who otherwise meets the requirements of this section to be appointed an emergency recall judge of the Court of Appeals, but who has already reached the mandatory retirement age for judges of the Court of Appeals set forth in ~~G.S. 7A-4.20,~~ G.S. 7A-5(b), may apply to the Governor to be appointed as an emergency recall judge of the Court of Appeals as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency recall judge of the Court of Appeals as provided in this section."

SECTION 16.14.(f) Article 7 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-40.1. Age limit for service as superior court judge; exception.**

No superior court judge may continue in office beyond the last day of the month in which the superior court judge attains 72 years of age, but superior court judges so retired may be recalled for periods of temporary service as provided in this Subchapter."

SECTION 16.14.(g) G.S. 7A-45.2 reads as rewritten:

"**§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment, removal, and authority.**

(a) Any justice or judge of the appellate division of the General Court of Justice ~~who:~~that meets each of the following requirements may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53:

(1) Retires under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive a retirement allowance under that ~~act;~~act.

(2) Has not reached the mandatory retirement age specified in ~~G.S. 7A-4.20;~~G.S. 7A-5(b).

(3) Has served at least five years as a superior court judge or five years as a justice or judge of the appellate division of the General Court of Justice, or any combination thereof, whether or not eligible to serve as an emergency justice or judge of the appellate division of the General Court of ~~Justice; and~~Justice.

(4) Whose judicial service ended within the preceding 10 ~~years;~~years.

~~may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53.~~ If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a superior court judge, the Governor shall issue a commission appointing the applicant as an emergency special superior court judge until the applicant reaches the mandatory retirement age for superior court judges specified in ~~G.S. 7A-4.20.~~G.S. 7A-40.1.

(b) Any emergency special superior court judge appointed as provided in this section shall:

(1) Have the same powers and duties, when duly assigned to hold court, as provided for an emergency superior court judge by ~~G.S. 7A-48;~~G.S. 7A-48.

(2) Be subject to assignment in the same manner as provided for an emergency superior court judge by G.S. 7A-46 and ~~G.S. 7A-52(a);~~G.S. 7A-52(a).

(3) Receive the same compensation, expenses, and allowances, when assigned to hold court, as an emergency superior court judge as provided by ~~G.S. 7A-52(b);~~G.S. 7A-52(b).

(4) Be subject to the provisions and requirements of the Canons of Judicial ~~Conduct; and~~Conduct.

…

(c) Upon reaching mandatory retirement age for superior court judges as set forth in ~~G.S. 7A-4.20,~~ G.S. 7A-40.1, any emergency special superior court judge appointed pursuant to this section, whose commission has expired, may be recalled as a recalled emergency special superior court judge to preside over any regular or special session of the superior court ~~under~~ if each of the following ~~circumstances:~~requirements is satisfied:

(1) The judge shall consent to the ~~recall;~~recall.

(2) The Chief Justice may order the ~~recall;~~recall.

(3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled judge is capable of efficiently and promptly discharging the duties of the office to which ~~recalled;~~recalled.

(4) Jurisdiction of a recalled emergency special superior court judge is as set forth in ~~G.S. 7A-48;~~G.S. 7A-48.

(5) Orders of recall and assignment shall be in writing and entered upon the minutes of the court to which ~~assigned; and~~the judge is assigned.

…

(d) Any former justice or judge of the appellate division of the General Court of Justice who otherwise meets the requirements of subsection (a) of this section to be appointed an emergency special superior court judge but has already reached the mandatory retirement age for superior court judges set forth in ~~G.S. 7A-4.20~~ G.S. 7A-40.1 on retirement may, in lieu of serving as an emergency judge of the court from which he retired, apply to the Governor to be appointed as an emergency special superior court judge as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency special superior court judge as provided in subsection (c) of this section.

…."

SECTION 16.14.(h) G.S. 7A-52(a) reads as rewritten:

"(a) Judges of the district court and judges of the superior court who have not reached the mandatory retirement age specified in ~~G.S. 7A-4.20,~~ G.S. 7A-40.1 and G.S. 7A-140.1, respectively, but who have retired under the provisions of G.S. 7A-51, or under the Uniform Judicial Retirement Act after having completed five years of creditable service, may apply as provided in G.S. 7A-53 to become emergency judges of the court from which they retired. From the commissioned emergency district, superior, and special superior court judges, the Chief Justice of the Supreme Court shall create two lists of active emergency judges and two lists of inactive emergency judges. For emergency superior and special superior court judges, the active list shall be limited to a combined total of 10 emergency judges; all other emergency superior and special superior court judges shall be on an inactive list. For emergency district court judges, the active list shall be limited to 25 emergency judges; all other emergency district court judges shall be on an inactive list. There is no limit to the number of emergency judges on either inactive list. In the Chief Justice's discretion, emergency judges may be added or removed from their respective active and inactive lists, as long as the respective numerical limits on the active lists are observed. The Chief Justice is requested to consider geographical distribution in assigning emergency judges to an active list but may utilize any factor in determining which emergency judges are assigned to an active list. The Chief Justice of the Supreme Court may order any emergency district, superior, or special superior court judge on an active list who, in ~~his~~ the Chief Justice's opinion, is competent to perform the duties of a ~~judge,~~ judge and to hold regular or special sessions of the court from which the judge retired, as needed. Order of assignment shall be in writing and entered upon the minutes of the court to which ~~such~~ the emergency judge is assigned. An emergency judge shall only be assigned in the event of a:

…."

SECTION 16.14.(i) G.S. 7A-53 reads as rewritten:

"**§ 7A-53. Application to the Governor; commission as emergency judge.**

No retired judge of the district or superior court may become an emergency judge except upon ~~his~~ the judge's written application to the Governor certifying ~~his~~ the judge's desire and ability to serve as an emergency judge. If the Governor is satisfied that the applicant qualifies under G.S. 7A-52(a) to become an emergency judge and ~~that he~~ the applicant is physically and mentally able to perform the official duties of an emergency judge, ~~he~~ the Governor shall issue to ~~such~~ the applicant a commission as an emergency judge of the court from which ~~he~~ the applicant retired. The commission shall be effective upon the date of its issue and shall terminate when the judge to whom it is issued reaches the maximum age for judicial service under ~~G.S. 7A-4.20(a).~~G.S. 7A-40.1 or G.S. 7A-140.1, whichever is applicable."

SECTION 16.14.(j) Article 14 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-140.1. Age limit for service as district judge; exception.**

No district judge may continue in office beyond the last day of the month in which the district judge attains 72 years of age, but district judges so retired may be recalled for periods of temporary service as provided in Subchapter III of this Chapter."

SECTION 16.14.(k) G.S. 7A-170(b) reads as rewritten:

"(b) No magistrate may continue in office beyond the last day of the month in which the magistrate reaches the mandatory retirement age for ~~justices and~~ district judges ~~of the General Court of Justice~~ specified in ~~G.S. 7A-4.20.~~G.S. 7A-140.1."

SECTION 16.14.(*l*) G.S. 135-57(b) reads as rewritten:

"(b) Any member who is a justice or judge of the General Court of Justice shall be automatically retired as of the ~~first~~ last day of the calendar month ~~coinciding with or next following the later of January 1, 1974, or his attainment of his seventy-second birthday; provided, however, that no judge who is a member on January 1, 1974, shall be forced to retire under the provisions of this subsection at an earlier date than the last day that he is permitted to remain in office under the provisions of G.S. 7A-4.20.~~in which the justice or judge reaches the maximum age for judicial service under G.S. 7A-5(b), 7A-40.1, or 7A-140.1, whichever is applicable."

SECTION 16.14.(m) This section is effective when it becomes law and applies to justices, judges, and magistrates serving on or after that date, provided that nothing in this section shall be construed to automatically halt the retirement process of a justice, judge, or magistrate that has already initiated that process.

MODIFY MEMBERS AND REPORTING REQUIREMENTS OF THE SENTENCING AND POLICY ADVISORY COMMISSION AS RECOMMENDED BY THE SENTENCING AND POLICY ADVISORY COMMISSION

SECTION 16.16.(a) G.S. 164-37 reads as rewritten:

"**§ 164-37. Membership; chairman; meetings; quorum.**

The Commission shall consist of ~~28~~ 29 members as follows:

(1) The Chief Justice of the North Carolina Supreme Court shall appoint a sitting or former Justice or judge of the General Court of Justice, who shall serve as Chairman of the ~~Commission;~~Commission.

(2) The Chief Judge of the North Carolina Court of Appeals, or another judge on the Court of Appeals, serving as ~~his designee;~~the Chief Judge's designee.

(3) The Secretary of the Department of Adult Correction or ~~his designee;~~the Secretary's designee.

…

(5) The Chairman of the Post-Release Supervision and Parole Commission, or ~~his designee;~~the Chairman's designee.

(6) The President of the Conference of Superior Court Judges or ~~his designee;~~the President's designee.

(7) The President of the District Court Judges Association or ~~his designee;~~the President's designee.

(8) The President of the North Carolina Sheriff's Association or ~~his designee;~~the President's designee.

(9) The President of the North Carolina Association of Chiefs of Police or ~~his designee;~~the President's designee.

(10) One member of the public at large, who is not currently licensed to practice law in North Carolina, to be appointed by the ~~Governor;~~Governor.

(11) One member to be appointed by the Lieutenant ~~Governor;~~Governor.

(12) Three members of the House of Representatives, to be appointed by the Speaker of the ~~House;~~House.

(13) Three members of the Senate, to be appointed by the President Pro Tempore of the ~~Senate;~~Senate.

(14) The President Pro Tempore of the Senate shall appoint the representative of the North Carolina System of Community ~~Sentencing Association~~ Colleges who has knowledge of programs provided to offenders in the criminal justice system or to juveniles in the juvenile justice system that is recommended by the President of that ~~organization;~~organization.

(15) The Speaker of the House of Representatives shall appoint the member of the business community that is recommended by the President of the North Carolina Retail Merchants ~~Association;~~Association.

(16) The Chief Justice of the North Carolina Supreme Court shall appoint the criminal defense attorney that is recommended by the President of the North Carolina ~~Academy of Trial Lawyers;~~Advocates for Justice.

(17) The President of the Conference of District Attorneys or ~~his designee;~~the President's designee.

(18) The Lieutenant Governor shall appoint the member of the North Carolina Victim Assistance Network that is recommended by the President of that ~~organization;~~organization.

(19) A rehabilitated former prison inmate, to be appointed by the Chairman of the ~~Commission;~~Commission.

(20) The President of the North Carolina Association of County Commissioners or ~~his designee;~~the President's designee.

(21) The Governor shall appoint the member of the academic community, with a background in criminal justice or corrections policy, that is recommended by the President of The University of North ~~Carolina;~~Carolina.

(22) The Attorney General, or a member of ~~his~~ the Attorney General's staff, to be appointed by the Attorney ~~General;~~General.

…

(24) A ~~member of the Justice Fellowship Task Force, who is a resident of North Carolina,~~ citizen of this State who works in either the criminal justice system or the juvenile justice system, depending on the current work of the Sentencing and Policy Advisory Commission, to be appointed by the Chairman of the Sentencing and Policy Advisory Commission.

(25) The President of the ~~Association~~ North Carolina Conference of Clerks of Superior ~~Court of North Carolina,~~ Court, or ~~his designee.~~the President's designee.

…

(27) The Secretary of the Department of Public Safety or the Secretary's designee.

The Commission shall have its initial meeting no later than September 1, 1990, at the call of the Chairman. The Commission shall meet a minimum of four regular meetings each year. The Commission may also hold special meetings at the call of the Chairman, or by any four members of the Commission, upon such notice and in such manner as may be fixed by the rules of the Commission. A majority of the members of the Commission shall constitute a quorum."

SECTION 16.16.(b) G.S. 164-47 reads as rewritten:

"**§ 164-47. Biennial Report on Recidivism.**

The Judicial Department, through the North Carolina Sentencing and Policy Advisory ~~Commission, the Division of Prisons of the Department of Adult Correction, and the Division of Community Supervision and Reentry of~~ Commission and the Department of Adult ~~Correction~~ Correction, shall jointly conduct ongoing evaluations of community corrections programs and in-prison treatment programs and make a biennial report to the General Assembly. The report shall include composite measures of program effectiveness based on recidivism rates, other outcome measures, and costs of the programs.

During the 1998-99 fiscal year, the Sentencing and Policy Advisory Commission shall coordinate the collection of all data necessary to create an expanded database containing offender information on prior convictions, current conviction and sentence, program participation, and outcome measures. Each program to be evaluated shall assist the Commission in the development of systems and collection of data necessary to complete the evaluation process. The first evaluation report shall be presented to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by April 15, 2000, and future reports shall be made by April 15 of each even-numbered year."

SECTION 16.16.(c) G.S. 164-50 reads as rewritten:

"**§ 164-50. Annual report on implementation of Justice Reinvestment Project.**

The Judicial Department, through the North Carolina Sentencing and Policy Advisory ~~Commission,~~ Commission and the ~~Division~~ Department of ~~Prisons~~ Adult Correction, shall jointly conduct ongoing evaluations regarding the implementation of the Justice Reinvestment Act of 2011. The Commission shall present the first evaluation report to the Joint Legislative ~~Correction, Crime Control, and Juvenile Justice~~ Oversight Committee on Justice and Public Safety and to the Chairs of the Senate and House of Representatives Appropriations Subcommittees on Justice and Public Safety by ~~April 15, 2012, and future reports shall be made annually by~~ April 15 of each year."

CONSOLIDATE COURTS IN ROBESON COUNTY

SECTION 16.17. No later than January 1, 2025, Robeson County shall cease the use of satellite court locations.

CREATE NEW SPECIAL SUPERIOR COURT JUDGES

SECTION 16.19.(a) G.S. 7A-45.1 reads as rewritten:

"**§ 7A-45.1. Special judges.**

…

(a10) Except for the judgeships abolished pursuant to subsection (a8) of this section, and except as provided in subsection (a12) of this section, upon the retirement, resignation, removal from office, death, or expiration of the term of any special superior court judge on or after September 1, 2014, each judgeship shall be filled for a full ~~five-year~~ eight-year term beginning upon the judge's taking office according to the following procedure prescribed by the General Assembly pursuant to Article IV, Section 9(1) of the North Carolina Constitution. As each judgeship becomes vacant or the term expires, the Governor shall submit the name of a nominee for that judgeship to the General Assembly for confirmation by ratified joint resolution. Upon each such confirmation, the Governor shall appoint the confirmed nominee to that judgeship.

However, upon the failure of the Governor to submit the name of a nominee within 90 days of the occurrence of the vacancy or within 90 days of the expiration of the judge's term, as applicable, the President Pro Tempore of the Senate and the Speaker of the House of Representatives jointly shall submit the name of a nominee to the General Assembly. The appointment shall then be made by enactment of a bill. The bill shall state the name of the person being appointed, the office to which the appointment is being made, and the county of residence of the appointee.

The Governor may withdraw any nomination prior to it failing on any reading, and in case of such withdrawal the Governor shall submit a different nomination within 45 days of withdrawal. If a nomination shall fail any reading, the Governor shall submit a different nomination within 45 days of such failure. In either case of failure to submit a new nomination within 45 days, the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall submit the name of a nominee to the General Assembly under the procedure provided in the preceding paragraph.

No person shall occupy a special superior court judgeship authorized under this subsection in any capacity, or have any right to, claim upon, or powers of those judgeships, unless that person's nomination has been confirmed by the General Assembly by joint resolution or appointed through the enactment of a bill upon the failure of the Governor to submit a nominee. Until confirmed by the General Assembly and appointed by the Governor, or appointed by the General Assembly upon the failure of the Governor to appoint a nominee, and qualified by taking the oath of office, a nominee is neither a de jure nor a de facto officer.

…

(a12) In addition to any other special superior court judges authorized by law, effective January 1, 2024, the General Assembly may appoint by enactment of a bill 10 special superior court judges to serve terms expiring at the earlier of (i) eight years from the date that each judge takes office or (ii) the date of the judge's death, retirement, resignation, or removal from office. A bill appointing a special superior court judge under this subsection shall state the name of the person being appointed, the office to which the appointment is being made, and the judicial division of residence of the appointee. Five of these judges shall be nominated by the Speaker of the House of Representatives, one residing in each of the five judicial divisions listed under G.S. 7A-41, and five shall be nominated by the President Pro Tempore of the Senate, one residing in each of the five judicial divisions listed under G.S. 7A-41.

Upon the natural expiration of the term of a special superior court judge appointed pursuant to this subsection, or upon the expiration of a term due to a judge's death, retirement, resignation, or removal from office, a successor shall be appointed to a new term in the same manner and for the same length as other judges appointed pursuant to this subsection. The legislative officer who nominated the special superior court judge whose term has ended shall nominate the new special superior court judge.

A special superior court judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district.

(b) A special judge is subject to removal from office for the same causes and in the same manner as a regular judge of the superior court, and a vacancy occurring in the office of special ~~judge~~ judge, except as provided for in subsection (a12) of this section, is filled by the Governor by appointment for the unexpired term.

…."

SECTION 16.19.(b) Notwithstanding any other provision of law to the contrary, special superior court judgeships in place as of April 1, 2023, whether filled or vacant, shall be extended to an eight-year term. This subsection shall apply to all special superior court judges currently filling these judgeships, whether serving an appointment for a full term or serving the remainder of an unexpired term, in which case the unexpired term shall be similarly extended to be an eight-year term.

MODIFY JUDICIAL STANDARDS COMMISSION MEMBERSHIP

SECTION 16.20.(a) G.S. 7A-375(a) reads as rewritten:

"(a) Composition. – The Judicial Standards Commission shall consist of the following residents of North Carolina: ~~two~~

(1) Two Court of Appeals ~~judges, two~~ judges, each appointed by the Chief Justice of the Supreme Court.

(2) Two superior court ~~judges, and two~~ judges, each appointed by the Chief Justice of the Supreme Court.

(3) Two district court judges, each appointed by the Chief Justice of the Supreme ~~Court; four members of the State Bar who have actively practiced in the courts of the State for at least 10 years, elected by the State Bar Council; and four~~ Court.

(4) Four judges appointed by the General Assembly in accordance with G.S. 120-121, selected as follows:
a. One district court judge recommended by the President Pro Tempore of the Senate.
b. One district court judge recommended by the Speaker of the House of Representatives.
c. One superior court judge recommended by the President Pro Tempore of the Senate.
d. One superior court judge recommended by the Speaker of the House of Representatives.

(5) Four citizens who are not judges, active or retired, ~~nor members of the State Bar,~~ two appointed by the Governor, and two appointed by the General Assembly in accordance with G.S. 120-121, one upon recommendation of the President Pro Tempore of the Senate and one upon recommendation of the Speaker of the House of Representatives.

The General Assembly shall also appoint alternate Commission members for the Commission members the General Assembly has appointed to serve in the event of scheduling conflicts, conflicts of interest, disability, or other disqualification arising in a particular case. The alternate members shall have the same qualifications for appointment as the original members."

SECTION 16.20.(b) This section is effective when it becomes law and shall result in the immediate conclusion of the terms of each of the four members of the Judicial Standards Commission previously elected by the State Bar Council. These four seats on the Judicial Standards Commission shall then be filled for new terms by the General Assembly pursuant to G.S. 7A-375(a), as amended by subsection (a) of this section.

The amendment in subsection (a) of this section to the qualifications for citizens appointed to the Judicial Standards Commission pursuant to G.S. 7A-375(a)(5) shall apply to all future appointments made pursuant to that subdivision.

FACILITATE DETERMINATIONS REGARDING FACIAL CHALLENGES TO THE VALIDITY OF AN ACT OF THE GENERAL ASSEMBLY AND MODIFY THE PROVISIONS REGARDING APPEALS OF RIGHT TO THE NORTH CAROLINA SUPREME COURT

SECTION 16.21.(a) G.S. 1-267.1 reads as rewritten:

"Article 26A.

"Three-Judge Panel for Redistricting Challenges and for Certain Challenges to State Laws.

"**§ 1-267.1. Three-judge panel for actions challenging plans apportioning or redistricting State legislative or congressional districts; claims challenging the facial validity of an act of the General Assembly.**

(a) Any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts shall be filed in the Superior Court of Wake ~~County and~~ County. Any action that is a facial challenge to the validity of an act of the General Assembly shall be, unless filed in the Superior Court of Wake County, transferred pursuant to G.S. 1A-1, Rule 42(b)(4), to the Superior Court of Wake County.

All actions referenced in this subsection shall be heard and determined by a three-judge panel of the Superior Court of Wake County organized as provided by subsection ~~(b)~~ (b2) of this section.

~~(a1) Except as otherwise provided in subsection (a) of this section, any facial challenge to the validity of an act of the General Assembly shall be transferred pursuant to G.S. 1A-1, Rule 42(b)(4), to the Superior Court of Wake County and shall be heard and determined by a three-judge panel of the Superior Court of Wake County, organized as provided by subsection (b2) of this section.~~

~~(b) Whenever any person files in the Superior Court of Wake County any action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts, a copy of the complaint shall be served upon the senior resident superior court judge of Wake County, who shall be the presiding judge of the three-judge panel required by subsection (a) of this section. Upon receipt of that complaint, the senior resident superior court judge of Wake County shall notify the Chief Justice, who shall appoint two additional resident superior court judges to the three-judge panel of the Superior Court of Wake County to hear and determine the action. Before making those appointments, the Chief Justice shall consult with the North Carolina Conference of Superior Court Judges, which shall provide the Chief Justice with a list of recommended appointments. To ensure that members of the three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to the three-judge panel one resident superior court judge from the First through Third Judicial Divisions and one resident superior court judge from the Fourth through Fifth Judicial Divisions. In order to ensure fairness, to avoid the appearance of impropriety, and to avoid political bias, no member of the panel, including the senior resident superior court judge of Wake County, may be a former member of the General Assembly. Should the senior resident superior court judge of Wake County be disqualified or otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint another resident superior court judge of Wake County as the presiding judge of the three-judge panel. Should any other member of the three-judge panel be disqualified or otherwise unable to serve on the three-judge panel, the Chief Justice shall appoint as a replacement another resident superior court judge from the same group of judicial divisions as the resident superior court judge being replaced.~~

~~(b1) Any facial challenge to the validity of an act of the General Assembly filed in the Superior Court of Wake County, other than a challenge to plans apportioning or redistricting State legislative or congressional districts that shall be heard pursuant to subsection (b) of this section, or any claim transferred to the Superior Court of Wake County pursuant to subsection (a1) of this section, shall be assigned by the senior resident Superior Court Judge of Wake County to a three-judge panel established pursuant to subsection (b2) of this section.~~

(b2) For each challenge ~~to the validity of statutes and acts subject to subsection (a1)~~ referenced in subsection (a) of this section, the Chief Justice of the Supreme Court shall appoint three ~~resident~~ superior court judges to a three-judge panel of the Superior Court of Wake County to hear the challenge. The Chief Justice shall appoint a presiding judge of each three-judge panel. ~~To ensure that members of each three-judge panel are drawn from different regions of the State, the Chief Justice shall appoint to each three-judge panel one resident superior court judge from the First or Second Judicial Division, one resident superior court judge from the Third or Fourth Judicial Division, and one resident superior court judge from the Fifth Judicial Division.~~ Should any member of a three-judge panel be disqualified or otherwise unable to serve on the three-judge panel or be removed from the panel at the discretion of the Chief Justice, the Chief Justice shall appoint as a replacement another ~~resident~~ superior court ~~judge from the same group of judicial divisions as the resident superior court judge being replaced.~~judge. No member of the panel on an action challenging the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts may be a former member of the General Assembly.

(c) No order or judgment shall be entered affecting the validity of any act of the General Assembly that apportions or redistricts State legislative or congressional districts, or finds that an act of the General Assembly is facially invalid on the basis that the act violates the North Carolina Constitution or federal law, except by a three-judge panel of the Superior Court of Wake County organized as provided by subsection ~~(b) or subsection~~ (b2) of this section. In the event of disagreement among the three ~~resident~~ superior court judges comprising a three-judge panel, then the opinion of the majority shall prevail.

(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

proceedings making a collateral attack on any judgment entered in a criminal proceeding, or to civil proceedings filed by a taxpayer pursuant to G.S. 105-241.17.

(e) For the purposes of this section, the position of superior court judge shall include regular, special, and emergency superior court judges."

SECTION 16.21.(b) G.S. 1A-1, Rule 42 of the North Carolina Rules of Civil Procedure reads as rewritten:

"**Rule 42. Consolidation; separate trials.**

(a) Consolidation. – Except as provided in subdivision (b)(2) of this section, when actions involving a common question of law or fact are pending in one division of the court, the judge may order a joint hearing or trial of any or all the matters in issue in the actions; ~~he~~ the judge may order all the actions consolidated; and ~~he~~ the judge may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay. When actions involving a common question of law or fact are pending in both the superior and the district court of the same county, a judge of the superior court in which the action is pending may order all the actions consolidated, and ~~he~~ the judge may make such orders concerning proceedings therein as may tend to avoid unnecessary costs or delay.

(b) Separate trials. –

…

(4) Pursuant to G.S. 1-267.1, any facial challenge to the validity of an act of the General Assembly, other than a challenge to plans apportioning or redistricting State legislative or congressional districts, shall be heard by a three-judge panel in the Superior Court of Wake County if a claimant raises such a challenge in the claimant's complaint or amended complaint in any court in this State, or if such a challenge is raised by the defendant in the defendant's answer, responsive pleading, or within 30 days of filing the defendant's answer or responsive pleading. In that event, the court shall, on its own ~~motion,~~ motion or the motion of a party, transfer that portion of the action challenging the validity of the act of the General Assembly to the Superior Court of Wake County for resolution by a ~~three-judge~~ three-judge panel if, after all other matters in the action have been resolved, a determination as to the facial validity of an act of the General Assembly must be made in order to completely resolve any matters in the case. The court in which the action originated shall maintain jurisdiction over all matters other than the challenge to the act's facial validity. For a motion filed under Rule 11 or Rule 12(b)(1) through (7), the original court shall rule on the motion, however, it may decline to rule on a motion that is based solely upon Rule 12(b)(6). If the original court declines to rule on a Rule 12(b)(6) motion, the motion shall be decided by the three-judge panel. The original court shall stay all matters that are contingent upon the outcome of the challenge to the act's facial validity pending a ruling on that challenge and until all appeal rights are exhausted. Once the three-judge panel has ruled and all appeal rights have been exhausted, the matter shall be transferred or remanded to the three-judge panel or the trial court in which the action originated for resolution of any outstanding matters, as appropriate."

SECTION 16.21.(c) G.S. 7A-27(b) reads as rewritten:

"(b) Except as provided in subsection (a) of this section, appeal lies of right directly to the Court of Appeals in any of the following cases:

…

(3) From any interlocutory order or judgment of a superior court or district court in a civil action or proceeding that does any of the following:

…

g. Denies, upon the court's own motion or the motion of a party, the transfer of an action or proceeding pursuant to Rule 42(b)(4) of the North Carolina Rules of Civil Procedure.

…."

SECTION 16.21.(d) G.S. 7A-30 reads as rewritten:

"**§ 7A-30. Appeals of right from certain decisions of the Court of Appeals.**

Except as provided in G.S. 7A-28, an appeal lies of right to the Supreme Court from any decision of the Court of Appeals rendered in a case:

(1) Which directly involves a substantial question arising under the Constitution of the United States or of this ~~State, or~~State.

~~(2) In which there is a dissent when the Court of Appeals is sitting in a panel of three judges. An appeal of right pursuant to this subdivision is not effective until after the Court of Appeals sitting en banc has rendered a decision in the case, if the Court of Appeals hears the case en banc, or until after the time for filing a motion for rehearing of the cause by the Court of Appeals has expired or the Court of Appeals has denied the motion for rehearing.~~"

SECTION 16.21.(e) Subsection (d) of this section is effective when it becomes law and applies to appellate cases filed with the Court of Appeals on or after that date. The remainder of this section is effective when it becomes law and applies to civil actions pending or filed on or after that date.

INCLUDE DOLLAR AMOUNTS ON COURT COST WAIVER REPORT

SECTION 16.22.(a) G.S. 7A-350 reads as rewritten:

"**§ 7A-350. Annual report on criminal court cost waivers.**

The Administrative Office of the Courts shall maintain records of all cases in which a judge makes a finding of just cause to grant a waiver of criminal court costs under G.S. 7A-304(a) and shall report on those ~~waivers~~ waivers, including an exact or best estimate of the dollar amount of each waiver, to the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety and the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety by February 1 of each year. The report shall aggregate the waivers by the district in which the waiver or waivers were granted and by the name of each judge granting a waiver or waivers."

SECTION 16.22.(b) This section becomes effective January 1, 2024, and applies to waivers granted on or after that date.

COMPETITIVE GRANTS FOR NONPROFIT ORGANIZATIONS PROVIDING SERVICES TO VICTIMS OF HUMAN TRAFFICKING

SECTION 16.23.(a) Article 29 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"**§ 7A-354.1. Human Trafficking Commission Competitive Grant Program.**

(a) Established. – The Human Trafficking Commission shall develop and implement the Human Trafficking Commission Competitive Grant Program.

(b) Criteria. – The following criteria shall apply to the Grant Program:

(1) Grant applicants shall satisfy all of the following:

a. Be a nonprofit corporation.

b. Provide direct services to victims of human trafficking, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.

c. Be ineligible for a grant under the provisions of G.S. 50B-9 and G.S. 143B-394.21.

d. Submit a detailed proposal of its human trafficking service program which shall, at a minimum, include each of the following:
1. A description of the geographic area the organization serves and the needs of victims of human trafficking in that area.
2. A plan to address the needs of victims, including the goals and objectives of each proposed initiative.
3. The timeline for implementing each proposed initiative to achieve the desired objective and the names of any partners with whom the organization will be working and the role of those partners in the proposed initiative.
4. A list of the specific services each proposed initiative will deliver, which may include case management, client safety, client well-being, and other services, including health, transportation, housing, education, and employment assistance.
5. The anticipated planning and administrative costs for each proposed initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.
6. A description of the organization's capacity to implement its plan to address the needs of victims, including the organization's staffing level, systems, partnerships, existing funding, and existing programs.
7. Any additional information deemed appropriate by the Commission.

(2) The Commission shall coordinate outreach efforts with the North Carolina Council for Women and Youth Involvement (Council), State agencies, and local partners to make information regarding the grant funds available to eligible organizations within two weeks after this section becomes law.

(3) The Commission shall, upon receipt of all applications by the deadlines set by the Commission, expeditiously award and disburse grant funds.

(4) Grant recipients shall comply with all reporting requirements in G.S. 143C-6-23 and the contract between the recipient and the Commission.

(c) Grant Maximum. – The Commission shall set the maximum amount of each grant based upon the availability of funds, provided that no grantee shall receive more than fifty thousand dollars ($50,000) in grant funds in each State fiscal year.

(d) Grantee Reporting. – No later than February 1 of each year following a year in which a grantee received funds pursuant to the Grant Program created under this section, each grantee shall submit a report to the Commission that includes all of the following:

(1) Progress on the development and implementation of each of its program initiatives.

(2) Progress on meeting goals and objectives for each program initiative.

(3) The number of human trafficking victims assisted through each program initiative.

(4) A description and explanation of any delays in implementation of program initiatives.

(5) A description and explanation of any changes in the proposal submitted pursuant to sub-subdivision d. of subdivision (1) of subsection (b) of this section.

(6) Planning and administrative costs to date for each program initiative, sorted by type, including staffing, fixed costs, contracts, and information technology.

(7) Any additional information required by the Commission.

The Commission shall post on its website the reports required by this subsection.

(e) Commission Reporting. – No later than April 1 of each year, the Commission shall submit a report on the grants awarded in the previous year to the Senate Appropriations Committee on Justice and Public Safety, the House of Representatives Appropriations Committee on Justice and Public Safety, the Joint Legislative Oversight Committee on Justice and Public Safety, and the Fiscal Research Division. The report shall contain all of the following:

(1) The number of applications received.

(2) The number of grants awarded.

(3) The names and locations of the grant recipients.

(4) The amount of each grant awarded.

(5) A description of the human trafficking initiatives funded by each grant awarded under this section, including the geographic area in which services were provided.

(6) The total number of victims of human trafficking that were served, to date, by each recipient receiving a grant under this section."

SECTION 16.23.(b) The funds appropriated in this act to the Administrative Office of the Courts, Human Trafficking Commission (Commission), to create a human trafficking competitive grant program shall be used to develop and implement the Human Trafficking Commission Competitive Grant Program created in subsection (a) of this section. The Commission may use up to eighty-eight thousand dollars ($88,000) of these funds in each fiscal year of the 2023-2025 fiscal biennium to establish one time-limited position to administer the grant program.

NUMERICALLY REALIGN SUPERIOR, DISTRICT COURT, AND PUBLIC DEFENDER DISTRICTS WITH PROSECUTORIAL DISTRICTS

SECTION 16.26.(a) G.S. 7A-41 reads as rewritten:

"**§ 7A-41. Superior court divisions and districts; judges.**

(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
…			
First	~~3A~~3	Pitt	2
Second	~~3B~~4	Carteret, Craven, Pamlico	3
Second	~~4~~5	Duplin, Jones, Onslow, Sampson	2
Second	~~5A~~6A	(part of New Hanover, Pender see subsection (b))	1 5
Second	~~5B~~6B	(part of New Hanover, see subsection (b))	1
Second	~~5C~~6C	(part of New Hanover, see subsection (b))	1
First	~~6A~~7A	Halifax	1
First	~~6B~~7B	Bertie, Hertford, Northampton	1

First	~~7A~~8A	Nash	1
First	~~7B~~8B	(part of Wilson, part of Edgecombe, see subsection (b))	1
First	~~7C~~8C	(part of Wilson, part of Edgecombe, see subsection (b))	1
Second	~~8A~~9A	Lenoir and Greene	1
Second	~~8B~~9B	Wayne	1
First	~~9~~11	Franklin, Granville, Person, Vance, Warren	2
…			
Third	~~11A~~12	Harnett, Lee	1
Third	~~11B~~13	Johnston	2
Third	~~12A~~14A	(part of Cumberland, see subsection (b))	1
Third	~~12B~~14B	(part of Cumberland, see subsection (b))	1
Third	~~12C~~14C	(part of Cumberland, see subsection (b))	2
Second	~~13A~~15A	Bladen, Columbus	1
Second	~~13B~~15B	Brunswick	1
First	~~14A~~16A	(part of Durham, see subsection (b))	1
First	~~14B~~16B	(part of Durham, see subsection (b))	3
Third	~~15A~~17	Alamance	2
Fourth	~~15B~~18	Orange, Chatham	2
Third	~~16A~~21	Anson, Richmond, Scotland	2
Second	~~16B~~20	Robeson	2
Fourth	~~17A~~22	Caswell, Rockingham	2
Fourth	~~17B~~23	Stokes, Surry	1
Fourth	~~18A~~24A	(part of Guilford, see subsection (b))	1
Fourth	~~18B~~24B	(part of Guilford, see subsection (b))	1
Fourth	~~18C~~24C	(part of Guilford, see subsection (b))	1
Fourth	~~18D~~24D	(part of Guilford, see subsection (b))	1
Fourth	~~18E~~24E	(part of Guilford, see subsection (b))	1
Fourth	~~19A~~25	Cabarrus	1
Third	~~19B~~37	Randolph	2
Fourth	~~19C~~27	Rowan	1
Third	~~19D~~29	Hoke, Moore	2
Third	~~20A~~28	Montgomery, Stanly	2
Third	~~20B~~30	Union	2
Fourth	~~21A~~31A	(part of Forsyth,	2

		see subsection (b))	
Fourth	~~21B~~31B	(part of Forsyth, see subsection (b))	1
Fourth	~~21C~~31C	(part of Forsyth, see subsection (b))	1
Fourth	~~21D~~31D	(part of Forsyth, see subsection (b))	1
Fourth	~~22A~~32	Alexander, Iredell	2
Fourth	~~22B~~33	Davidson, Davie	2
Fourth	~~23~~34	Alleghany, Ashe, Wilkes, Yadkin	1
Fifth	~~24~~35	Avery, Madison, Mitchell, Watauga, Yancey	2
Fifth	~~25A~~36	Burke, Caldwell	2
Fifth	~~25B~~19	Catawba	2
…			
Fifth	26D	(part of Mecklenburg, see subsection (b))	1
Fifth	26E	(part of Mecklenburg, see subsection (b))	1
Fifth	26F	(part of Mecklenburg, see subsection (b))	1
Fifth	26G	(part of Mecklenburg, see subsection (b))	1
Fifth	26H	(part of Mecklenburg, see subsection (b))	1
Fifth	~~27A~~38	Gaston	2
Fifth	~~27B~~39	Cleveland, Lincoln	2
Fifth	~~28~~40	Buncombe	2
Fifth	~~29A~~41	McDowell, Rutherford	1
Fifth	~~29B~~42	Henderson, Polk, Transylvania	1
Fifth	~~30A~~43A	Cherokee, Clay, Graham, Macon, Swain	1
Fifth	~~30B~~43B	Haywood, Jackson	1.

(b) For superior court districts of less than a whole county, or with part of one county with part of another, the composition of the district and the number of judges is as follows:

(1) District ~~5A:~~ 6A: New Hanover County: VTD CF01, VTD CF02, VTD CF03, VTD H01, VTD W25, VTD W27; Pender County. It has one judge.

(2) District ~~5B:~~ 6B: New Hanover County: VTD H02, VTD H03, VTD H04, VTD H05, VTD H06, VTD H07, VTD H08, VTD H09, VTD M02, VTD M05, …

(3) District ~~5C:~~ 6C: New Hanover County: VTD FP01, VTD FP02, VTD FP03, …

(4) District ~~7B:~~ 8B: Edgecombe County: VTD: 1101: Block(s) 0650213001035; …

(5) District ~~7C:~~ 8C: Edgecombe County: VTD: 0101, VTD: 0102, VTD: 0103, …

(12) District ~~12A:~~ 14A: Cumberland County: VTD: AH49, VTD: CC18: Block(s) …

(13) District ~~12B:~~ 14B: Cumberland County: VTD: CC01, VTD: CC03, VTD: …
(14) District ~~12C:~~ 14C: Cumberland County: VTD: AL51, VTD: CC04, VTD: …
(15) District ~~14A:~~ 16A: Durham County: VTD: 09, VTD: 12, VTD: 13, VTD: 14, …
(16) District ~~14B:~~ 16B: Durham County: VTD: 01, VTD: 02, VTD: 03, VTD: 04, …
(17) District ~~18A:~~ 24A: Guilford County: VTD: FEN1, VTD: FEN2, VTD: G04, …
(18) District ~~18B:~~ 24B: Guilford County: VTD: H01, VTD: H02, VTD: H03, VTD: …
(19) District ~~18C:~~ 24C: Guilford County: VTD: CG1, VTD: CG2, VTD: CG3A, …
(20) District ~~18D:~~ 24D: Guilford County: VTD: G01, VTD: G11, VTD: G12, …
(21) District ~~18E:~~ 24E: Guilford County: VTD: G02, VTD: G03, VTD: G07, VTD: …
(22) District ~~21A:~~ 31A: Forsyth County: VTD: 051, VTD: 052, VTD: 053, VTD: …
(23) District ~~21B:~~ 31B: Forsyth County: VTD: 042, VTD: 043, VTD: 501, VTD: …
(24) District ~~21C:~~ 31C: Forsyth County: VTD: 011, VTD: 012, VTD: 013, VTD: …
(25) District ~~21D:~~ 31D: Forsyth County: VTD: 081, VTD: 082, VTD: 083, VTD: …

(b1) The qualified voters of ~~District 4~~ District 5 shall elect all judges established for ~~District 4~~ District 5 in subsection (a) of this section, but only persons who reside in Onslow County may be candidates for one of the judgeships and only persons who reside in Duplin, Jones, or Sampson County may be candidates for the remaining judgeship.

…."

SECTION 16.26.(b) G.S. 7A-133 reads as rewritten:

"**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
…		
~~3A~~3	6	Pitt
~~3B~~4	6	Craven Pamlico Carteret
~~4~~5	9	Sampson Duplin Jones Onslow
~~5~~6	9	New Hanover Pender
~~6~~7	4	Northampton Bertie Hertford Halifax
~~7~~8	7	Nash

		Edgecombe Wilson
~~8~~9	6	Wayne Greene Lenoir
~~9~~11A	5	Granville (part of Vance see subsection (b)) Franklin Person
~~9B~~11B	2	Warren (part of Vance see subsection (b))
…		
~~11~~12	11	Harnett Johnston Lee
~~12~~14	10	Cumberland
~~13~~15	7	Bladen Brunswick Columbus
~~14~~16	7	Durham
~~15A~~17	4	Alamance
~~15B~~18	5	Orange Chatham
~~16A~~21	4	Scotland Anson Richmond
~~16B~~20	6	Robeson
~~17A~~22	4	Caswell Rockingham
~~17B~~23	4	Stokes Surry
~~18~~24	14	Guilford
~~19A~~25	6	Cabarrus
~~19B~~37	5	Randolph
~~19C~~27	5	Rowan
~~19D~~29	5	Hoke, Moore
~~20A~~28	3	Montgomery, Stanly
~~20B~~30A	1	(part of Union see subsection (b))
~~20C~~30B	2	(part of Union see subsection (b))
~~20D~~30C	2	Union
~~21~~31	11	Forsyth
~~22A~~32	6	Alexander Iredell
~~22B~~33	6	Davidson Davie

~~23~~34	4	Alleghany Ashe Wilkes Yadkin
~~24~~35	4	Avery Madison Mitchell Watauga Yancey
~~25~~36	10	Burke Caldwell Catawba
…		
~~27A~~38	7	Gaston
~~27B~~39	6	Cleveland Lincoln
~~28~~40	7	Buncombe
~~29A~~41	4	McDowell Rutherford
~~29B~~42	5	Henderson Polk Transylvania
~~30~~43	6	Cherokee Clay Graham Haywood Jackson Macon 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

3015, Block 3016, Block 3017, Block 3018, Block 3019, Block 3020, Block 3021, Block 3022, Block 3023, Block 3024, Block 3025, Block 3026, Block 3027, Block 3028, Block 3029, Block 3030, Block 3031, Block 3032, Block 3033, Block 3034, Block 3035, Block 3036, Block 3037, Block 3038, Block 3039, Block 3040, Block 3041, Block 3042, Block 3043, Block 3044, Block 3045, Block 3046, Block 3047; Block Group 4: Block 4035, Block 4054, Block 4055; Precinct 02: Tract 205: Block Group 1: Block 1000, Block 1001, Block 1002, Block 1003, Block 1004, Block 1005, Block 1006, Block 1007, Block 1009, Block 1010, Block 1011, Block 1012, Block 1013, Block 1014, Block 1015, Block 1016, Block 1017, Block 1018, Block 1019, Block 1020, Block 1021, Block 1022, Block 1023, Block 1037, Block 1038; Block Group 2: Block 2081, Block 2082, Block 2092, Block 2099, Block 2100, Block 2101, Block 2102; Tract 206: Block Group 3: Block 3036, Block 3038, Block 3039, Block 3040, Block 3048; Block Group 4: Block 4053; Precinct 03, Precinct 04, Precinct 06: Tract 202.02: Block Group 1: Block 1012, Block 1013, Block 1014, Block 1015, Block 1017, Block 1018, Block 1021, Block 1022, Block 1023; Tract 204.01: Block Group 2: Block 2000, Block 2001, Block 2002, Block 2003, Block 2004, Block 2005, Block 2033, Block 2034, Block 2035, Block 2036, Block 2041, Block 2042, Block 2043, Block 2044, Block 2045, Block 2056, Block 2063, Block 2999; Precinct 08, Precinct 09, Precinct 10, Precinct 13, Precinct 23: Tract 206: Block Group 4: Block 4051; Precinct 25: Tract 206: Block Group 4: Block 4036; Precinct 34, Precinct 36, Precinct 43 of Union County.

…

The names and boundaries of voting tabulation districts specified for Wake County, and Vance County in this section are as shown on the 2010 Census Redistricting TIGER/Line Shapefiles. Precinct boundaries for Union County are those shown on the Legislative Services Office's redistricting computer database on January 1, 2005; and for other counties are those reported by the United States Bureau of the Census under Public Law 94-171 for the 1990 Census in the IVTD Version of the TIGER files.

(b1) The qualified voters of District Court ~~District 11~~ District 12 shall elect all eight judges established for the District in subsection (a) of this section, but only persons who reside in Johnston County may be candidates for five of the judgeships, only persons who reside in Harnett County may be candidates for two of the judgeships, and only persons who reside in Lee County may be candidates for the remaining judgeship.

(b2) The qualified voters of District Court District ~~13~~ 15 shall elect all seven judges established for the District in subsection (a) of this section, but only persons who reside in Bladen County may be candidates for one of those judgeships, only persons who reside in Columbus County may be candidates for two of those judgeships, and only persons who reside in Brunswick County may be candidates for four of those judgeships. These district court judgeships shall be numbered and assigned for residency purposes as follows:

…

(b3) The qualified voters of District Court ~~District 22A~~ District 32 shall elect all five judges established for the District in subsection (a) of this section, but only persons who reside in Alexander County may be candidates for two of the judgeships, and only persons who reside in Iredell County may be candidates for three of the judgeships.

(b4) The qualified voters of District Court ~~District 22B~~ District 33 shall elect all six judges established for the District in subsection (a) of this section, but only persons who reside in Davie County may be candidates for two of the judgeships, and only persons who reside in Davidson County may be candidates for four of the judgeships.

(b5) The qualified voters of ~~District 16A~~ District 21 shall elect all judges established for ~~District 16A~~ District 21 in subsection (a) of this section, but only persons who reside in Anson County may be candidates for one of the judgeships, only persons who reside in Scotland County may be candidates for one of the judgeships, and only persons who reside in Richmond County may be candidates for the remaining judgeships. In order to implement this section the following shall apply in order to transition from at large seats to residency requirements:

…

(b6) The qualified voters of ~~District 20A~~ District 28 shall elect all judges established for ~~District 20A~~ District 28 in subsection (a) of this section, but only persons who reside in Montgomery County may be candidates for one of the judgeships, and only persons who reside in Montgomery or Stanly County may be candidates for the remaining judgeships.

(b7) Subject to the provisions of this subsection, the qualified voters of ~~District 25~~ District 36 shall elect all judges established for ~~District 25~~ District 36 in subsection (a) of this section, but only persons who reside in Catawba County may be candidates for five of the judgeships, and only persons who reside in Burke or Caldwell County may be candidates for the remaining judgeships. In order to implement this section the following shall apply in order to transition from at large seats to residency requirements:

…

(2) Transition of seats; vacancies. – Upon each of the first three district court judgeship vacancies occurring in District Court ~~District 25~~ District 36 after July 1, 2018, due to death, resignation, removal, or retirement of a person who is a resident of Catawba County holding a judgeship on July 1, 2018, that vacancy shall be filled according to law for the remainder of the unfilled term. At the next general election held for that district court judgeship, only persons who reside in Burke or Caldwell County may be candidates for that district court judgeship. Any primary associated with that general election for that district court judgeship after the completion of the term shall also be held accordingly, in accordance with this subsection.

(3) Notification to State Board. – Upon each of the first three district court judgeship vacancies occurring after July 1, 2018, in District Court ~~District 25~~ District 36 due to the death, resignation, removal, or retirement of a person who is a resident of Catawba County holding a judgeship on July 1, 2018, the Director of the Administrative Office of the Courts shall provide written notice of the vacancy to the State Board of Elections and Ethics Enforcement. During the filing period for that district court judgeship at the next general election held for that district court judgeship, the State Board of Elections and Ethics Enforcement shall ensure that only persons who reside in Burke or Caldwell County may file as candidates for that district court judgeship in accordance [with] this subsection.

…

(b8) The qualified voters of District Court District ~~19D~~ 29 shall elect all judges established for District ~~19D~~ 29 in subsection (a) of this section, but only persons who reside in Hoke County may be candidates for one of the judgeships, and only persons who reside in Hoke or Moore County may be candidates for the remaining judgeships.

…."

SECTION 16.26.(c) G.S. 7A-133, as amended by subsection (b) of this section, reads as rewritten:

"**§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
…		
~~30A~~		
~~30B~~		
~~30C 20B~~30	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
…		
19	Catawba	10
…		
~~44~~	~~Catawba~~	~~10~~"

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 ~~10.~~ 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**
…	
~~3A~~3	Pitt
~~3B~~4	Craven, Pamlico, Carteret
~~5~~6	New Hanover, Pender
…	
~~12~~14	Cumberland
~~14~~16	Durham
~~15B~~18	Orange, Chatham
~~16A~~21	Scotland, Hoke
~~16B~~20	Robeson

~~18~~24	Guilford
~~21~~31	Forsyth
…	
~~27A~~38	Gaston
~~27B~~39	Cleveland, Lincoln
~~28~~40	Buncombe
~~29A~~41	McDowell, Rutherford
~~29B~~42	Henderson, Polk, Transylvania

After notice to, and consultation with, the affected district bar, senior resident superior court judge, and chief district court judge, the Commission on Indigent Defense Services may recommend to the General Assembly that a district or regional public defender office be established. A legislative act is required in order to establish a new office or to abolish an existing office."

SECTION 16.26.(g) The Revisor of Statutes shall reorder the Superior Court Districts in G.S. 7A-41, the District Court Districts in G.S. 7A-133, the Prosecutorial Districts in G.S. 7A-60, and the Defender Districts in G.S. 7A-498.7 to ensure that all districts are listed in numerical order and that all counties within each district are listed in alphabetical order. The Revisor of Statutes shall also reorder the counties in G.S. 7A-133(c) to be listed in alphabetical order.

SECTION 16.26.(h) Nothing in subsections (a) or (b) of this section shall be construed to affect the terms of office of any superior court judge or district court judge elected prior to the effective date of those subsections, or the terms of office of anyone appointed to fill a vacancy in any of those offices prior to the effective date of those subsections.

SECTION 16.26.(i) Subsections (a), (b), and (f) of this section become effective January 1, 2024. Subsection (c) of this section becomes effective January 1, 2025, and elections conducted in 2024 shall be held accordingly. Subsections (d) and (e) of this section become effective January 1, 2027. Except as otherwise provided, this section is effective when it becomes law.

EXPAND AUTHORITY TO PROVIDE LOCAL SUPPLEMENTS TO CERTAIN COURT POSITIONS

SECTION 16.28.(a) G.S. 7A-300.1 reads as rewritten:

"**§ 7A-300.1. Local supplementation of salaries for certain officers and employees.**

…

~~(b) This section applies only to (i) cities with a population of 300,000 or more according to the most recent estimate of the Office of State Budget and Management and (ii) counties with a population of 300,000 or over according to the most recent estimate of the Office of State Budget and Management.~~"

SECTION 16.28.(b) This section is effective when it becomes law.

EXTEND REVERSION DATE OF CERTAIN COURT-RELATED DIRECTED GRANTS

SECTION 16.29.(a) Notwithstanding any provision of law to the contrary, the funds appropriated in S.L. 2021-180 to be allocated as directed grants to Cumberland County, Forsyth County, Harnett County, Haywood County, Onslow County, Pitt County, Robeson County, and Wayne County to be used to support innovative court pilot programs shall not revert until June 30, 2025.

SECTION 16.29.(b) Notwithstanding any provision of law to the contrary, the funds appropriated in S.L. 2021-180 to be allocated as a directed grant to Cumberland County to be used to support a Human Trafficking Court pilot program shall not revert until June 30, 2025.

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

and return, each day. Reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(2) A witness whose residence is outside the county of appearance and more than 75 miles from the place of appearance shall be entitled to receive mileage reimbursement at the rate currently authorized State employees for one round-trip from his place of residence to the place of appearance. A witness required to appear more than one day shall be entitled to receive an allowance or reimbursement for ~~actual~~ expenses incurred for lodging and meals not to exceed the maximum currently authorized for State employees, in lieu of daily mileage. ~~Reimbursements~~ Allowances or reimbursements to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements and travel allowances to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

(c) A witness who resides in a state other than North Carolina and who appears for the purpose of testifying in a criminal action and proves his attendance may be compensated at the rate allowed to State officers and employees by subdivisions (1) and (2) of G.S. 138-6(a) for one round-trip from the witness's place of residence to the place of appearance, and five dollars ($5.00) for each day that the witness is required to travel and attend as a witness, upon order of the court based upon a finding that the person was a necessary witness. If such a witness is required to appear more than one day, the witness is also entitled to an allowance or reimbursement for ~~actual~~ expenses incurred for lodging and meals, not to exceed the maximum currently authorized for State employees. Reimbursements and travel allowances to witnesses acting on behalf of the court or prosecutorial offices shall be paid in accordance with the rules established by the Administrative Office of the Courts. Reimbursements to witnesses provided under G.S. 7A-454 shall be in accordance with rules established by the Office of Indigent Defense Services.

…."

SECTION 16.32.(b) This section is effective when it becomes law and applies to travel occurring on or after that date.

ALLOW APPELLATE JUDGES TO CARRY CONCEALED WEAPONS IN CERTAIN INSTANCES

SECTION 16.33. G.S. 14-269.4(4b) reads as rewritten:

"(4b) Any judge of the North Carolina Court of Appeals, justice of the North Carolina Supreme Court, district court ~~judge~~ judge, or superior court judge who carries or possesses a concealed handgun in a building housing a court of the General Court of Justice if the judge or justice is in the building to discharge his or her official duties and the judge or justice has a concealed handgun permit issued in accordance with Article 54B of this Chapter or considered valid under G.S. 14-415.24."

TECHNICAL CORRECTION TO GRANTS TO DEVELOP, STRENGTHEN, OR EXPAND HUMAN TRAFFICKING VICTIM SERVICE PROGRAMS

SECTION 16.34.(a) Section 16.20B(a) of S.L. 2021-180, as amended by Section 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:

Defender District	Counties
…	
5	Sampson, Duplin, Jones
…	
7	Bertie, Halifax, Hertford, Northampton
…	
15	Bladen, Brunswick, Columbus
…	
17	Alamance
…	
30	Union
…	
32	Alexander, Iredell
…	
43	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain

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:

Defender District	Counties

…
13 Johnston
…

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.(c) Subsection (b) of this section becomes effective July 1, 2024. The remainder of this section becomes effective January 1, 2024.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 17.2.(a) The Office of Indigent Defense Services shall maintain and shall furnish upon request a remote work policy.

SECTION 17.2.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 17.2.(c) The Office of Indigent Defense Services shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024, and March 1, 2025:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 17.2.(d) This section becomes effective October 1, 2023.

PART XVIII. JUSTICE

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 18.2.(a) The Department of Justice shall maintain and shall furnish upon request a remote work policy.

SECTION 18.2.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 18.2.(c) The Department of Justice shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024, and March 1, 2025:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 18.2.(d) This section becomes effective October 1, 2023.

MODIFY CRIMINAL JUSTICE FELLOWS PROGRAM

SECTION 18.3.(a) G.S. 17C-20 reads as rewritten:

"**§ 17C-20. Definitions.**

As used in this Article, the following definitions apply:

…

~~(5) Eligible county. – A county with a population of less than 200,000 according to the latest federal decennial census.~~

…."

SECTION 18.3.(b) G.S. 17C-22 reads as rewritten:

"**§ 17C-22. North Carolina Criminal Justice Fellows Program established; administration.**

…

(b) Program Administrator. – The Director of the Division shall select a member of the Division staff, with the consent of the Committee, to serve as the Program administrator. The Program administrator will be responsible for all administrative duties and oversight of the Program as established by the Committee. The Program administrator will conduct recruitment efforts to include the following:

~~(1) Target eligible counties.~~

…

(4) Engage with employees of eligible criminal justice professions and local leaders ~~in eligible counties~~ for input in the Program.

…

(c) Awards of Forgivable Loans. – The Program shall provide forgivable loans of up to three thousand one hundred fifty-two dollars ($3,152.00) per ~~year for up to~~ year, totaling a maximum of six thousand three hundred four dollars ($6,304.00) over two ~~years~~ years, to selected individuals. If the Committee, in its sole discretion, determines that circumstances warrant an extension of the period over which the Program shall provide forgivable loans to a selected individual, the Committee may extend that period to three years but may not increase the maximum loan amount. The funds from the forgivable loans may be used for tuition, fees, and the cost of books. The Committee may determine the maximum amount of loan proceeds that may be applied to community college fees and course textbooks. The number of forgivable loans awarded annually shall not exceed 100 and the total number of recipients in the Program each year shall not exceed 200. The Committee shall select recipients no later than June 1 of each year.

(d) Eligibility Criteria. – An applicant must be domiciled in this State at the time of application, a resident for tuition purposes as defined in G.S. 116-143.1(a)(2), a high school graduate or a high school senior who will graduate from high school by the end of the current academic year, and demonstrate the intent upon completion of the Program to be employed in an eligible criminal justice ~~profession in an eligible county.~~ profession. An applicant who has been convicted of any of the following is ineligible to receive a forgivable loan:

…

(h) Recipient Obligations. – A recipient must become and remain a ~~full-time~~ student at a North Carolina community college in an Applied Associate Degree in Criminal Justice or in a Committee-approved related field of study at all times during each of the recipient's two academic years of community college study and pursue continuously studies that will qualify the recipient to be employed in an eligible criminal justice profession upon graduation. The recipient must maintain a minimum cumulative 2.0 GPA throughout the course of study and also maintain appropriate credit hours for each semester to obtain an Applied Associate Degree in Criminal Justice or Committee-approved field of study within two years. If the Committee, in its sole discretion, determines that circumstances warrant an extension of the period within which the recipient must obtain an Applied Associate Degree in Criminal Justice or Committee-approved field of study, the Committee may extend that period by up to 12 additional months. The recipient must also accept employment ~~in an eligible county~~ in an eligible criminal justice profession for

at least four out of five years following graduation. The Committee may adopt additional recipient obligations it deems appropriate.

(i) Annual Report. – The Program administrator, in coordination with the Committee, shall report no later than January 1, 2020, and annually thereafter, to the Joint Legislative Oversight Committee on Justice and Public Safety regarding the following:

…

(3) Employment subsequent to completion of the Program broken down by ~~eligible~~ county and eligible criminal justice profession.

…

(5) Retention rates of recipients within eligible criminal justice professions disaggregated by ~~eligible~~ county."

SECTION 18.3.(c) G.S. 17C-23(b) reads as rewritten:

"(b) Forgiveness. – The Committee shall forgive the loan and any interest accrued on the loan if, within five years after obtaining an Applied Associate Degree in Criminal Justice or Committee-approved field of study, the recipient is employed on a full-time basis for a period of at least four years ~~in an eligible county~~ in an eligible criminal justice profession. The recipient shall provide the Committee within 60 days of completion of the Program verification of the recipient's intent to seek employment in an eligible criminal justice ~~profession in an eligible county.~~ profession. The recipient shall provide verification of employment to the Committee each year until the obligation is satisfied. The Committee shall also forgive the loan if it finds that it is impossible for the recipient to meet the terms of the loan, after or before graduation, due to death or permanent disability of the recipient."

SECTION 18.3.(d) This section is effective when it becomes law and applies to individuals participating in the Program on or after that date and to Committee extension determinations made on or after that date.

PART XIX. ADULT CORRECTION

PART XIX-A. DEPARTMENT OF ADULT CORRECTION ADMINISTRATION

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19A.1.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Adult Correction to any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19A.1.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

STATEWIDE MISDEMEANANT CONFINEMENT PROGRAM FUNDING TRANSFER

SECTION 19A.2. Of the funds appropriated in this act for the Statewide Misdemeanant Confinement Program:

(1) The sum of one million dollars ($1,000,000) shall be transferred each fiscal year to the North Carolina Sheriffs' Association, Inc., a nonprofit corporation, to support the Program and for administrative and operating expenses of the Association and its staff.

(2) The sum of two hundred twenty-five thousand dollars ($225,000) shall be allocated each fiscal year to the Department of Adult Correction for its administrative and operating expenses for the Program.

(3) Up to the sum of five hundred thousand dollars ($500,000) may be used in each fiscal year of the 2023-2025 fiscal biennium to reimburse sheriffs utilizing inmate labor pursuant to the provisions of Section 19C.10 of S.L. 2021-180.

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL EXPENSES

SECTION 19A.3. Notwithstanding G.S. 143C-6-9, the Department of Adult Correction may use funds available to the Department for the 2023-2025 fiscal biennium to reimburse counties for the cost of housing convicted inmates, parolees, and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The reimbursement may not exceed forty dollars ($40.00) per day per prisoner awaiting transfer. Beginning October 1, 2023, the Department shall report quarterly to the chairs of the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives Appropriations Committee on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 19A.4.(a) The Department of Adult Correction shall maintain and shall furnish upon request a remote work policy.

SECTION 19A.4.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 19A.4.(c) The Department of Adult Correction shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024, and March 1, 2025:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 19A.4.(d) This section becomes effective October 1, 2023.

TRANSFER A PORTION OF ANSON CORRECTIONAL INSTITUTION TO PROVERBS 226 NONPROFIT CORPORATION

SECTION 19A.5.(a) The State of North Carolina shall convey to Proverbs 226, a North Carolina nonprofit corporation, for consideration of one dollar ($1.00), all its right, title, and interest in the property located in Anson County, North Carolina, to be described as a subdivision consisting of approximately 23 acres from the property generally described in the Anson County Register of Deeds deed referenced in Book 073 Page 399. The conveyance is subject to a reversionary interest reserved by the State. The property shall be conveyed to Proverbs 226 for so long as it is utilized for programs serving the North Carolina Department of Adult Correction or its successors. The Department of Adult Correction and Proverbs 226 shall mutually agree upon the boundaries of the property to be subdivided for conveyance to Proverbs 226.

SECTION 19A.5.(b) The State of North Carolina shall convey the real property described in subsection (a) of this section "as is" "where is" without warranty and subject to any existing easements, covenants, earlier grants to others by the State Property Office, or other

restrictions of record. In the event the State of North Carolina requires future easements through this property, Proverbs 226 shall grant these easements without limitation. The State makes no representations or warranties concerning the title to the property, the boundaries of the property, the uses to which the property may be put, zoning, local ordinances, or any physical, environmental, health, and safety conditions relating to the property. All costs associated with the conveyance of the property, including, but not limited to, subdivision, surveying, engineering services, permitting, and utility connections, shall be borne by Proverbs 226.

SECTION 19A.5.(c) The conveyance of the State's right, title, and interest in the portion conveyed of Anson Correctional Institution shall be exempt from the provisions of Article 7 of Chapter 146 of the General Statutes. The conveyance shall comply with the provisions of Article 16 of Chapter 146 of the General Statutes, provided that the provisions of G.S. 146-74 shall not apply.

PART XIX-B. PRISONS

CENTER FOR COMMUNITY TRANSITIONS/CONTRACT AND REPORT

SECTION 19B.1. The Department of Adult Correction may continue to contract with The Center for Community Transitions, Inc., a nonprofit corporation, for the purchase of prison beds for minimum security female inmates during the 2023-2025 fiscal biennium. The Center for Community Transitions, Inc., shall report by February 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 on the annual cost per inmate and the average daily inmate population compared to bed capacity using the same methodology as that used by the Department of Adult Correction.

NURSE STAFFING AT STATE PRISONS REPORT

SECTION 19B.2.(a) The Department of Adult Correction shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2024, and by February 1, 2025:

(1) The total number of permanent nursing positions allocated to the Department, the number of filled positions, the number of positions that have been vacant for more than six months, and information regarding the location of both filled and vacant positions.

(2) The extent to which temporary contract services are being used to staff vacant nursing positions, the method for funding the contract services, and any cost differences between the use of permanent employees versus contract employees.

(3) A progress report on the implementation of its plan to (i) reduce the use of contract services to provide nursing in State prisons and (ii) attract and retain qualified nurses for employment in permanent positions in State prisons.

SECTION 19B.2.(b) Notwithstanding any other provision of law, the Department of Adult Correction may, in its discretion and subject to the approval of the Office of State Budget and Management, convert funds appropriated for contractual nursing services to permanent nursing positions when it is determined to promote security, generate cost savings, and improve health care quality. The Department shall report on any such conversions to the Fiscal Research Division.

CODIFY DEPARTMENT REPORT ON PRISON PERSONNEL MATTERS

SECTION 19B.3. Part 2 of Article 16 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-1457.2. Report on prison personnel matters.**

The Department shall report the following information to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1 of each year:

(1) The number of Department employees charged with the commission of a criminal offense committed in a State prison and during the employee's work hours. The information shall be provided by State facility and shall specify the offense charged and the outcome of the charge.

(2) The number of employees disciplined, demoted, or separated from service due to personal misconduct. To the extent it does not disclose confidential personnel records, the information shall be organized by type of misconduct, nature of corrective action taken, and outcome of the corrective action.

(3) The hiring and screening process, including any required credentials or skills, criminal background checks, and personality assessments. The information shall also include the process the Department uses to verify the information provided by an applicant."

DOT CONTRACT OF INMATE LITTER CREW

SECTION 19B.4.(a) After the issuance of a request for information (RFI) and receipt of bids by the Department of Transportation for litter pickup on State highways and roads, the Department of Transportation shall first offer the contract to the Department of Adult Correction upon the same terms and conditions as the most favorable bid received by the Department of Transportation from a suitable contractor. The Department of Adult Correction shall have 30 days to accept or decline the offered contract.

SECTION 19B.4.(b) It is the policy of the General Assembly that the Department of Transportation shall utilize inmate litter crews for litter pickup on State highways and roads as often as is necessary and practicable.

REQUEST FOR PROPOSALS FOR PRISON TECHNOLOGY

SECTION 19B.5.(a) Section 19C.11(b) of S.L. 2021-180 reads as rewritten:

"**SECTION 19C.11.(b)** The Department of ~~Public Safety~~ Adult Correction shall, in consultation with the vendor, report on the expenditure of the funds awarded pursuant to subsection (a) of this section to the Joint Legislative Oversight Committee on Justice and Public Safety no later than October ~~1, 2022, in an interim report and no later than October 1, 2023, in a final report.~~1 of each year in which the funds are expended, provided that if the funds are exhausted after a report has already been submitted for that year, a final report shall be submitted no later than May 1 of the following year."

SECTION 19B.5.(b) This section is effective when it becomes law.

TECHNICAL CORRECTION FOR INMATE WELFARE FUND

SECTION 19B.6.(a) G.S. 148-2(c) reads as rewritten:

"(c) Notwithstanding G.S. 147-77, Article 6A of Chapter 147 of the General Statutes, or any other provision of law, the Division of Prisons of the Department of Adult Correction may deposit revenue from prison canteens in local banks. The profits from prison canteens shall be deposited with the State Treasurer on a monthly basis in a fund denominated as the ~~Correction~~ Inmate Welfare Fund. Once the operating budget for the ~~Correction~~ Inmate Welfare Fund has been met, an amount equal to the funds allocated to each prison unit on a per inmate per year basis shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23G as soon as practicable after the total amount paid to each unit per inmate per year has been determined."

SECTION 19B.6.(b) This section is effective when it becomes law.

TECHNICAL CORRECTION RELATED TO NEW DEPARTMENT OF ADULT CORRECTION

SECTION 19B.7.(a) G.S. 148-32.1(b2) reads as rewritten:

"(b2) The Statewide Misdemeanant Confinement Program is established. The Program shall provide for the housing of misdemeanants from all counties serving sentences imposed for a period of more than 90 days and for all sentences imposed for impaired driving under G.S. 20-138.1, regardless of length. Those misdemeanants shall be confined in local confinement facilities except as provided in subsections (b3) and (b4) of this section. The Program shall address methods for the placement and transportation of inmates and reimbursement to counties for the housing of those inmates. Any county that voluntarily agrees to house misdemeanants from that county or from other counties pursuant to the Program may enter into a written agreement with the Division of ~~Adult Correction and Juvenile Justice~~ Prisons to do so.

The North Carolina Sheriffs' Association shall:

…."

SECTION 19B.7.(b) This section is effective when it becomes law.

PART XIX-C. COMMUNITY SUPERVISION

INTERSTATE COMPACT FEES TO SUPPORT TRAINING PROGRAMS AND EQUIPMENT PURCHASES SECTIONS

SECTION 19C.1.(a) Notwithstanding the provisions of G.S. 148-65.7, fees collected for the Interstate Compact Fund during the 2023-2025 fiscal biennium may be used by the Department of Adult Correction during the 2023-2025 fiscal biennium to provide training programs and equipment purchases for the Division of Community Supervision and Reentry, but only to the extent sufficient funds remain available in the Fund to support the mission of the Interstate Compact Program.

SECTION 19C.1.(b) No later than October 1 of each fiscal year, the Department of Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the amount of funds used pursuant to this section and for what purposes the funds were used.

MAKE DRUG AND ALCOHOL SCREENING A REGULAR CONDITION OF PROBATION

SECTION 19C.2.(a) G.S. 15A-1343(b) reads as rewritten:

"(b) Regular Conditions. – As regular conditions of probation, a defendant must:

…

(16) ~~Supply a breath, urine, or blood specimen~~ Submit to drug and alcohol screening for analysis of the possible presence of prohibited drugs or alcohol when instructed by the defendant's probation officer for purposes directly related to the probation supervision. If the results of the analysis are positive, the probationer may be required to reimburse the Division of Community Supervision and Reentry of the Department of Adult Correction for the actual costs of drug or alcohol screening and testing.

…

In addition to these regular conditions of probation, a defendant required to serve an active term of imprisonment as a condition of special probation pursuant to G.S. 15A-1344(e) or G.S. 15A-1351(a) shall, as additional regular conditions of probation, obey the rules and regulations of the Division of Prisons of the Department of Adult Correction and, if applicable, the Division of Juvenile Justice of the Department of Public Safety, governing the conduct of inmates while imprisoned and report to a probation officer in the State of North Carolina within 72 hours of his discharge from the active term of imprisonment.

Regular conditions of probation apply to each defendant placed on supervised probation unless the presiding judge specifically exempts the defendant from one or more of the conditions in open court and in the judgment of the court. It is not necessary for the presiding judge to state each regular condition of probation in open court, but the conditions must be set forth in the judgment of the court.

Defendants placed on unsupervised probation are subject to the provisions of this subsection, except that defendants placed on unsupervised probation are not subject to the regular conditions contained in subdivisions (2), (3), (6), (8), (13), (14), (15), (16) and (17) of this subsection."

SECTION 19C.2.(b) This section becomes effective December 1, 2023, and applies to offenses committed on or after that date.

EXPAND AUTHORITY TO INCREASE WAGES PAID TO WORKING NORTH CAROLINA INMATES

SECTION 19C.3.(a) G.S. 148-18(a) reads as rewritten:

"(a) Prisoners employed by Correction Enterprises shall be compensated as set forth in Article 14 of this Chapter. Prisoners participating in work assignments established by the Division of Prisons shall be compensated at rates fixed by the Division of Prisons of the Department of Adult Correction's rules and regulations; provided, that no prisoner so paid shall receive more than one dollar ($1.00) per day, unless the prisoner is performing work for the Division's BRIDGE Program or the Secretary determines that the work assignment requires special skills or training. Upon approval of the Secretary, inmates working for the BRIDGE Program or in job assignments requiring special skills or training may be paid up to five dollars ($5.00) per day. The Correction Enterprises Fund shall be the source of wages and allowances provided to inmates who are employed by the Division of Prisons of the Department of Adult Correction in work assignments established by the Division of Prisons."

SECTION 19C.3.(b) This section is effective when it becomes law and applies to work performed on or after that date.

MODIFY PRISON CHAPLAIN EDUCATION REQUIREMENTS

SECTION 19C.4.(a) The Department of Adult Correction shall have no written or unwritten policy setting mandatory minimum educational requirements for persons serving as community-funded or volunteer chaplains.

SECTION 19C.4.(b) This section is effective when it becomes law.

EXTEND SUNSET DATE FOR USE OF SECURITY GUARDS AT STATE PRISONS AND RELATED REPORTING REQUIREMENT

SECTION 19C.5.(a) Section 4.15(c) of S.L. 2020-3, as amended by Section 2 of S.L. 2020-15, Section 19D.2 of S.L. 2021-180, Section 12 of S.L. 2022-58, and Section 19D.1 of S.L. 2022-74, reads as rewritten:

"**SECTION 4.15.(c)** This section is effective when it becomes law and expires ~~upon the earlier of January 1, 2024, or the date of completion of the Youth Development Center in Rockingham County.~~on June 30, 2025."

SECTION 19C.5.(b) No later than March 1, 2024, and March 1, 2025, the Department of Adult Correction shall report to the Joint Legislative Oversight Committee on Justice and Public Safety regarding the use of security services pursuant to G.S. 74C-3(a)(6)e., including, at a minimum, each of the following:

(1) A list of the Department of Adult Correction facilities that utilized the security services.

(2) The number of security services individuals utilized at each Department of 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.

…

"**§ 15A-1369.2. Eligibility.**

(a) Except as otherwise provided in this section, notwithstanding any other provision of law, an inmate is eligible to be considered for medical release if the Department determines that the inmate ~~is:~~meets both of the following criteria:

(1) ~~Diagnosed~~ The inmate is diagnosed as permanently and totally disabled, terminally ill, or geriatric under the procedure described in ~~G.S. 15A-1369.3(b)(1); and~~G.S. 15A-1369.3(b)(1).

(2) ~~Incapacitated~~ The inmate is incapacitated to the extent that the inmate ~~does not pose a~~ poses no risk or low risk to public ~~safety risk.~~safety.

…

"**§ 15A-1369.3. Procedure for medical release.**

…

(b) The referral shall include an assessment of the inmate's medical and psychosocial condition and the risk the inmate poses to society, as follows:

(1) The Department medical director, or a designee of the director who is a licensed physician, shall review the case of each inmate who meets the eligibility requirements for medical release set forth in G.S. 15A-1369.2. Any physician who examines an inmate being considered for medical release shall prepare a written diagnosis that ~~includes:~~includes both of the following:

a. A description of any and all terminal conditions, physical incapacities, and chronic ~~conditions; and~~conditions.

b. A prognosis concerning the likelihood of recovery from any and all terminal conditions, physical incapacities, and chronic conditions.

…

"**§ 15A-1369.4. Conditions of medical release.**

(a) The Commission shall set reasonable conditions upon an inmate's medical release that shall apply through the date upon which the inmate's sentence would have expired. These conditions shall include all of the following:

…

(3) That the released inmate shall be subject to supervision by the Division of Community Supervision ~~and Reentry~~ of the Department of Adult Correction and shall permit officers from the Division to visit the inmate at reasonable times at the inmate's home or elsewhere.

…."

SECTION 19C.6.(b) Notwithstanding the provisions of G.S. 15A-1369.3(f), an inmate who received a medical release denial under Article 84B of Chapter 15A of the General Statutes prior to the effective date of this section may reapply or be reconsidered for medical release under Article 84B of Chapter 15A of the General Statutes, as amended by subsection (a) of this section. Any denial of a reapplication or reconsideration authorized under this subsection shall be subject to the provisions of G.S. 15A-1369.3(f).

SECTION 19C.6.(c) This section is effective when it becomes law.

PART XIX-D. REHABILITATION AND REENTRY

PART XIX-E. PUBLIC SAFETY

PART XIX-F. DEPARTMENT OF PUBLIC SAFETY ADMINISTRATION

NO TRANSFER OF POSITIONS TO OTHER STATE AGENCIES

SECTION 19F.1.(a) Notwithstanding any other provision of law, and except as otherwise provided in subsection (b) of this section, the Office of State Budget and Management shall not transfer any positions, personnel, or funds from the Department of Public Safety to any other State agency during the 2023-2025 fiscal biennium unless the transfer was included in the base budget for one or both fiscal years of the biennium.

SECTION 19F.1.(b) This section shall not apply to consolidation of information technology positions into the Department of Information Technology pursuant to G.S. 143B-1325.

COMPETITIVE GRANTS TO SHERIFFS' OFFICES FOR ADDICTION TREATMENT IN JAILS

SECTION 19F.3.(a) Section 19A.10(f) of S.L. 2021-180 reads as rewritten:

"**SECTION 19A.10.(f)** The working group created under subsection (e) of this section shall establish the operational criteria and application process for the grant program created by this section and shall communicate information regarding the grant program to all sheriffs' offices in the State. The working group shall evaluate applications for each of the categories under subsection (b) of this section and may award lower amounts than requested to individual sheriffs' offices in order to assure broader access to funds. The working group may establish protocols for the allotment of funds to assure that funds can be expended efficiently. The working group shall ensure all Federal Drug Administration (FDA)-approved drugs for the treatment of opioid dependence through Medication-Assisted Treatment (MAT) in jails be considered as options for treatment, including, but not limited to, long-acting, injectable medication regimes."

SECTION 19F.3.(b) This section is effective when it becomes law.

MAKE STATE BUREAU OF INVESTIGATION INDEPENDENT DEPARTMENT

SECTION 19F.4.(a) The State Bureau of Investigation is established in this section as a single, unified cabinet-level department.

SECTION 19F.4.(b) G.S. 143B-2 reads as rewritten:

"**§ 143B-2. Interim applicability of the Executive Organization Act of 1973.**

The Executive Organization Act of 1973 shall be applicable only to the following named departments:

…

(13) State Bureau of Investigation."

SECTION 19F.4.(c) G.S. 143B-6 reads as rewritten:

"**§ 143B-6. Principal departments.**

In addition to the principal departments enumerated in the Executive Organization Act of 1971, all executive and administrative powers, duties, and functions not including those of the General Assembly and its agencies, the General Court of Justice and the administrative agencies created pursuant to Article IV of the Constitution of North Carolina, and higher education previously vested by law in the several State agencies, are vested in the following principal departments:

…

(15) State Bureau of Investigation."

SECTION 19F.4.(c1) G.S. 126-5(c1) is amended by adding a new subdivision to read:

"(39) Employees of the State Bureau of Investigation, that the Director of the State Bureau of Investigation, at any time, in the Director of the State Bureau of Investigation's discretion, exempts from the application of this Chapter by means of a letter to the Director of the Office of State Human Resources 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:

Former Citation	Recodified Citation
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

any member of the State Bureau of Investigation is transferred from one point to another for the convenience of the State, or otherwise than upon the request of the employee, the Bureau shall be responsible for transporting the household goods, furniture, and personal effects of the employee and members of his household.

"**§ 143B-1208.5. Investigations of lynchings, election frauds, etc.; services subject to call of Governor; witness fees and mileage for employees.**

(a) The Bureau shall, upon request of the Governor, investigate and prepare evidence in the event of any lynching or mob violence in the State; shall investigate all cases arising from frauds in connection with elections when requested to do so by the Board of Elections, and when so directed by the Governor. Such investigation, however, shall in nowise interfere with the power of the Attorney General to make such investigation as the Attorney General is authorized to make under the laws of the State. The Bureau is authorized further, at the request of the Governor, to investigate cases of frauds arising under the Social Security Laws of the State, of violations of the gaming laws, and lottery laws, and matters of similar kind when called upon by the Governor so to do. In all such cases it shall be the duty of the ~~Department~~ Bureau to keep such records as may be necessary and to prepare evidence in the cases investigated, for the use of enforcement officers and for the trial of causes. The services of employees of the Bureau may be required by the Governor in connection with the investigation of any crime committed anywhere in the State when called upon by the enforcement officers of the State, and when, in the judgment of the Governor, such services may be rendered with advantage to the enforcement of the criminal law. The State Bureau of Investigation is hereby authorized to investigate without request the attempted arson of, or arson of, damage of, theft from, or theft of, or misuse of, any State-owned personal property, buildings, or other real property or any assault upon or threats against any legislative officer named in G.S. 147-2(1), (2), or (3), any executive officer named in G.S. 147-3(c), or any court officer as defined in G.S. 14-16.10(1).

…

"**§ 143B-1208.12. Appointment and term of the Director of the State Bureau of Investigation.**

…

(b) The Director may be removed from office ~~only~~ by the ~~Governor~~ Governor, or upon a three-fifths vote of the membership of the Senate and House of Representatives present and voting, and solely for the grounds set forth in G.S. 143B-13(b), (c), and (d). In case of a vacancy in the office of the Director of the State Bureau of Investigation for any reason prior to the expiration of the Director's term of office, the name of the Director's successor shall be submitted by the Governor to the General Assembly not later than 60 days after the vacancy arises. If a vacancy arises in the office when the General Assembly is not in session, an acting Director shall be appointed by the Governor to serve pending confirmation by the General Assembly. However, in no event shall an acting Director serve (i) for more than 12 months without General Assembly confirmation or (ii) after a bill that would confirm the appointment of the person as Director fails a reading in either chamber of the General Assembly.

"**§ 143B-1208.13. Personnel of the State Bureau of Investigation.**

The Director of the State Bureau of Investigation may appoint a sufficient number of assistants who shall be competent and qualified to do the work of the Bureau. The Director shall be responsible for making all hiring and personnel decisions of the Bureau. ~~Notwithstanding the provisions of this Chapter or Chapter 143A of the General Statutes, the Director may hire or fire personnel and transfer personnel within the Bureau.~~

"**§ 143B-1208.14. Operation and management of Information Sharing and Analysis Center.**

The State Bureau of Investigation shall operate and manage the Information Sharing and Analysis Center, and its operation and management shall be under the sole direction and control of the Director of the State Bureau of Investigation. The Information Sharing and Analysis Center is authorized to analyze information related to any threat of violence to the safety of any

individual associated with (i) an educational property as defined in G.S. 14-269.2 or (ii) a place of worship as defined in G.S. 14-54.1. The Information Sharing and Analysis Center shall promptly notify the sheriff and local law enforcement agency with jurisdiction if (i) a threat is determined to be credible and (ii) the location of the educational property or place of worship associated with the threat, or the location of any individual suspected of creating the threat, is ascertained. The Director of the State Bureau of Investigation and other sworn law enforcement officers of the State Bureau of Investigation may give assistance to sheriffs and police officers when called upon by them and so directed, as provided in ~~G.S. 143B-917.~~G.S. 143B-1208.3."

SECTION 19F.4.(h) Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (d) of this section, is amended by adding a new Part 2 to be entitled "Criminal History Record Checks."

SECTION 19F.4.(i) Subpart D of Part 4 of Article 13 of Chapter 143B of the General Statutes is recodified as Part 2 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsection (e) of this section, as follows:

Former Citation	Recodified Citation
143B-930	143B-1209.10
143B-931	143B-1209.11
143B-932	143B-1209.12
143B-933	143B-1209.13
143B-934	143B-1209.14
143B-935	143B-1209.15
143B-935.1	143B-1209.16
143B-936	143B-1209.17
143B-937	143B-1209.18
143B-938	143B-1209.19
143B-939	143B-1209.20
143B-940	143B-1209.21
143B-941	143B-1209.22
143B-942	143B-1209.23
143B-943	143B-1209.24
143B-944	143B-1209.25
143B-945	143B-1209.26
143B-946	143B-1209.27
143B-947	143B-1209.28
143B-948	143B-1209.29
143B-949	143B-1209.30
143B-950	143B-1209.31
143B-951	143B-1209.32
143B-952	143B-1209.33
143B-953	143B-1209.34
143B-954	143B-1209.35
143B-955	143B-1209.36
143B-956	143B-1209.37
143B-957	143B-1209.38
143B-958	143B-1209.39
143B-959	143B-1209.40
143B-960	143B-1209.41
143B-961	143B-1209.42
143B-962	143B-1209.43
143B-963	143B-1209.44
143B-964	143B-1209.45

143B-965	143B-1209.46
143B-966	143B-1209.47
143B-967	143B-1209.48
143B-968	143B-1209.49
143B-969	143B-1209.50
143B-970	143B-1209.51
143B-971	143B-1209.52
143B-972	143B-1209.53
143B-972.1	143B-1209.54
143B-973	143B-1209.55
143B-974	143B-1209.56
143B-976	143B-1209.57
143B-981	143B-1209.58

SECTION 19F.4.(j) Part 2 of Article 13A of Chapter 143B of the General Statutes, as enacted by subsections (d) and (h) of this section, reads as rewritten:

"Part 2. Criminal History Record Checks.

"**§ 143B-1209.09. Definition.**

For purposes of this Part, the term "Bureau" means the State Bureau of Investigation.

"**§ 143B-1209.10. Criminal history background investigations; fees.**

(a) When the ~~Department of Public Safety~~ State Bureau of Investigation determines that any person is entitled by law to receive information, including criminal records, from the ~~State Bureau of Investigation,~~ Bureau, for any purpose other than the administration of criminal justice, the ~~State~~ Bureau ~~of Investigation~~ shall charge the recipient of such information a reasonable fee for retrieving such information. The fee authorized by this section shall not exceed the actual cost of storing, maintaining, locating, editing, researching and retrieving the information, and ~~may~~ shall be budgeted for the support of the ~~State Bureau of Investigation.~~Bureau.

…

(c) In providing criminal history record checks, the ~~Department of Public Safety~~ Bureau shall process requests in the following priority order:

(1) Administration of criminal justice record checks,

(2) Mandatory noncriminal justice criminal history record checks,

(3) Voluntary noncriminal justice criminal history record checks.

(d) Nothing in this section shall be construed as enlarging any right to receive any record of the ~~State Bureau of Investigation.~~ Bureau. Such rights are and shall be controlled by ~~G.S. 143B-919, 143B-906,~~ G.S. 143B-906, 143B-1208.5, 120-19.4A, and other applicable statutes.

"**§ 143B-1209.11. Criminal record checks of school personnel.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the local board of education of a person who is employed in a public school in that local school district or of a person who has applied for employment in a public school in that local school district, if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal record check of school personnel as defined in G.S. 115C-332 by fingerprint card to the local board of education from National Repositories of Criminal Histories, in accordance with G.S. 115C-332. The information shall be kept confidential by the local board of education as provided in Article 21A of Chapter 115C of the General Statutes.

(b) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check to the board of directors of a regional school of a person who is employed at a regional school or of a person who has applied for employment at a regional school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record check of school personnel as defined in G.S. 115C-238.73 by fingerprint card to the board of

directors of the regional school from the National Repositories of Criminal Histories, in accordance with G.S. 115C-238.73. The information shall be kept confidential by the board of directors of the regional school as provided in G.S. 115C-238.73.

(b1) The ~~Department of Public Safety~~ Bureau may provide a criminal history record check to the chancellor operating a University of North Carolina laboratory school of a person who is employed at a laboratory school or of a person who has applied for employment at a laboratory school if the employee or applicant consents to the record check. The ~~Department~~ Bureau may also provide a criminal history record check of school personnel, as defined in G.S. 116-239.12, by fingerprint card to the chancellor operating the laboratory school from the National Repositories of Criminal Histories, in accordance with G.S. 116-239.12. The information shall be kept confidential by the chancellor operating the laboratory school as provided in G.S. 116-239.12.

(c) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the employer of a person who is employed in a nonpublic school or of a person who has applied for employment in a nonpublic school, if the employee or applicant consents to the record check. For purposes of this subsection, the term nonpublic school is one that is subject to the provisions of Article 39 of Chapter 115C of the General Statutes, but does not include a home school as defined in that Article.

(d) The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

(e) The ~~Department of Public Safety~~ Bureau may provide a criminal record check to the schools within the Department of Health and Human Services of a person who is employed, applies for employment, or applies to be selected as a volunteer, if the employee or applicant consents to the record check. The Department of Health and Human Services shall keep all information pursuant to this subsection confidential, as provided in Article 7 of Chapter 126 of the General Statutes.

(f) The ~~Department of Public Safety~~ Bureau shall adopt rules to implement this section.

"**§ 143B-1209.12. Criminal record checks of providers of treatment for or services to children, the elderly, mental health patients, the sick, and the disabled.**

(a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation may provide to any of the following entities a criminal record check of an individual who is employed by that entity, has applied for employment with that entity, or has volunteered to provide direct care on behalf of that entity:

(1) Hospitals licensed under Chapter 131E of the General Statutes.
(2) Hospices licensed under Chapter 131E of the General Statutes.
(3) Child placing agencies licensed under Chapter 131D of the General Statutes.
(4) Residential child care facilities licensed under Chapter 131D of the General Statutes.
(5) Hospitals licensed under Chapter 122C of the General Statutes.
(6) Licensed child care facilities and nonlicensed child care homes regulated by the State.
(7) Any other organization or corporation, whether for profit or nonprofit, that provides direct care or services to children, the sick, the disabled, or the elderly.

(b) Procedure. – A criminal record check may be conducted by using an individual's fingerprint or any information required by the ~~Department of Public Safety~~ Bureau to identify that individual. A criminal record check shall be provided only if the individual whose record is checked consents to the record check. The information shall be kept confidential by the entity that receives the information. Upon the disclosure of confidential information under this section

by the entity, the ~~Department~~ Bureau may refuse to provide further criminal record checks to that entity.

(c) Foster or Adoptive Parent. – The ~~Department of Public Safety,~~ Bureau, at the request of a child placing agency licensed under Chapter 131D of the General Statutes or a local department of social services, may provide a criminal record check of a prospective foster care or adoptive parent if the prospective parent consents to the record check. The information shall be kept confidential and upon the disclosure of confidential information under this section by the agency or department, the ~~Department~~ Bureau may refuse to provide further criminal record checks to that agency or department.

(d) Fee. – The ~~Department~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee may not exceed fourteen dollars ($14.00).

"**§ 143B-1209.13. Criminal record checks for foster care.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Social Services, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories as defined in G.S. 131D-10.2(6a). The Division shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 131D-10.3A(g). The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.14. Criminal record checks of child care providers.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Child Development, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories in accordance with G.S. 110-90.2, of any child care provider, as defined in G.S. 110-90.2. The Division shall provide to the ~~Department~~ Bureau of Public Safety, along with the request, the fingerprints of the provider to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the child care provider to be checked. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 110-90.2(e). The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.15. Criminal history record checks of employees of and applicants for employment with the Department of Health and Human Services, and the Division of Juvenile Justice of the Department of Public Safety.**

(a) Definitions. – As used in this section, the term:

(1) "Covered person" means any of the following:

a. An applicant for employment or a current employee in a position in the Division of Juvenile Justice of the Department of Public Safety who provides direct care for a client, patient, student, resident or ward of the Division.

b. A person who supervises positions in the Division of Juvenile Justice of the Department of Public Safety providing direct care for a client, patient, student, resident or ward of the Division.
c. An applicant for employment or a current employee in a position in the Department of Health and Human Services.
d. An independent contractor or an employee of an independent contractor that has contracted to provide services to the Department of Health and Human Services.
e. A person who has been approved to perform volunteer services for the Department of Health and Human Services.
f. An independent contractor or an employee of an independent contractor who has contracted with the Division of Juvenile Justice of the Department of Public Safety to provide direct care for a client, patient, student, resident, or ward of the Division.
g. A person who has been approved to perform volunteer services in or for the Division of Juvenile Justice of the Department of Public Safety to provide direct care for a client, patient, student, resident, or ward of the Division.

(2) "Criminal history" means a State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon a covered person's fitness for employment in the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety. The crimes include, but are not limited to, criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B, Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5.

(b) When requested by the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting department or division a covered person's criminal history from the State Repository of Criminal Histories. Such requests shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State

criminal history record check only, the requesting department or division shall provide to the ~~Department of Public Safety~~ Bureau a form consenting to the check signed by the covered person to be checked and any additional information required by the ~~Department of Public Safety.~~ Bureau National criminal record checks are authorized for covered applicants who have not resided in the State of North Carolina during the past five years. For national checks the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the covered person to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the covered person to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal history record file and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Health and Human Services and the Division of Juvenile Justice of the Department of Public Safety shall keep all information pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section.

(c) All releases of criminal history information to the Department of Health and Human Services or the Division of Juvenile Justice of the Department of Public Safety shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information either department receives through the checking of the criminal history is privileged information and for the exclusive use of that department.

…

"**§ 143B-1209.16. Criminal record checks of applicants and current employees who access federal tax information.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may, upon request, provide to the Division of Social Services or Division of Health Benefits within the Department of Health and Human Services or a county agency the criminal history from the State and National Repositories of Criminal Histories of the following individuals if the individual is permitted, or will be permitted, to access federal tax information:

(1) An applicant for employment.
(2) A current employee.
(3) A contractual employee or applicant.
(4) An employee of a contractor.

(b) Along with the request, the requesting agency shall provide the following to the ~~Department of Public Safety:~~Bureau:

(1) The fingerprints of the person who is the subject of the record check.
(2) A form signed by the person who is the subject of the record check consenting to:
    a. The criminal record check.
    b. The use of fingerprints.
    c. Any other identifying information required by the State and National Repositories.
    d. Any additional information required by the Department of Public Safety.

(c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(d) The requesting agency shall keep all information obtained pursuant to this section confidential.

(e) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.17. Criminal record checks required prior to placement for adoption of a minor who is in the custody or placement responsibility of a county department of social services.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Social Services, Department of Health and Human Services, the criminal history from the State and National Repositories of Criminal Histories as defined in G.S. 48-1-101(5a). The Division shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of any individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information pursuant to this section privileged, as provided in G.S. 48-3-309(f). The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the national criminal history records authorized by this section.

"**§ 143B-1209.18. Criminal record checks of applicants for auctioneer, apprentice auctioneer, or auction firm license.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Auctioneers Commission from the State and National Repositories of Criminal Histories the criminal history of any applicant for an auctioneer's license under Chapter 85B of the General Statutes. Along with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a check of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Commission shall keep all information obtained pursuant to this section confidential. ~~Department of Public Safety~~ The Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.19. Criminal record checks of McGruff House Program volunteers.**

(a) Authority. – The ~~Department of Public Safety~~ State Bureau of Investigation and the Federal Bureau of Investigation may provide to any local law enforcement agency a criminal record check of any individual who applies as a volunteer for the McGruff House Program in that community and a criminal record check of all persons 18 years of age or older who live in the applying household. The North Carolina criminal record check may also be done by a certified DCI operator within the local law enforcement agency.

(b) Procedure. – A criminal record check must be conducted by using an individual's fingerprints and all identification information required by the ~~Department of Public Safety~~ State Bureau of Investigation to identify that individual. A criminal record check shall be provided only if: (i) the individual whose record is checked consents to the record check, and (ii) every individual who is 18 years of age or older who lives in the household also consents to the record check. Refusal to give consent is considered withdrawal of the application. The information shall

be kept confidential by the local law enforcement agency that receives the information. If the confidential information is disclosed under this section, the ~~Department~~ State Bureau of Investigation may refuse to provide further criminal record checks to that local law enforcement agency.

"**§ 143B-1209.20. Criminal record checks for adult care homes, nursing homes, home care agencies, and providers of mental health, developmental disabilities, and substance abuse services.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the following entities the criminal history from the State and National Repositories of Criminal Histories:

(1) Nursing homes or combination homes licensed under Chapter 131E of the General Statutes.
(2) Adult care homes licensed under Chapter 131D of the General Statutes.
(3) Home care agencies licensed under Chapter 131E of the General Statutes.
(4) Providers licensed under Chapter 122C of the General Statutes, including a contract agency of a provider that is subject to the provisions of Article 4 of that Chapter.

The criminal history shall be provided to nursing homes and home care agencies in accordance with G.S. 131E-265, to adult care homes in accordance with G.S. 131D-40, and to a provider in accordance with G.S. 122C-80. The requesting entity shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked if a national criminal history record check is required, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories. If a national criminal history record check is required, the fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. All information received by the entity shall be kept confidential in accordance with G.S. 131E-265, 131D-40, and 122C-80, as applicable. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks authorized by this section. The fee for the State check may not exceed fourteen dollars ($14.00).

"**§ 143B-1209.21. Criminal record checks of applicants for licensure as registered nurses or licensed practical nurses.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Nursing from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a registered nurse or licensed practical nurse under Article 9A of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.22. Criminal record checks of applicants for registration, certification, or licensure as a substance abuse professional.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Substance Abuse Professional Practice Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for registration, certification, or licensure pursuant to Article 5C of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.23. Criminal record checks of applicants for licensure as massage and bodywork therapists.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Massage and Bodywork Therapy from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure pursuant to Article 36 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. ~~Department of Public Safety~~ The Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.24. Criminal history record checks of applicants to and current members of fire departments and emergency medical services.**

…

(b) When requested by a requesting entity, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting entity an applicant's or current member's criminal history from the State and National Repositories of Criminal Histories. The requesting entity shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the applicant to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the applicant to be checked consenting to the (i) check of the criminal record and (ii) use of fingerprints and other identifying information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to~~ used by the ~~State~~ Bureau ~~of Investigation~~ for a search of the State criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(b1) A statewide criminal history record check without fingerprints may be conducted as provided for in this subsection in lieu of the criminal history record check in subsection (b) of this section for a State resident. The requesting entity may request the statewide criminal history record check under this subsection through either of the following ways:

(1) A statewide criminal history record check without fingerprints may be conducted by the ~~North Carolina Department of Public Safety.~~ State Bureau of Investigation. The requesting entity shall provide to the ~~North Carolina Department of Public Safety~~ Bureau any information required by the ~~Department~~ Bureau to conduct a name only search and a form signed by the State resident to be checked consenting to the (i) check of the criminal record and (ii) use of other identifying information required by the State Repository. ~~The name and other required information shall be forwarded to the State Bureau of Investigation for a search of the State criminal history record file.~~

(2) A statewide criminal history record check of the State resident's name may be conducted by a third-party vendor. The requesting entity and State resident shall provide the third-party vendor's required documentation to complete the request.

(3) A statewide criminal history record check of the State resident's name may be conducted and certified by the clerk of court, at the clerk's discretion.

…

(c) All releases of criminal history information by the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation to the requesting entity shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information the requesting entity receives through the checking of the criminal history is privileged information and for the exclusive use of that requesting entity. The requesting entity shall keep all information received pursuant to this section confidential.

…

(h) Except as provided for in subsection (i) of this section, the ~~Department of Public Safety~~ State Bureau of Investigation shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section. If the requesting entity is charged a fee for obtaining a criminal history record check, the requesting entity may require the applicant or current member to reimburse the requesting entity the cost incurred.

(i) The ~~Department of Public Safety~~ State Bureau of Investigation may charge the fire chief of a nonprofit volunteer fire department a fee to cover the cost associated with submission of fingerprints to the Federal Bureau of Investigation for a national criminal history record check provided in accordance with subsection (b) of this section. The ~~Department of Public Safety~~ State Bureau of Investigation shall not charge a fee for conducting a statewide criminal history record check for a fire chief of a nonprofit volunteer fire department provided in accordance with subsection (b) or (b1) of this section.

"**§ 143B-1209.25. Criminal record checks of applicants for manufactured home manufacturer, dealer, salesperson, or set-up contractor licensure.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Manufactured Housing Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a manufactured home manufacturer, dealer, salesperson, or set-up contractor under Article 9A of Chapter 143 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check, and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset

the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.26. Criminal record checks for municipalities and county governments.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a city or county from the State and National Repositories of Criminal Histories the criminal history of any person who applies for employment with the city or county. The city or county shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The city or county shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.27. Criminal record checks of applicants for locksmith licensure or apprentice designation.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Locksmith Licensing Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a locksmith or an apprentice under Chapter 74F of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.28. Criminal record checks for the North Carolina State Lottery Commission and its Director.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina State Lottery Commission and to its Director from the State and National Repositories of Criminal Histories the criminal history of any prospective employee of the Commission and any potential contractor. The North Carolina State Lottery Commission or its Director shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective employee of the Commission, or of the potential contractor, a form signed by the prospective employee of the Commission, or of the potential contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee of the Commission, or potential contractor, shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The North Carolina State Lottery Commission and its Director shall remit any fingerprint information retained by the Commission to alcohol law enforcement agents appointed under

Article 5 of Chapter 18B of the General Statutes and shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee only for conducting the checks of the criminal history records authorized by this section.

"**§ 143B-1209.29. Criminal record checks of applicants for permit or license to conduct exploration, recovery, or salvage operations and archaeological investigations.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Natural and Cultural Resources from the State and National Repositories of Criminal Histories the criminal history of any applicant for a permit or license under Article 3 of Chapter 121 of the General Statutes or Article 2 of Chapter 70 of the General Statutes. Along with the request, the Department of Natural and Cultural Resources shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.30. Criminal record checks of applicants for licensure and licensees.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Psychology Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license to practice psychology or a licensed psychologist or psychological associate under Article 18A of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge each applicant or licensee a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.31. Criminal record checks for the Judicial Department.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Judicial Department from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Judicial Department. The Judicial Department shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record

check. The Judicial Department shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.32. Criminal record checks for the Department of Information Technology.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Information Technology from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Department of Information Technology. The Department of Information Technology shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Information Technology shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.33. Criminal record checks of EMS personnel.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Department of Health and Human Services the criminal history from the State and National Repositories of Criminal Histories of an individual who applies for EMS credentials, seeks to renew EMS credentials, or holds EMS credentials, when the criminal history is requested by the Department. The Department of Health and Human Services shall provide to the ~~Department of Public Safety~~ Bureau the request for the criminal history, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The Department of Health and Human Services and Emergency Medical Services Disciplinary Committee, established by G.S. 143-519, shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee to offset the costs incurred by it to conduct the checks of criminal history records authorized by this section.

"**§ 143B-1209.34. Criminal record checks of applicants for licensure as chiropractic physicians.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the State Board of Chiropractic Examiners from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure pursuant to Article 8 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant

to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.35. Criminal history record checks of employees of and applicants for employment with the Department of Public Instruction.**

(a) Definitions. – As used in this section, the term:

(1) "Covered person" means any of the following:

a. An applicant for employment or a current employee in a position in the Department of Public Instruction.

b. An independent contractor or an employee of an independent contractor that has contracted to provide services to the Department of Public Instruction.

(2) "Criminal history" means a State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon a covered person's fitness for employment in the Department of Public Instruction. The crimes include, but are not limited to, criminal offenses as set forth in any of the following Articles of Chapter 14 of the General Statutes: Article 5, Counterfeiting and Issuing Monetary Substitutes; Article 5A, Endangering Executive and Legislative Officers; Article 6, Homicide; Article 7B, Rape and Other Sex Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 14, Burglary and Other Housebreakings; Article 15, Arson and Other Burnings; Article 16, Larceny; Article 17, Robbery; Article 18, Embezzlement; Article 19, False Pretenses and Cheats; Article 19A, Obtaining Property or Services by False or Fraudulent Use of Credit Device or Other Means; Article 19B, Financial Transaction Card Crime Act; Article 20, Frauds; Article 21, Forgery; Article 26, Offenses Against Public Morality and Decency; Article 26A, Adult Establishments; Article 27, Prostitution; Article 28, Perjury; Article 29, Bribery; Article 31, Misconduct in Public Office; Article 35, Offenses Against the Public Peace; Article 36A, Riots, Civil Disorders, and Emergencies; Article 39, Protection of Minors; Article 40, Protection of the Family; Article 59, Public Intoxication; and Article 60, Computer-Related Crime. The crimes also include possession or sale of drugs in violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302, or driving while impaired violation of G.S. 20-138.1 through G.S. 20-138.5.

(b) When requested by the Department of Public Instruction, the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide to the requesting department a covered person's criminal history from the State Repository of Criminal Histories. Such request shall not be due to a person's age, sex, race, color, national origin, religion, creed, political affiliation, or handicapping condition as defined by G.S. 168A-3. For requests for a State criminal history record check only, the requesting department shall provide to the ~~Department of Public Safety~~ Bureau a form consenting to the check, signed by the covered person to be checked and any additional information required by the ~~Department of Public Safety.~~ Bureau. National criminal record checks are authorized for covered applicants who have not resided in the State of North Carolina during the past five years. For national checks the Department of Public Instruction shall provide to the ~~North Carolina Department of Public Safety~~ Bureau the fingerprints of the covered person to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the covered person to be checked, consenting to the check of the criminal record and to the use of fingerprints and other identifying

information required by the State or National Repositories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State criminal history record file and forwarded to the Federal Bureau of Investigation for a national criminal history record check. The Department of Public Instruction shall keep all information pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau shall charge a reasonable fee for conducting the checks of the criminal history records authorized by this section.

(c) All releases of criminal history information to the Department of Public Instruction shall be subject to, and in compliance with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ Bureau. All of the information the department receives through the checking of the criminal history is privileged information and for the exclusive use of the department.

…

"**§ 143B-1209.36. Criminal record checks of applicants and of current employees who are involved in the manufacture or production of drivers licenses and identification cards.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may, upon request, provide to the Department of Transportation, Division of Motor Vehicles, the criminal history from the State and National Repositories of Criminal Histories of the following individuals if the individual (i) is or will be involved in the manufacture or production of drivers licenses and identification cards, or (ii) has or will have the ability to affect the identity information that appears on drivers licenses or identification cards:

(1) An applicant for employment.
(2) A current employee.
(3) A contractual employee or applicant.
(4) An employee of a contractor.

(b) Along with the request, the Division of Motor Vehicles shall provide the following to the ~~Department of Public Safety:~~Bureau:

(1) The fingerprints of the person who is the subject of the record check.
(2) A form signed by the person who is the subject of the record check consenting to:
    a. The criminal record check.
    b. The use of fingerprints.
    c. Any other identifying information required by the State and National Repositories.
    d. Any additional information required by the Department of Public Safety.

(c) The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(d) The Division of Motor Vehicles shall keep all information obtained pursuant to this section confidential.

(e) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.37. Criminal history record checks of applicants for licensure as nursing home administrators.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina State Board of Examiners for Nursing Home Administrators from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure as a nursing home administrator under Article 20 of Chapter 90 of the General Statutes. Along with

the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.38. Criminal record checks of applicants for licensure as clinical mental health counselors.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Licensed Clinical Mental Health Counselors from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license or licensee under Article 24 of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.39. Criminal history record checks of applicants for licensure as marriage and family therapists and marriage and family therapy associates.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Marriage and Family Therapy Licensure Board from the State and National Repositories of Criminal Histories the criminal history of any applicant for licensure or reinstatement of a license or licensee under Article 18C of Chapter 90 of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or licensee, a form signed by the applicant or licensee consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or licensee's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the Department to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.40. Criminal record checks of petitioners for restoration of firearms rights.**

(a) A person who petitions the court to have the person's firearms rights restored shall submit a full set of the petitioner's fingerprints, to be administered by the sheriff. The petitioner shall also submit to the sheriff a form signed by the petitioner consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National

Repositories, and any additional information required by the State Bureau of Investigation or the Federal Bureau of Investigation. The sheriff shall forward the set of fingerprints and the signed consent form to the State Bureau of Investigation for a records check of State and national databases.

(b) Upon receipt of the fingerprints and consent form forwarded by the sheriff pursuant to subsection (a) of this section, the State Bureau of Investigation shall conduct a search of the State criminal history record file and shall forward a set of the fingerprints and a copy of the signed consent form to the Federal Bureau of Investigation for a national criminal history record check.

(c) The State Bureau of Investigation shall provide a copy of the information obtained pursuant to this section to the clerk of superior court, which shall be kept confidential in the court file for the petition for restoration of firearms rights.

(d) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.41. Criminal record checks of applicants for certification by the Department of Agriculture and Consumer Services as euthanasia technicians.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Department of Agriculture and Consumer Services for a person who has applied for a new or renewal certification as a euthanasia technician. The Department of Agriculture and Consumer Services shall provide the ~~Department of Public Safety~~ Bureau a request for the criminal record check, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the person seeking certification consenting to the check of the criminal record. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Agriculture and Consumer Services shall keep all information pursuant to this section privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes. The ~~Department of Public Safety~~ Bureau may charge each applicant a fee for conducting the checks of criminal history records authorized by this section.

"**§ 143B-1209.42. Criminal history record checks of applicants for trainee registration, appraiser licensure, appraiser certification, or registrants for registration as real estate appraisal management companies.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Appraisal Board from the State and National Repositories of Criminal Histories the criminal history of any applicant or registrant for registration under Article 1 and Article 2 of Chapter 93E of the General Statutes. Along with the request, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or registrant, a form signed by the applicant or registrant consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or registrant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the ~~Department~~ Bureau to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.43. Criminal history record checks of applicants for a restoration of a revoked drivers license.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Division of Motor Vehicles, from the State and National Repositories of Criminal Histories, the criminal history record of any applicant for a restoration of a revoked drivers license. Along with the request, the Division shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant, a form signed by the applicant consenting to the criminal history record check and use of fingerprints, other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Division shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. Fees and other costs incurred by the Division under this statute may be charged to the applicant.

"**§ 143B-1209.44. Criminal history record checks of applicants for and current holders of certificate to transport household goods.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Utilities Commission from the State and National Repositories of Criminal Histories the criminal history of any applicant for or current holder of a certificate to transport household goods. Along with the request, the Commission shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or current holder, a form signed by the applicant or current holder consenting to the criminal history record check and use of fingerprints and other identifying information required by the State and National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The applicant's or current holder's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Utilities Commission shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal history record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. The ~~Department of Public Safety~~ Bureau shall send a copy of the results of the criminal history record checks directly to the Utilities Commission Chief Clerk.

…

"**§ 143B-1209.45. Criminal history record checks of applicants for licensure as physical therapists or physical therapist assistants.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Physical Therapy Examiners a criminal history record from the State and National Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request for criminal history records, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or subject, a form signed by the applicant consenting to the criminal history record check and use of the fingerprints and other identifying information required by the Repositories, and any additional information required by the ~~Department.~~ Bureau. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the

~~Department of Public Safety~~ Bureau to conduct a criminal history record check under this section, but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.46. Criminal record checks of applicants and recipients of programs of public assistance.**

(a) Upon receipt of a request from a county department of social services pursuant to G.S. 108A-26.1, the ~~Department of Public Safety~~ State Bureau of Investigation shall, to the extent allowed by federal law, provide to the county department of social services the criminal history from the State or National Repositories of Criminal Histories of an applicant for, or recipient of, program assistance under Part 2 or Part 5 of Article 2 of Chapter 108A of the General Statutes.

(b) The county department of social services shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, any information required by the ~~Department of Public Safety~~ Bureau and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of any necessary identifying information required by the State or National Repositories. The county department of social services shall keep all information pursuant to this section confidential and privileged, except as provided in G.S. 108A-26.1.

(c) The ~~Department of Public Safety~~ Bureau may charge a reasonable fee only for conducting the checks of the criminal history records authorized by this section.

"**§ 143B-1209.47. Criminal record checks for the Office of State Controller.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Office of State Controller from the State and National Repositories of Criminal Histories the criminal history of any current or prospective employee, volunteer, or contractor of the Office of State Controller. The Office of State Controller shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, volunteer, or contractor, a form signed by the current or prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Office of State Controller shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.48. Criminal record checks for the Department of Revenue.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation shall, upon request, provide to the Department of Revenue from the State and National Repositories of Criminal Histories the criminal history of any of the following individuals:

(1) A current or prospective permanent or temporary employee.
(2) A contractor with the Department.
(3) An employee or agent of a contractor with the Department.
(4) Any other individual otherwise engaged by the Department who will have access to federal tax information.

(b) Along with the request, the Department of Revenue shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the individual whose record is being sought, a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The individual's fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal

history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department of Revenue shall keep all information obtained pursuant to this section confidential.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.49. Criminal record checks for the Office of State Human Resources.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Office of State Human Resources from the State and National Repositories of Criminal Histories the criminal history of any prospective temporary employee of a State agency or department if a criminal record check is a requirement for employment by the agency or department with which the individual would be temporarily assigned. The Office of State Human Resources shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective temporary employee, a form signed by the prospective temporary employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Office of State Human Resources shall keep all information obtained pursuant to this section confidential.

(b) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information. If the ~~Department of Public Safety~~ Bureau charges the Office of State Human Resources a fee for conducting the criminal record check, the agency or department with which the individual would be temporarily assigned shall reimburse the Office of State Human Resources for the fee charged.

"**§ 143B-1209.50. Criminal record checks for employees and contractors of the State Board of Elections and county directors of elections.**

(a) As used in this section, the term:

(1) "Current or prospective employee" means any of the following:

a. A current or prospective permanent or temporary employee of the State Board or a current or prospective county director of elections.

b. A current or prospective contractor with the State Board.

c. An employee or agent of a current or prospective contractor with the State Board.

d. Any other individual otherwise engaged by the State Board who has or will have the capability to update, modify, or change elections systems or confidential elections or ethics data.

(2) "State Board" means the State Board of Elections.

(b) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Executive Director of the State Board a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The Executive Director shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

…

"**§ 143B-1209.51. Criminal record checks for employees of county boards of elections.**

(a) As used in this section, the term:

(1) "Current or prospective employee" means a current or prospective permanent or temporary employee of a county board of elections.

(2) "State Board" means the State Board of Elections.

(b) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to a county board of elections a current or prospective employee's criminal history from the State and National Repositories of Criminal Histories. The county board of elections shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the current or prospective employee, a form signed by the current or prospective employee consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the current or prospective employee shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(c) The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

…

"**§ 143B-1209.52. Criminal record checks of applicants for licensure as dietitian/nutritionists or nutritionists.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Board of Dietetics/Nutrition a criminal history record from the State and National Repositories of Criminal Histories for applicants for licensure by the Board. Along with a request for criminal history records, the Board shall provide to the ~~Department of Public Safety~~ Bureau the fingerprints of the applicant or subject, a form signed by the applicant consenting to the criminal history record check and use of the fingerprints and other identifying information required by the Repositories, and any additional information required by the ~~Department.~~ Bureau. The fingerprints shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Board shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by the ~~Department of Public Safety~~ Bureau to conduct a criminal history record check under this section, but the fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.53. National criminal record checks for child care institutions.**

The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department of Health and Human Services, Criminal Records Check Unit, in accordance with G.S. 108A-150, the criminal history of any current or prospective employee or volunteer in a child care institution as defined by Title IV-E of the Social Security Act, including individuals working with a contract agency in a child care institution. The Department of Health and Human Services, Criminal Records Check Unit, shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ Bureau, and a form signed by the individual to be checked consenting to the check of the criminal record and to the use of

fingerprints and other identifying information required by the State or National Repositories of Criminal Histories. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. All information received by the Department of Health and Human Services, Criminal Records Check Unit, shall be kept confidential in accordance with G.S. 108A-150. The ~~Department of Public Safety~~ Bureau may charge a reasonable fee to conduct a criminal record check under this section.

…

"**§ 143B-1209.55. Criminal record checks for the Legislative Services Commission.**

The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Legislative Services Officer from the State and National Repositories of Criminal Histories the criminal history of any prospective employee, volunteer, or contractor of the General Assembly. The Legislative Services Officer shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the prospective employee, volunteer, or contractor, a form signed by the prospective employee, volunteer, or contractor consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the prospective employee, volunteer, or contractor shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Legislative Services Officer shall keep all information obtained pursuant to this section confidential. The ~~Department of Public Safety~~ Bureau may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

"**§ 143B-1209.56. Criminal record checks for sheriffs.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the North Carolina Sheriffs' Education and Training Standards Commission a criminal history from the State and National Repositories of Criminal Histories for any person filing a notice of candidacy, or any potential appointee to fill a vacancy, to the office of sheriff. The North Carolina Sheriffs' Education and Training Standards Commission shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the person filing a notice of candidacy, or any potential appointee to fill a vacancy, to the office of sheriff; a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories; and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

"**§ 143B-1209.57. Criminal record check for platform licensees.**

(a) The ~~Department of Public Safety~~ State Bureau of Investigation may provide to the Secretary of State a criminal history from the State and National Repositories of Criminal Histories for any applicant seeking a platform license. The Secretary shall provide to the ~~Department of Public Safety,~~ Bureau, along with the request, the fingerprints of the applicant and its key persons; a form signed by the individual consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories; and any additional information required by the ~~Department of Public Safety.~~ Bureau. The fingerprints of the individual shall be ~~forwarded to the State Bureau of Investigation~~ used for a search of the State's criminal history record file, and the ~~State~~ Bureau ~~of Investigation~~ shall

forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

"**§ 143B-1209.58. The National Crime Prevention and Privacy Compact.**

The National Crime Prevention and Privacy Compact is enacted into law and entered into with all jurisdictions legally joining in the compact in the form substantially as set forth in this section, as follows:

Preamble.

Whereas, it is in the interest of the State to facilitate the dissemination of criminal history records from other states for use in North Carolina as authorized by State law; and

Whereas, the National Crime Prevention and Privacy Compact creates a legal framework for the cooperative exchange of criminal history records for noncriminal justice purposes; and

Whereas, the compact provides for the organization of an electronic information-sharing system among the federal government and the states to exchange criminal history records for noncriminal justice purposes authorized by federal or state law, such as background checks for governmental licensing and employment; and

Whereas, under the compact, the FBI and the party states agree to maintain detailed databases of their respective criminal history records, including arrests and dispositions, and to make them available to the federal government and party states for authorized purposes; and

Whereas, the FBI shall manage the federal data facilities that provide a significant part of the infrastructure for the system; and

Whereas, entering into the compact would facilitate the interstate and federal-state exchange of criminal history information to streamline the processing of background checks for noncriminal justice purposes; and

Whereas, release and use of information obtained through the system for noncriminal justice purposes would be governed by the laws of the receiving state; and

Whereas, entering into the compact will provide a mechanism for establishing and enforcing uniform standards for record accuracy and for the confidentiality and privacy interests of record subjects.

Article I.

Definitions.

As used in this compact, the following definitions apply:

…

(4) "Criminal history record repository" means the ~~Department of Public Safety.~~State Bureau of Investigation.

…."

SECTION 19F.4.(k) G.S. 143B-600(b)(2) is repealed.

SECTION 19F.4.(*l*) G.S. 14-16.9 reads as rewritten:

"**§ 14-16.9. Officers-elect to be covered.**

Any person who has been elected to any office covered by this Article but has not yet taken the oath of office shall be considered to hold the office for the purpose of this Article and ~~G.S. 143B-919.~~G.S. 143B-1208.5."

SECTION 19F.4.(m) G.S. 113-172(a) reads as rewritten:

"(a) The Secretary shall designate license agents for the Department. The Division and license agents designated by the Secretary under this section shall issue licenses authorized under this Article in accordance with this Article and the rules of the Commission. The Secretary may require license agents to enter into a contract that provides for their duties and compensation, post a bond, and submit to reasonable inspections and audits. If a license agent violates any provision of this Article, the rules of the Commission, or the terms of the contract, the Secretary may initiate proceedings for the forfeiture of the license agent's bond and may summarily

suspend, revoke, or refuse to renew a designation as a license agent and may impound or require the return of all licenses, moneys, record books, reports, license forms and other documents, ledgers, and materials pertinent or apparently pertinent to the license agency. The Secretary shall report evidence or misuse of State property, including license fees, by a license agent to the State Bureau of Investigation as provided by ~~G.S. 143B-920.~~G.S. 143B-1208.6."

SECTION 19F.4.(n) G.S. 164-44(a) reads as rewritten:

"(a) The Commission shall have the secondary duty of collecting, developing, and maintaining statistical data relating to sentencing, corrections, and juvenile justice so that the primary duties of the Commission will be formulated using data that is valid, accurate, and relevant to this State. All State agencies shall provide data as it is requested by the Commission. For the purposes of ~~G.S. 143B-930,~~ G.S. 143B-1209.10, the Commission shall be considered to be engaged in the administration of criminal justice. All meetings of the Commission shall be open to the public and the information presented to the Commission shall be available to any State agency or member of the General Assembly."

SECTION 19F.4.(o) G.S. 110-90.2(g) reads as rewritten:

"(g) The child care provider shall pay the cost of the fingerprinting and the federal criminal history record check in accordance with ~~G.S. 143B-934.~~ G.S. 143B-1209.14. The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State criminal history record check. The Department of Health and Human Services shall pay for and conduct the county criminal history record check. Child care providers who reside outside the State bear the cost of the county criminal history record check and shall provide the county criminal history record check to the Division of Child Development as required by this section."

SECTION 19F.4.(p) G.S. 18C-151(a)(3) reads as rewritten:

"(3) All proposals shall be accompanied by a bond or letter of credit in an amount equal to not less than five percent (5%) of the proposal and the fee to cover the cost of the criminal record check conducted under ~~G.S. 143B-935.~~G.S. 143B-1209.15."

SECTION 19F.4.(q) G.S. 122C-80 reads as rewritten:

"**§ 122C-80. Criminal history record check required for certain applicants for employment.**

…

(b) Requirement. – An offer of employment by a provider licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a State and national criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A provider shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Except as otherwise provided in this subsection, within five business days of making the conditional offer of employment, a provider shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a criminal history record check required by this section or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the provider as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history

record check be shared with the provider. Providers shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. A county that has adopted an appropriate local ordinance and has access to the ~~Department of Public Safety~~ State Bureau of Investigation data bank may conduct on behalf of a provider a State criminal history record check required by this section without the provider having to submit a request to the ~~Department of Justice.~~ State Bureau of Investigation. In such a case, the county shall commence with the State criminal history record check required by this section within five business days of the conditional offer of employment by the provider. All criminal history information received by the provider is confidential and may not be disclosed, except to the applicant as provided in subsection (c) of this section. For purposes of this subsection, the term "private entity" means a business regularly engaged in conducting criminal history record checks utilizing public records obtained from a State agency.

…

(g) Conditional Employment. – A provider may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The provider shall not employ an applicant prior to obtaining the applicant's consent for criminal history record check as required in subsection (b) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The provider shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment."

SECTION 19F.4.(r) G.S. 131D-40 reads as rewritten:

"**§ 131D-40. Criminal history record checks required for certain applicants for employment.**

(a) Requirement; Adult Care Home. – An offer of employment by an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, an adult care home shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the adult care home. Adult care homes shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Adult Care Home. – An offer of employment by a contract agency of an adult care home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A contract agency of an adult care home shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a contract agency of an adult care home shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the contract agency of the adult care home as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the contract agency of the adult care home. Contract agencies of adult care homes shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the contract agency is confidential and may not be disclosed, except to the applicant as provided by subsection (b) of this section.

…

(f) Conditional Employment. – An adult care home may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The adult care home shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (a) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The adult care home shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(s) G.S. 131E-265 reads as rewritten:

"**§ 131E-265. Criminal history record checks required for certain applicants for employment.**

(a) Requirement; Nursing Home or Home Care Agency. – An offer of employment by a nursing home licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned on consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. An offer of employment by a home care agency licensed under this Chapter to

an applicant to fill a position that requires entering the patient's home is conditioned on consent to a criminal history record check of the applicant. In addition, employment status change of a current employee of a home care agency licensed under this Chapter from a position that does not require entering the patient's home to a position that requires entering the patient's home shall be conditioned on consent to a criminal history record check of that current employee. If the applicant for employment or if the current employee who is changing employment status has been a resident of this State for less than five years, then the offer of employment or change in employment status is conditioned on consent to a State and national criminal history record check. The national criminal history record check shall include a check of the applicant's or current employee's fingerprints. If the applicant or current employee has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant or current employee applying for a change in employment status. A nursing home or a home care agency shall not employ an applicant who refuses to consent to a criminal history record check required by this section. In addition, a home care agency shall not change a current employee's employment status from a position that does not require entering the patient's home to a position that requires entering the patient's home who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a nursing home or home care agency shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the nursing home or home care agency as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the nursing home or home care agency. Nursing homes and home care agencies shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the home or agency is confidential and may not be disclosed, except to the applicant as provided in subsection (b) of this section.

(a1) Requirement; Contract Agency of Nursing Home or Home Care Agency. – An offer of employment by a contract agency of a nursing home or home care agency licensed under this Chapter to an applicant to fill a position that does not require the applicant to have an occupational license is conditioned upon consent to a criminal history record check of the applicant. If the applicant has been a resident of this State for less than five years, then the offer of employment is conditioned on consent to a State and national criminal history record check of the applicant. The national criminal history record check shall include a check of the applicant's fingerprints. If the applicant has been a resident of this State for five years or more, then the offer is conditioned on consent to a State criminal history record check of the applicant. A contract agency of a nursing home or home care agency shall not employ an applicant who refuses to consent to a criminal history record check required by this section. Within five business days of making the conditional offer of employment, a contract agency of a nursing home or home care agency shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-939~~ G.S. 143B-1209.20 to conduct a State or national criminal history record check required by this section, or shall submit a request to a private entity to conduct a State criminal history record check required by this section. Notwithstanding ~~G.S. 143B-939,~~ G.S. 143B-1209.20, the ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of national criminal history record checks for employment positions not covered by

Public Law 105-277 to the Department of Health and Human Services, Criminal Records Check Unit. Within five business days of receipt of the national criminal history of the person, the Department of Health and Human Services, Criminal Records Check Unit, shall notify the contract agency of the nursing home or home care agency as to whether the information received may affect the employability of the applicant. In no case shall the results of the national criminal history record check be shared with the contract agency of the nursing home or home care agency. Contract agencies of nursing homes and home care agencies shall make available upon request verification that a criminal history check has been completed on any staff covered by this section. All criminal history information received by the contract agency is confidential and may not be disclosed, except to the applicant as provided by subsection (b) of this section.

…

(f) Conditional Employment. – A nursing home or home care agency may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The nursing home or home care agency shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (a) of this section or the completed fingerprint cards as required in ~~G.S. 143B-939.~~G.S. 143B-1209.20.

(2) The nursing home or home care agency shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(t) G.S. 90-171.23(b)(19) reads as rewritten:

"(19) Request that the Department of Public Safety conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 143B-940.~~G.S. 143B-1209.21."

SECTION 19F.4.(u) G.S. 90-113.33(10) reads as rewritten:

"(10) Request that the Department of Public Safety conduct criminal history record checks of applicants for registration, certification, or licensure pursuant to ~~G.S. 143B-941.~~G.S. 143B-1209.22."

SECTION 19F.4.(v) The following statutes are amended by deleting the language "G.S. 143B-943" wherever it appears and substituting "G.S. 143B-1209.23": G.S. 153A-233, 153A-234, and 160A-292.

SECTION 19F.4.(w) G.S. 143-143.10(b)(6) reads as rewritten:

"(6) To request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history checks of applicants for licensure pursuant to ~~G.S. 143B-944.~~G.S. 143B-1209.24."

SECTION 19F.4.(x) G.S. 153A-94.2 reads as rewritten:

"**§ 153A-94.2. Criminal history record checks of employees permitted.**

The board of commissioners may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945.~~ G.S. 143B-1209.25. The local or regional public employer may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19F.4.(y) G.S. 160A-164.2 reads as rewritten:

"**§ 160A-164.2. Criminal history record check of employees permitted.**

The council may adopt or provide for rules and regulations or ordinances concerning a requirement that any applicant for employment be subject to a criminal history record check of State and National Repositories of Criminal Histories conducted by the ~~Department of Public~~

~~Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-945.~~ G.S. 143B-1209.25. The city may consider the results of these criminal history record checks in its hiring decisions."

SECTION 19F.4.(z) G.S. 74F-6(16) reads as rewritten:

"(16) Request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history record checks of applicants for licensure and apprenticeships pursuant to ~~G.S. 143B-946.~~ G.S. 143B-1209.26."

SECTION 19F.4.(aa) G.S. 7A-349 reads as rewritten:

"**§ 7A-349. Criminal history record check; denial of employment, contract, or volunteer opportunity.**

The Judicial Department may deny employment, a contract, or a volunteer opportunity to any person who refuses to consent to a criminal history check authorized under ~~G.S. 143B-950~~ G.S. 143B-1209.31 and may dismiss a current employee, terminate a contractor, or terminate a volunteer relationship if that employee, contractor, or volunteer refuses to consent to a criminal history record check authorized under ~~G.S. 143B-950.~~G.S. 143B-1209.31."

SECTION 19F.4.(bb) G.S. 131E-159(g) reads as rewritten:

"(g) An individual who applies for EMS credentials, seeks to renew EMS credentials, or holds EMS credentials is subject to a criminal background review by the Department. At the request of the Department, the Emergency Medical Services Disciplinary Committee, established by G.S. 143-519, shall review criminal background information and make a recommendation regarding the eligibility of an individual to obtain initial EMS credentials, renew EMS credentials, or maintain EMS credentials. The Department and the Emergency Medical Services Disciplinary Committee shall keep all information obtained pursuant to this subsection confidential. The Medical Care Commission shall adopt rules to implement the provisions of this subsection, including rules to establish a reasonable fee to offset the actual costs of criminal history information obtained pursuant to ~~G.S. 143B-952.~~G.S. 143B-1209.33."

SECTION 19F.4.(cc) G.S. 90-345(b) reads as rewritten:

"(b) The Board may request that an applicant for licensure, an applicant seeking reinstatement of a license, or a licensee under investigation by the Board for alleged criminal offenses in violation of this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed by the applicant or licensee consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-957.~~ G.S. 143B-1209.38. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(dd) G.S. 90-270.63(b) reads as rewritten:

"(b) The Board may request that an applicant for licensure, an applicant seeking reinstatement of a license, or a licensee under investigation by the Board for alleged criminal offenses in violation of this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant, deny reinstatement of a license to an applicant, or revoke the license of a licensee. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed

by the applicant or licensee consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-958.~~ G.S. 143B-1209.39. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(ee) G.S. 14-415.4(d)(5) reads as rewritten:

(5) The petitioner submits his or her fingerprints to the sheriff of the county in which the petitioner resides for a criminal background check pursuant to ~~G.S. 143B-959.~~G.S. 143B-1209.40."

SECTION 19F.4.(ff) G.S. 93E-1-6(c1) reads as rewritten:

"(c1) The Board shall also make an investigation as it deems necessary into the background of the applicant to determine the applicant's qualifications with due regard to the paramount interest of the public as to the applicant's competency, honesty, truthfulness, and integrity. All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny an application. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check, and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(gg) G.S. 93E-2-11(b) reads as rewritten:

"(b) The Board may require that an applicant for registration as an appraisal management company or a registrant consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny registration to an applicant or registrant. The Board shall ensure that the State and national criminal history of an applicant or registrant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or registrant to be checked, a form signed by the applicant or registrant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation in accordance with ~~G.S. 143B-961.~~ G.S. 143B-1209.42. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(hh) G.S. 90-356(15) reads as rewritten:

"(15) Request that the ~~Department of Public Safety~~ State Bureau of Investigation conduct criminal history record checks of applicants for licensure pursuant to ~~G.S. 143B-966.~~G.S. 143B-1209.47."

SECTION 19F.4.(ii) G.S. 143B-426.39(18) reads as rewritten:

"(18) Require a criminal history record check of any current or prospective employee, volunteer, or contractor, which shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-966.~~ G.S. 143B-1209.47. The criminal history report shall be provided to the State Controller and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(jj) G.S. 163-27.2(b) reads as rewritten:

"(b) A criminal history record check shall be required of all current or prospective permanent or temporary employees of the State Board and all current or prospective county directors of elections, which shall be conducted by the ~~Department of Public Safety~~ State Bureau of Investigation as provided in ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The criminal history report shall be provided to the Executive Director, who shall keep all information obtained pursuant to this section confidential to the State Board, as provided in ~~G.S. 143B-968(d).~~ G.S. 143B-1209.49(d). A criminal history report provided under this subsection is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(kk) G.S. 163-35(b) reads as rewritten:

"(b) Appointment, Duties; Termination. – Upon receipt of a nomination from the county board of elections stating that the nominee for director of elections is submitted for appointment upon majority selection by the county board of elections the Executive Director shall issue a letter of appointment of such nominee to the chairman of the county board of elections within 10 days after receipt of the nomination, unless good cause exists to decline the appointment. The Executive Director may delay the issuance of appointment for a reasonable time if necessary to obtain a criminal history records check sought under ~~G.S. 143B-968.~~ G.S. 143B-1209.49. The Executive Director shall apply the standards provided in G.S. 163-27.2 in determining whether a nominee with a criminal history shall be selected. If the Executive Director determines a nominee shall not be selected and does not issue a letter of appointment, the decision of the Executive Director of the State Board shall be final unless the decision is, within 10 days from the official date on which it was made, deferred by the State Board. If the State Board defers the decision, then the State Board shall make a final decision on appointment of the director of elections and may direct the Executive Director to issue a letter of appointment. If an Executive Director issues a letter of appointment, the county board of elections shall enter in its official minutes the specified duties, responsibilities and designated authority assigned to the director by the county board of elections. The specified duties and responsibilities shall include adherence to the duties delegated to the county board of elections pursuant to G.S. 163-33. A copy of the specified duties, responsibilities and designated authority assigned to the director shall be filed with the State Board of Elections. In the event the Executive Director is recused due to an actual or apparent conflict of interest from rendering a decision under this section, the chair and vice-chair of the State Board shall designate a member of staff to fulfill those duties."

SECTION 19F.4.(*ll*) G.S. 163-37.1(b) reads as rewritten:

"(b) The county board of elections shall require a criminal history record check of all current or prospective employees, which shall be conducted by the ~~Department of Public Safety~~ State Bureau of Investigation as provided in ~~G.S. 143B-969.~~ G.S. 143B-1209.50. The criminal history report shall be provided to the county board of elections. A county board of elections shall provide the criminal history record of all current or prospective employees required by G.S. 163-27.2 to the Executive Director and the State Board. The criminal history report shall be kept confidential as provided in ~~G.S. 143B-969(d)~~ G.S. 143B-1209.50(d) and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(mm) G.S. 108A-150 reads as rewritten:

"**§ 108A-150. Criminal history record checks required for child care institutions.**

…

(c) Process. – Within five business days of making the conditional offer of employment, or formally discussing a volunteer opportunity, a child care institution, or a contract agency of a

child care institution, shall submit a request to the ~~Department of Public Safety~~ State Bureau of Investigation under ~~G.S. 143B-972~~ G.S. 143B-1209.53 to conduct a State and national criminal history record check as required by this section. The ~~Department of Public Safety~~ State Bureau of Investigation shall return the results of the national criminal history record check to the Department of Health and Human Services, Criminal Records Check Unit.

…

(g) Conditional Employment. – A child care institution may employ an applicant conditionally prior to obtaining the results of a criminal history record check regarding the applicant if both of the following requirements are met:

(1) The child care institution shall not employ an applicant prior to obtaining the applicant's consent for a criminal history record check as required in subsection (b) of this section or the completed fingerprint cards as required in ~~G.S. 143B-972.~~G.S. 143B-1209.53.

(2) The child care institution shall submit the request for a criminal history record check not later than five business days after the individual begins conditional employment.

…."

SECTION 19F.4.(nn) G.S. 120-32(2a) reads as rewritten:

"(2a) Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General Assembly. The criminal history record check shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-972.~~ G.S.143B-1209.55. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes."

SECTION 19F.4.(oo) Article 5 of Chapter 15A of the General Statutes reads as rewritten:

"Article 5.

"Expunction of Records.

"**§ 15A-145. Expunction of records for first offenders under the age of 18 at the time of conviction of misdemeanor; expunction of certain other misdemeanors.**

(a) Whenever any person who has not previously been convicted of any felony, or misdemeanor other than a traffic violation, under the laws of the United States, the laws of this State or any other state, (i) pleads guilty to or is guilty of a misdemeanor other than a traffic violation, and the offense was committed before the person attained the age of 18 years, or (ii) pleads guilty to or is guilty of a misdemeanor possession of alcohol pursuant to G.S. 18B-302(b)(1), and the offense was committed before the person attained the age of 21 years, he may file a petition in the court of the county where he was convicted for expunction of the misdemeanor from his criminal record. The petition cannot be filed earlier than: (i) two years after the date of the conviction, or (ii) the completion of any period of probation, whichever occurs later, and the petition shall contain, but not be limited to, the following:

…

(4a) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

(5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against him are outstanding.

The petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 10 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition.

The judge to whom the petition is presented is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct during the two-year period that he deems desirable.

…

(e) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.1. Expunction of records for first offenders under the age of 18 at the time of conviction of certain gang offenses.**

(a) Whenever any person who has not previously been convicted of any felony or misdemeanor other than a traffic violation under the laws of the United States or the laws of this State or any other state pleads guilty to or is guilty of (i) a Class H felony under Article 13A of Chapter 14 of the General Statutes or (ii) an enhanced offense under G.S. 14-50.22, or has been discharged and had the proceedings against the person dismissed pursuant to G.S. 14-50.29, and the offense was committed before the person attained the age of 18 years, the person may file a petition in the court of the county where the person was convicted for expunction of the offense from the person's criminal record. Except as provided in G.S. 14-50.29 upon discharge and dismissal, the petition cannot be filed earlier than (i) two years after the date of the conviction or (ii) the completion of any period of probation, whichever occurs later. The petition shall contain, but not be limited to, the following:

…

(4a) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

(5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

The petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 10 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition.

The judge to whom the petition is presented is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct during the probationary period or during the two-year period after conviction.

…

(d) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.2. Expunction of records for first offenders not over 21 years of age at the time of the offense of certain drug offenses.**

(a) Whenever a person is discharged, and the proceedings against the person dismissed, pursuant to G.S. 90-96(a) or (a1), and the person was not over 21 years of age at the time of the offense, the person may apply to the court of the county where charged for an order to expunge from all official records, other than the confidential files retained under G.S. 15A-151, all recordation relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal and discharge pursuant to this section. The applicant shall attach to the petition the following:

…

(3a) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

The judge to whom the petition is presented is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct during the probationary period deemed desirable.

If the court determines, after hearing, that such person was discharged and the proceedings against him or her dismissed and that the person was not over 21 years of age at the time of the offense, it shall enter such order. The effect of such order shall be to restore such person in the contemplation of the law to the status the person occupied before such arrest or indictment or information.

…

(d) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay

the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.3. Expunction of records for first offenders not over 21 years of age at the time of the offense of certain toxic vapors offenses.**

(a) Whenever a person is discharged and the proceedings against the person dismissed 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 of the offense, may apply to the court of the county where charged for an order to expunge from all official records, other than the confidential files retained under G.S. 15A-151, all recordation relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal and discharge pursuant to this section. The applicant shall attach to the petition the following:

…

(3a) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

The judge to whom the petition is presented is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct during the probationary period deemed desirable.

If the court determines, after hearing, that such person was discharged and the proceedings against the person dismissed and that he or she was not over 21 years of age at the time of the offense, it shall enter such order. The effect of such order shall be to restore such person in the contemplation of the law to the status the person occupied before such arrest or indictment or information. No person as to whom such order was entered shall be held thereafter under any provision of any law to be guilty of perjury or otherwise giving a false statement by reason of the person's failures to recite or acknowledge such arrest, or indictment or information, or trial in response to any inquiry made of him or her for any purpose.

The court shall also order that all records of the proceeding be expunged from the records of the court and direct all law enforcement agencies bearing records of the same to expunge their records of the proceeding. The clerk shall notify State and local agencies of the court's order as provided in G.S. 15A-150.

…

(d) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.4. Expunction of records for first offenders who are under 18 years of age at the time of the commission of a nonviolent felony.**

…

(c) Whenever any person who had not yet attained the age of 18 years at the time of the commission of the offense and has not previously been convicted of any felony or misdemeanor other than a traffic violation under the laws of the United States or the laws of this State or any other state pleads guilty to or is guilty of a nonviolent felony, the person may file a petition in the court of the county where the person was convicted for expunction of the nonviolent felony from the person's criminal record. The petition shall not be filed earlier than four years after the date of the conviction or when any active sentence, period of probation, and post-release supervision has been served, whichever occurs later. The person shall also perform at least 100 hours of community service, preferably related to the conviction, before filing a petition for expunction under this section. The petition shall contain the following:

…

(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing (i) a State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual; (ii) a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants or pending criminal cases; and (iii) a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

(5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

(6) An affidavit by the petitioner that the petitioner has performed at least 100 hours of community service since the conviction for the nonviolent felony. The affidavit shall include a list of the community services performed, a list of the recipients of the services, and a detailed description of those services.

(7) An affidavit by the petitioner that the petitioner possesses a high school diploma, a high school graduation equivalency certificate, or a General Education Development degree.

The petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition. The district attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the date of the hearing.

…

(j) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.5. Expunction of certain misdemeanors and felonies; no age limitation.**

…

(c1) A petition filed pursuant to this section shall contain, but not be limited to, the following:

…

(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual, a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants on pending criminal cases, and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

…

Upon filing of the petition, the petition shall be served upon the district attorney of the court wherein the case was tried resulting in conviction. The district attorney shall have 30 days thereafter in which to file any objection thereto and shall be duly notified as to the date of the hearing of the petition. Upon good cause shown, the court may grant the district attorney an additional 30 days to file objection to the petition. The district attorney shall make his or her best efforts to contact the victim, if any, to notify the victim of the request for expunction prior to the date of the hearing. Upon request by the victim, the victim has a right to be present at any hearing on the petition for expunction and the victim's views and concerns shall be considered by the court at such hearing.

The presiding judge is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct since the conviction. The court shall review any other information the court deems relevant, including, but not limited to, affidavits or other testimony provided by law enforcement officers, district attorneys, and victims of crimes committed by the petitioner.

…

"**§ 15A-145.6. Expunctions for certain defendants convicted of prostitution.**

…

(c) The petition shall contain all of the following:

…

(4) An application on a form approved by the Administrative Office of the Courts requesting and authorizing (i) a State and national criminal history record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual; (ii) a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants or pending criminal cases; and (iii) a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

(5) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

…

"**§ 15A-145.7. Expunction of records for first offenders under 20 years of age at the time of the offense of certain offenses.**

(a) Whenever a person is discharged, and the proceedings against the person dismissed, pursuant to G.S. 14-277.8, and the person was under 20 years of age at the time of the offense, the person may apply to the court of the county where charged for an order to expunge from all official records, other than the confidential files retained under G.S. 15A-151, all recordation relating to the person's arrest, indictment or information, trial, finding of guilty, and dismissal and discharge pursuant to this section. The applicant shall attach to the petition the following:

…

(3) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a name-based State and national criminal record check by the ~~Department of Public Safety~~ State Bureau of Investigation using any information required by the Administrative Office of the Courts to identify the individual and a search of the confidential record of expunctions maintained by the Administrative Office of the Courts. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety~~ State Bureau of Investigation and to the Administrative Office of the Courts, which shall conduct the searches and report their findings to the court.

The judge to whom the petition is presented is authorized to call upon a probation officer for any additional investigation or verification of the petitioner's conduct during the probationary period deemed desirable.

If the court determines, after hearing, that such person was discharged and the proceedings against him or her dismissed and that the person was under 20 years of age at the time of the offense, it shall enter such order. The effect of such order shall be to restore such person in the contemplation of the law to the status the person occupied before such arrest or indictment or information.

…

(d) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

…

"**§ 15A-145.8A. Expunction of records for offenders under the age of 18 at the time of commission of certain misdemeanors and felonies upon completion of the sentence.**

…

(h) A person who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of ~~one hundred seventy-five~~ fifty-two dollars ~~($175.00)~~ and fifty cents ($52.50) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The ~~clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the North Carolina Department of Public Safety for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each~~ fee shall be retained by the Administrative Office of the Courts and used

to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

"**§ 15A-145.9. Expunctions of certain offenses committed by human trafficking victims.**

…

(c) Petition Requirements. – The petition shall contain all of the following:

(1) An affidavit by the petitioner that the petitioner is a victim of human trafficking and was coerced or deceived into committing the offense as a direct result of their status as a trafficking victim.

(2) A statement that the petition is a motion in the cause in the case wherein the petitioner was convicted.

(3) An application on a form approved by the Administrative Office of the Courts requesting and authorizing a search by the ~~Department of Public Safety~~ State Bureau of Investigation for any outstanding warrants. The application shall be filed with the clerk of superior court. The clerk of superior court shall forward the application to the ~~Department of Public Safety,~~ State Bureau of Investigation, which shall conduct the search and report its findings to the court.

(4) An affidavit by the petitioner that no restitution orders or civil judgments representing amounts ordered for restitution entered against the petitioner are outstanding.

…

"**§ 15A-146. Expunction of records when charges are dismissed or there are findings of not guilty.**

…

(d) A person charged with a crime that is dismissed pursuant to compliance with a deferred prosecution agreement or the terms of a conditional discharge and who files a petition for expunction of a criminal record under this section must pay the clerk of superior court a fee of one hundred seventy-five dollars ($175.00) at the time the petition is filed. Fees collected under this subsection are payable to the Administrative Office of the Courts. The clerk of superior court shall remit one hundred twenty-two dollars and fifty cents ($122.50) of each fee to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for the costs of criminal record checks performed in connection with processing petitions for expunctions under this section. The remaining fifty-two dollars and fifty cents ($52.50) of each fee shall be retained by the Administrative Office of the Courts and used to pay the costs of processing petitions for expunctions under this section. This subsection does not apply to petitions filed by an indigent.

…

"**§ 15A-153. Effect of expunction; prohibited practices by employers, educational institutions, agencies of State and local governments.**

…

(b) Nondisclosure Protected. – No person as to whom an order of expunction has been entered pursuant to this Article shall be held thereafter under any provision of any laws to be guilty of perjury or otherwise giving a false statement by reason of that person's failure to recite or acknowledge any expunged arrest, apprehension, charge, indictment, information, trial, or conviction in response to any inquiry made of him or her for any purpose other than as provided in subsection (e) of this section.

…

(e) Exceptions. – The provisions of subsection (d) of this section do not apply to any applicant or licensee seeking or holding any certification issued by the North Carolina Criminal Justice Education and Training Standards Commission pursuant to Article 1 of Chapter 17C of the General Statutes or the North Carolina Sheriffs Education and Training Standards Commission pursuant to Article 2 of Chapter 17E of the General Statutes:

(1) Convictions expunged pursuant to G.S. 15A-145.4. – Persons pursuing certification under the provisions of Article 1 of Chapter 17C or Article 2 of Chapter 17E of the General Statutes shall disclose any and all felony convictions to the certifying Commission regardless of whether or not the felony convictions were expunged pursuant to the provisions of G.S. 15A-145.4.

(2) Convictions expunged pursuant to G.S. 15A-145.5. – Persons pursuing certification under the provisions of Article 1 of Chapter 17C or Article 2 of Chapter 17E of the General Statutes shall disclose any and all convictions to the certifying Commission regardless of whether or not the convictions were expunged pursuant to the provisions of G.S. 15A-145.5.

…

"**§ 15A-160. Reporting requirement.**

The ~~Department of Public Safety,~~ State Bureau of Investigation, in conjunction with the Department of Justice and the Administrative Office of the Courts, shall report jointly to the Chairs of the Joint Legislative Oversight Committee on Justice and Public Safety Oversight by September 1 of each year regarding expunctions. The report shall include all of the following information:

(1) The number and types of expunctions granted during the fiscal year in which the report is made.

(2) The number and type of expunctions granted each fiscal year for the five fiscal years preceding the date of the report.

(3) A full accounting of how the agencies have spent the receipts generated by the expunction fees received during the fiscal year in which the report is made and for the five preceding fiscal years.

…."

SECTION 19F.4.(pp) [RESERVED]

SECTION 19F.4.(qq) [RESERVED]

SECTION 19F.4.(rr) G.S. 48-3-309 reads as rewritten:

"**§ 48-3-309. Mandatory preplacement criminal checks of prospective adoptive parents seeking to adopt a minor who is in the custody or placement responsibility of a county department of social services and mandatory preplacement criminal checks of all individuals 18 years of age or older who reside in the prospective adoptive home.**

…

(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department of Health and Human Services the criminal history of any individual required to be checked under subsection (a) of this section as requested by the Department and obtained from the State and National Repositories of Criminal Histories. The Department shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of any individual to be checked, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of any individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

…

(h) The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State and national criminal history checks on prospective adoptive parents seeking to adopt a minor in the custody or placement responsibility of a county department of social services and all individuals 18 years of age or older who reside in the prospective adoptive home and shall charge the Department of Health and Human Services a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of Health and Human Services, shall bear the costs of implementing this section."

SECTION 19F.4.(ss) G.S. 53-244.050 reads as rewritten:

"**§ 53-244.050. License and registration application; claim of exemption.**

…

(d) For the purposes of this section and in order to reduce the points of contact that the Federal Bureau of Investigation may have to maintain for purposes of the criminal information required by this section, the Commissioner may use the Nationwide Mortgage Licensing System and Registry as a channeling agent for requesting information from and distributing information to the ~~Department of Public Safety~~ State Bureau of Investigation or any governmental agency.

…

(f) For purposes of this section, the Commissioner may request and the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Commissioner for any person who (i) has applied for or holds a mortgage lender, mortgage broker, mortgage servicer, mortgage loan originator, or transitional mortgage loan originator license as provided by this section or (ii) has applied for or holds a registration as a registrant under this section. The Commissioner shall provide the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the person, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the person consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The person's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public Safety~~ State Bureau of Investigation may charge a fee for each person for conducting the checks of criminal history records authorized by this section.

…."

SECTION 19F.4.(tt) G.S. 58-71-51(a) reads as rewritten:

"(a) Authorization. – The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the Commissioner for a person who has applied to the Commissioner for a new or renewal license as a bail bondsman or runner. The Commissioner shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the new or renewal applicant. The applicant shall furnish the Commissioner with a complete set of the applicant's fingerprints in a manner prescribed by the Commissioner. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide a criminal history record check based upon the new or renewal applicant's fingerprints. The Commissioner shall provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The new or renewal applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The ~~Department of Public Safety~~ State Bureau of Investigation may charge each new or renewal applicant a fee for conducting the checks of criminal history records authorized by this subsection."

SECTION 19F.4.(uu) G.S. 58-89A-60(d) reads as rewritten:

"(d) Every applicant shall furnish the Commissioner a complete set of fingerprints of each officer, director, and controlling person in a form prescribed by the Commissioner. Each set of fingerprints shall be certified by an authorized law enforcement officer.

Upon request by the Department, the ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department from the State and National Repositories of Criminal Histories the criminal history of any applicant and the officer, director, and controlling person of any applicant. Along with the request, the Department shall provide to the ~~Department of Public Safety~~ State Bureau of Investigation the fingerprints of the person that is the subject of the request, a form signed by the person that is the subject of the request consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The person's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation may forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Department shall keep all information obtained pursuant to this subsection confidential. The ~~Department of Public Safety~~ State Bureau of Investigation may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information.

In the event that an applicant has secured a professional employer organization license in another state in which the professional employer organization's controlling persons have completed a criminal background investigation within 12 months of this application, a certified copy of the report from the appropriate authority of that state may satisfy the requirement of this subsection. This subsection also applies to a change in a controlling party of a professional employer organization. For purposes of investigation under this subsection, the Commissioner shall have all the power conferred by G.S. 58-2-50 and other applicable provisions of this Chapter."

SECTION 19F.4.(vv) G.S. 66-407 reads as rewritten:

"**§ 66-407. Permits.**

(a) Dealer Permit. – Except as provided in subsection (c) of this section, it is unlawful for any person to engage as a dealer in the business of purchasing precious metals either as a separate business or in connection with other business operations without first obtaining a permit for the business from the local law enforcement agency. The Department of Public Safety shall approve the forms for both the application and the permit. The application shall be given under oath and shall be notarized. A 30-day waiting period from the date of filing of the application is required prior to initial issuance of a permit. A separate permit shall be issued for each location, place, or premises within the jurisdiction of the local law enforcement agency which is used for conducting a precious metals business, and each permit shall designate the location, place or premises to which it applies. No business shall be conducted in a place other than that designated in the permit, or in a mobile home, trailer, camper, or other vehicle, or structure not permanently affixed to the ground or in any room customarily used for lodging in any hotel, motel, tourist court, or tourist home. The permit shall be posted in a prominent place on the designated premises. Permits shall be valid for a period of 12 months from the date issued and may be renewed without a waiting period upon filing of an application and payment of the annual fee. The annual fee for a permit within each jurisdiction is one hundred eighty dollars ($180.00) to provide for the administrative costs of the local law enforcement agency, including the purchase of required forms and the cost of conducting the criminal history record check of the applicant. The fee is not refundable even if the permits are denied or later suspended or revoked. A permit issued under this section is in addition to and not in lieu of other business licenses and is not

transferable. No person other than the dealer named on the permit and that dealer's employees may engage in the business of purchasing precious metals under the authority of the permit.

Any dealer applying to the local law enforcement agency for a permit shall furnish the local law enforcement agency with the following information:

(1) The applicant's full name, and any other names used by the applicant during the preceding five years. In the case of a partnership, association, or corporation, the applicant shall list any partnership, association, or corporate names used during the preceding five years.
(2) Current address, and all addresses used by the applicant during the preceding five years.
(3) Physical description.
(4) Age.
(5) Driver's license number, if any, and state of issuance.
(6) Recent photograph.
(7) Record of felony convictions.
(8) Record of other convictions during the preceding five years.
(9) A full set of fingerprints of the applicant.

If the applicant for a dealer's permit is a partnership or association, all persons owning a ten percent (10%) or more interest in the partnership or association shall comply with the provisions of this subsection. These permits shall be issued in the name of the partnership or association.

If the applicant for a dealer's permit is a corporation, each officer, director and stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the provisions of this subsection. These permits shall be issued in the name of the corporation.

No permit shall be issued to an applicant who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless the applicant has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application. In the case of a partnership, association, or corporation, no permit shall be issued to any applicant with an officer, partner, or director who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application.

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for a person who has applied for a permit through the agency. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection.

(b) Employee Requirements. – Every employee engaged in the precious metals purchasing business shall, within two business days of being so engaged, register his or her name and address with the local law enforcement agency and have his or her photograph taken by the

agency. The employee also shall consent to a criminal history record check, which shall be performed by the local law enforcement agency. A person who refuses to consent to a criminal history record check shall not be employed by a dealer required to be licensed under this section. A person who has been convicted of a felony involving a crime of moral turpitude, larceny, receiving stolen goods, or of similar charges shall not be employed by a dealer required to be licensed under this section, unless the person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of registration. The agency shall issue to the employee a certificate of compliance with this section upon the applicant's payment of the sum of ten dollars ($10.00) to the agency. The certificate shall be renewed annually for a three-dollar ($3.00) fee and shall be posted in the work area of the registered employee. An employee is not subject to the requirements of this subsection if the employee is engaged in the precious metals purchasing business only incidentally to his or her main job responsibilities, and each precious metals transaction with which the employee is involved is overseen by a licensed dealer or registered employee. All records of transactions must be signed by the licensed dealer or registered employee at the time of the transaction, as required under G.S. 66-410(a).

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for an employee engaged in the precious metals business. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the employee, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the employee consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The employee's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each employee a fee for conducting the checks of criminal history records authorized by this subsection.

(c) Special Occasion Permit. – A special occasion permit authorizes the permittee to purchase precious metals as a dealer participating in any trade shows, antique shows, and crafts shows conducted within the State. A special occasion permit shall be issued by any local law enforcement agency; provided, however, that a permittee under subsection (a) of this section shall apply for a special occasion permit with the local law enforcement agency that issued the dealer's permit. The Department of Public Safety shall approve the forms for both the application and the permit. The application shall be given under oath and notarized. A 30-day waiting period from the date of filing of the application is required prior to initial issuance of a permit.

Any dealer applying to a local law enforcement agency for a special occasion permit shall furnish the local law enforcement agency with the information required in an application for a dealer's permit as set forth in subsection (a) of this section. In addition, the applicant shall provide a physical address where any item included in a dealer purchase will be held for the period required under G.S. 66-411. The physical address shall be the location where the purchase was made, unless another physical address within the law enforcement jurisdiction where the purchase was made is approved by the law enforcement agency that issues the permit. The items shall be available at all reasonable times for inspection on the premises by law enforcement agencies.

If the applicant for a special occasion permit is a partnership or association, all persons owning a ten percent (10%) or more interest in the partnership or association shall comply with

the provisions of this subsection. Any such permits shall be issued in the name of the partnership or association.

If the applicant for a special occasion permit is a corporation, each officer, director and stockholder owning ten percent (10%) or more of the corporation's stock, of any class, shall comply with the provisions of this subsection. Any such permits shall be issued in the name of the corporation.

No permit shall be issued to an applicant who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless the applicant has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application. In the case of a partnership, association, or corporation, no permit shall be issued to any applicant with an officer, partner, or director who has been convicted of a felony involving a crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in any federal court or a court of this or any other state, unless that person has had his or her rights of citizenship restored pursuant to Chapter 13 of the General Statutes for five years or longer immediately preceding the date of application.

The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal history record check to the local law enforcement agency for a person who has applied for a permit through the agency. The agency shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The agency shall keep all information pursuant to this subsection privileged, in accordance with applicable State law and federal guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes.

The ~~Department of Public Safety~~ State Bureau of Investigation may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection.

The filing fee for a special occasion permit application is one hundred eighty dollars ($180.00) to provide for the administrative cost of the local law enforcement agency including purchase of required forms and the cost of conducting the criminal history record check of the applicant. The fee is not refundable even if the permit is denied or is later suspended or revoked. A special occasion permit is in addition to and not in lieu of other business licenses and is not transferable. No person other than the dealer named on the permit and that dealer's employees may engage in the business of purchasing precious metals under the authority of the permit.

A special occasion permit is valid for 12 months from the date issued, unless earlier surrendered, suspended, or revoked. Application for renewal of a permit for an additional 12 months shall be on a form approved by the Department of Public Safety and shall be accompanied by a nonrefundable renewal fee of one hundred eighty dollars ($180.00).

Each special occasion permit shall be posted in a prominent place on the premises of any show at which the permittee purchases precious metals."

SECTION 19F.4.(ww) G.S. 70-13.1(b) reads as rewritten:

"(b) All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check or to the use of fingerprints or other identifying information may constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a license to an applicant. The Department of Natural and Cultural Resources shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the

criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. If the applicant is not an individual, the applicant shall provide fingerprints for the principals, officers, directors, and controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized law enforcement officer. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential."

SECTION 19F.4.(xx) G.S. 74F-18(b) reads as rewritten:

"(b) All applicants for licensure or apprentice designation shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure or apprentice designation to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(yy) G.S. 85B-3.2 reads as rewritten:

"**§ 85B-3.2. Criminal history record checks of applicants for licensure.**

…

(b) The Commission shall ensure that the State criminal history of an applicant is checked. National criminal history checks are authorized for an applicant who has not resided in the State of North Carolina during the past five years. The Commission shall provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant to be checked consenting to the check of the criminal history and to the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~State Bureau of Investigation.

(c) All releases of criminal history information to the Commission are subject to, and shall comply with, rules governing the dissemination of criminal history record checks as adopted by the ~~North Carolina Department of Public Safety.~~ State Bureau of Investigation. All of the information the Commission receives through the checking of the criminal history is for the exclusive use of the Commission and shall be kept confidential.

…

(g) The Commission shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(zz) G.S. 90-113.46A(a) reads as rewritten:

"(a) All applicants for registration, certification, or licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny registration, certification, or licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, the fee required by the ~~Department~~

~~of Public Safety~~ State Bureau of Investigation for providing this service, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(aaa) G.S. 90-171.48 reads as rewritten:

"**§ 90-171.48. Criminal history record checks of applicants for licensure.**

…

(b) All applicants for licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant applying for initial licensure as a registered nurse or licensed practical nurse either by examination pursuant to G.S. 90-171.29 or G.S. 90-171.30 or without examination pursuant to G.S. 90-171.32 is checked. The Board may request a criminal history record check for applicants applying for reinstatement of licensure pursuant to G.S.90-171.35 or returning to active status pursuant to G.S. 90-171.36 as a registered nurse or licensed practical nurse.

The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(c) If an applicant's criminal history record check reveals one or more convictions listed under ~~subsection~~ subdivision (a)(2) of this section, the conviction shall not automatically bar licensure. The Board shall consider all of the following factors regarding the conviction:

(1) The level of seriousness of the crime.
(2) The date of the crime.
(3) The age of the person at the time of the conviction.
(4) The circumstances surrounding the commission of the crime, if known.
(5) The nexus between the criminal conduct of the person and the job duties of the position to be filled.
(6) The person's prison, jail, probation, parole, rehabilitation, and employment records since the date the crime was committed.
(7) The subsequent commission by the person of a crime listed in subsection (a) of this section.

If, after reviewing the factors, the Board determines that the grounds set forth in G.S. 90-171.37 exist, the Board may deny licensure of the applicant. The Board may disclose to the applicant information contained in the criminal history record check that is relevant to the denial. The Board shall not provide a copy of the criminal history record check to the applicant. The applicant shall have the right to appear before the Board to appeal the Board's decision. However, an appearance before the full Board shall constitute an exhaustion of administrative remedies in accordance with Chapter 150B of the General Statutes.

…."

SECTION 19F.4.(bbb) G.S. 90-270.155(a) reads as rewritten:

"(a) The Board may request that an applicant for licensure or reinstatement of a license or that a licensed psychologist or psychological associate currently under investigation by the Board for allegedly violating this Article consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure or reinstatement of a license to an applicant or take disciplinary action against a licensee, including revocation of a license. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant or licensee to be checked, a form signed by the applicant or licensee consenting to the criminal record check and the use of fingerprints and other identifying information required by the State

or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for the cost of conducting the criminal history record check."

SECTION 19F.4.(ccc) G.S. 90-270.96 reads as rewritten:

"**§ 90-270.96. Criminal history record checks of applicants for licensure.**

(a) All applicants for licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(b) The cost of the criminal history record check and the fingerprinting shall be borne by the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check.

…."

SECTION 19F.4.(ddd) G.S. 90-288.01(b) reads as rewritten:

"(b) Criminal History Record Check. – The Board shall require a criminal history record check of all applicants for initial licensure and temporary licensure. The Board, in its discretion, may require a criminal history record check of an applicant for license renewal. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(eee) G.S. 90-357.6 reads as rewritten:

"**§ 90-357.6. Criminal history record checks of applicants for licensure.**

(a) All applicants for licensure shall consent to a criminal history record check. The Board may request a criminal history record check of applicants returning to active status as a licensed dietitian/nutritionist or a licensed nutritionist. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of each applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal history record check and the use of fingerprints and other identifying information required by the State or National Repositories, the fee required by the ~~Department of Public Safety~~ State Bureau of Investigation for providing this service, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential.

(b) The cost of the criminal history record check and the fingerprinting shall be borne by the applicant. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check.

…."

SECTION 19F.4.(fff) G.S. 90-622(2b) reads as rewritten:

"(2b) Criminal history record check. – A report resulting from a request made by the Board to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation for a history of conviction of a crime, whether a misdemeanor or felony, that bears on an applicant's fitness for licensure to practice massage and bodywork therapy."

SECTION 19F.4.(ggg) G.S. 90-629(6) reads as rewritten:

"(6) Has submitted fingerprint cards in a form acceptable to the Board at the time the license application is filed and consented to a criminal history record check by the ~~North Carolina Department of Public Safety.~~State Bureau of Investigation."

SECTION 19F.4.(hhh) G.S. 90-629.1(a) reads as rewritten:

"(a) All applicants for licensure to practice massage and bodywork therapy or to operate a massage and bodywork therapy establishment shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. The Board shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(iii) G.S. 90-632.11(a)(4) reads as rewritten:

"(4) Fingerprint cards submitted in accordance with G.S. 90-629.1 at the time the license application is filed and consented to a criminal history record check by the ~~Department of Public Safety.~~State Bureau of Investigation."

SECTION 19F.4.(jjj) G.S. 90-652(1) reads as rewritten:

"(1) Determine the qualifications and fitness of applicants for licensure, renewal of licensure, and reciprocal licensure. The Board shall, in its discretion, investigate the background of an applicant to determine the applicant's qualifications with due regard given to the applicant's competency, honesty, truthfulness, and integrity. The ~~Department of Public Safety~~ State Bureau of Investigation may provide a criminal record check to the Board for a person who has applied for a license through the Board. The Board shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the applicant, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form signed by the applicant consenting to the check of the criminal record and to the use of the fingerprints and other identifying information required by the State or national repositories. The applicant's fingerprints shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of the fingerprints to the Federal Bureau of Investigation for a national criminal history check. The Board shall keep all information pursuant to this subdivision privileged, in accordance with applicable State law and federal

guidelines, and the information shall be confidential and shall not be a public record under Chapter 132 of the General Statutes. The Board shall collect any fees required by the ~~Department of Public Safety~~ State Bureau of Investigation and shall remit the fees to the ~~Department of Public Safety~~ State Bureau of Investigation for expenses associated with conducting the criminal history record check."

SECTION 19F.4.(kkk) G.S. 115C-238.73(c) reads as rewritten:

"(c) The board of directors shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the board of directors or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The board of directors shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the board of directors the criminal history from the State and National Repositories of Criminal Histories of any school personnel for which the board of directors requires a criminal history record check.

The board of directors shall not require school personnel to pay for the fingerprints authorized under this section."

SECTION 19F.4.(*lll*) G.S. 115C-332(c) reads as rewritten:

"(c) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the local board of education the criminal history from the State and National Repositories of Criminal Histories of any applicant for a school personnel position in the local school administrative unit for which a local board of education requires a criminal history check. The local board of education shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation to (i) be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the local board, or to the local sheriff or the municipal police, whichever is more convenient for the person, and (ii) sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The local board of education shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors.

The local board of education shall not require an applicant to pay for being fingerprinted."

SECTION 19F.4.(mmm) G.S. 116-239.12(c) reads as rewritten:

"(c) The chancellor shall require the person to be checked by the ~~Department of Public Safety~~ State Bureau of Investigation (i) to be fingerprinted and to provide any additional information required by the ~~Department of Public Safety~~ State Bureau of Investigation to a person designated by the chancellor or to the local sheriff, the campus police department of the constituent institution, or the municipal police, whichever is more convenient for the person and (ii) to sign a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the repositories. The chancellor shall consider refusal to consent when making employment decisions and decisions with regard to independent contractors. The fingerprints of the individual shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the chancellor the criminal history from the State and National

Repositories of Criminal Histories of any school personnel for which the chancellor requires a criminal history record check.

The chancellor shall not require school personnel to pay for fingerprints authorized under this section."

SECTION 19F.4.(nnn) G.S. 121-25.1(b) reads as rewritten:

"(b) All applicants shall consent to a criminal history record check. Refusal to consent to a criminal history record check or to the use of fingerprints or other identifying information may constitute grounds for the Department of Natural and Cultural Resources to deny a permit or a license to an applicant. The Department of Natural and Cultural Resources shall be responsible for providing to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. If the applicant is not an individual, the applicant shall provide fingerprints for the principals, officers, directors, and controlling persons of the applicant. Each set of fingerprints shall be certified by an authorized law enforcement officer. The Department of Natural and Cultural Resources shall keep all information obtained under this section confidential."

SECTION 19F.4.(ooo) G.S. 131D-10.3A reads as rewritten:

"**§ 131D-10.3A. Mandatory criminal checks.**

…

(d) The ~~Department of Public Safety~~ State Bureau of Investigation shall provide to the Department the criminal history of the individuals specified in subsection (a) of this section obtained from the State and National Repositories of Criminal Histories as requested by the Department. The Department shall provide to the ~~Department of Public Safety,~~ State Bureau of Investigation, along with the request, the fingerprints of the individual to be checked, any additional information required by the ~~Department of Public Safety,~~ State Bureau of Investigation, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be checked. The fingerprints of the individual to be checked shall be ~~forwarded to~~ used by the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(e) At the time of application, the individual whose criminal history is to be checked shall be furnished with a statement substantially similar to the following:

"NOTICE

MANDATORY CRIMINAL HISTORY CHECK

NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY CHECK BE CONDUCTED ON ALL PERSONS 18 YEARS OF AGE OR OLDER WHO RESIDE IN A LICENSED FAMILY FOSTER HOME.

"Criminal history" includes any county, State, and federal conviction of a felony by a court of competent jurisdiction or pending felony indictment of a crime for child abuse or neglect, spousal abuse, a crime against a child, including child pornography, or for a crime involving violence, including rape, sexual assault, or homicide, other than physical assault or battery; a county, State, or federal conviction of a felony by a court of competent jurisdiction or a pending felony indictment for physical assault, battery, or a drug related offense, if the offense was committed within the past five years; or similar crimes under federal law or under the laws of other states. Your fingerprints will be used to check the criminal history records of the State Bureau of Investigation (SBI) and the Federal Bureau of Investigation (FBI).

If it is determined, based on your criminal history, that you are unfit to have a foster child reside with you, you shall have the opportunity to complete or challenge the accuracy of the information contained in the SBI or FBI identification records.

If licensure is denied or the foster home license is revoked by the Department of Health and Human Services as a result of the criminal history check, if you are a foster parent, or are applying to become a foster parent, you may request a hearing pursuant to Article 3 of Chapter 150B of the General Statutes, the Administrative Procedure Act.

Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

Refusal to consent to a criminal history check is grounds for the Department to deny or revoke a license to provide foster care. Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

…

(i) The ~~Department of Public Safety~~ State Bureau of Investigation shall perform the State and national criminal history checks on individuals required by this section and shall charge the Department a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of Health and Human Services, shall bear the costs of implementing this section."

SECTION 19F.4.(ppp) G.S. 143-143.10A(b) reads as rewritten:

"(b) All applicants for initial licensure shall consent to a criminal history record check. Refusal to consent to a criminal history record check may constitute grounds for the Board to deny licensure to an applicant. The Board shall ensure that the State and national criminal history of an applicant is checked. Applicants shall obtain criminal record reports from one or more reporting services designated by the Board to provide criminal record reports. Each applicant is required to pay the designated service for the cost of the criminal record report. In the alternative, the Board may provide to the ~~North Carolina Department of Public Safety~~ State Bureau of Investigation the fingerprints of the applicant to be checked, a form signed by the applicant consenting to the criminal record check and the use of fingerprints and other identifying information required by the State or National Repositories of Criminal Histories, and any additional information required by the ~~Department of Public Safety.~~ State Bureau of Investigation. The Board shall keep all information obtained pursuant to this section confidential."

SECTION 19F.4.(qqq) Notwithstanding any provision of law to the contrary, positions exempted within the State Bureau of Investigation by the Governor under the authority set forth in G.S. 126-5(d)(1) shall no longer be exempt under that authority upon the effective date of this section. Nothing in this subsection shall be construed as prohibiting the Director of the State Bureau of Investigation from exempting those same positions under the authority set forth in G.S. 126-5(c1)(39), as enacted by subsection (c1) of this section.

SECTION 19F.4.(rrr) The State Bureau of Investigation shall adopt rules, or amend its rules, consistent with the provisions of this section. The Bureau may use the procedure set forth in G.S. 150B-21.1 to adopt or amend any rules as required under this subsection.

SECTION 19F.4.(sss) Subsections (c1), (qqq), and (sss) of this section are effective when they become law. Subsections (j) through (ppp) of this section become effective December 1, 2023, and apply to criminal history checks requested, expunction petitions filed, and fees collected on or after that date. The remainder of this section becomes effective December 1, 2023.

REQUIRE REPORTING ON REMOTE WORK POLICIES AND PARTICIPATION

SECTION 19F.5.(a) The Department of Public Safety shall maintain and shall furnish upon request a remote work policy.

SECTION 19F.5.(b) The remote work policies required by subsection (a) of this section shall, at a minimum, require that all employees utilizing the remote work policy shall sign an agreement to be retained in the employee's file that records the employee's assent to adhere to the remote work policy.

SECTION 19F.5.(c) The Department of Public Safety shall report all of the following to the Joint Legislative Oversight Committee on Justice and Public Safety no later than March 1, 2024, and March 1, 2025:

(1) The remote work policy currently in place for its employees.
(2) Any remote work policy previously in place for its employees that was not a part of the most recent report required by this subsection.
(3) The total number of employees utilizing its remote work policy.
(4) The total number of employees utilizing its remote work policy, delineated by division, section, and any other organizational category.

SECTION 19F.5.(d) This section becomes effective October 1, 2023.

EXPANSION OF ALTERNATIVES TO PRE-TRIAL DETENTION FUND

SECTION 19F.7. Of the funds appropriated in this act from the General Fund to the Department of Public Safety, the sum of four million dollars ($4,000,000) in recurring funds for the 2023-2024 fiscal year shall be used for the Alternatives to Pre-Trial Detention Fund to expand the electronic monitoring program in accordance with Section 19A.7B(a) through (e) of S.L. 2021-180 and Section 5.3 of S.L. 2021-189.

PART XIX-G. LAW ENFORCEMENT

STATE CAPITOL POLICE/CREATION OF RECEIPT-SUPPORTED POSITIONS

SECTION 19G.1.(a) Creation of Receipt-Supported Positions Authorized. – The State Capitol Police may contract with State agencies for the creation of receipt-supported positions to provide security services to the buildings occupied by those agencies.

SECTION 19G.1.(b) Annual Report Required. – No later than September 1 of each fiscal year, the State Capitol Police shall report to the Joint Legislative Oversight Committee on Justice and Public Safety the following information for the fiscal year in which the report is due:

(1) A list of all positions in the State Capitol Police. For each position listed, the report shall include at least the following information:
    a. The position type.
    b. The agency to which the position is assigned.
    c. The source of funding for the position.
(2) For each receipt-supported position listed, the contract and any other terms of the contract.

SECTION 19G.1.(c) Additional Reporting Required Upon Creation of Receipt-Supported Positions. – In addition to the report required by subsection (b) of this section, the State Capitol Police shall report the creation of any position pursuant to subsection (a) of this section 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 and to the Fiscal Research Division within 30 days of the position's creation. A report submitted pursuant to this section shall include at least all of the following information:

(1) The position type.
(2) The agency to which the position is being assigned.
(3) The position salary.
(4) The total amount of the contract.
(5) The terms of the contract.

SECTION 19G.1.(d) Format of Reports. – Reports submitted pursuant to this section shall be submitted electronically and in accordance with any applicable General Assembly standards.

USE OF SEIZED AND FORFEITED PROPERTY

SECTION 19G.2.(a) Seized and forfeited assets transferred to the Department of Justice, Department of Public Safety, and Department of Adult Correction during the 2023-2025 fiscal biennium pursuant to applicable federal law shall be credited to the budget of the recipient department and shall result in an increase of law enforcement resources for that department. The Department of Justice, Department of Public Safety, and Department of Adult Correction shall each make the following reports 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:

(1) A report upon receipt of any assets.

(2) A report that shall be made prior to use of the assets on their intended use and the departmental priorities on which the assets may be expended.

(3) A report on receipts, expenditures, encumbrances, and availability of these assets for the previous fiscal year, which shall be made no later than September 1 of each year.

SECTION 19G.2.(b) The General Assembly finds that the use of seized and forfeited assets transferred pursuant to federal law for new personnel positions, new projects, acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice, Department of Public Safety, and Department of Adult Correction are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

SECTION 19G.2.(c) Nothing in this section prohibits State law enforcement agencies from receiving funds from the United States Department of Justice, the United States Department of the Treasury, and the United States Department of Health and Human Services.

SECTION 19G.2.(d) The Joint Legislative Oversight Committee on Justice and Public Safety shall study the impact on State and local law enforcement efforts of the receipt of seized and forfeited assets. The Committee shall report its findings and recommendations prior to the convening of the 2024 Regular Session of the 2023 General Assembly.

TEMPORARILY INCREASE THE LIEUTENANT GOVERNOR'S STATE HIGHWAY PATROL SECURITY DETAIL

SECTION 19G.6.(a) Notwithstanding any provision of G.S. 20-189.1 to the contrary, the Lieutenant Governor's Executive Protection Detail shall consist of four sworn members in good standing of the North Carolina State Highway Patrol. The fourth member of the Detail shall hold the rank of Sergeant by the approval of the Commander's Office.

SECTION 19G.6.(b) This section is effective when it becomes law and shall expire on December 31, 2024.

PART XIX-H. JUVENILE JUSTICE

LIMIT USE OF COMMUNITY PROGRAM FUNDS

SECTION 19H.1.(a) Funds appropriated in this act to the Department of Public Safety for the 2023-2025 fiscal biennium for community program contracts, that are not required for or used for community program contracts, may be used only for the following:

(1) Other statewide residential programs that provide Level 2 intermediate dispositional alternatives for juveniles.
(2) Statewide community programs that provide Level 2 intermediate dispositional alternatives for juveniles.
(3) Regional programs that are collaboratives of two or more Juvenile Crime Prevention Councils which provide Level 2 intermediate dispositional alternatives for juveniles.
(4) The Juvenile Crime Prevention Council funds to be used for the Level 2 intermediate dispositional alternatives for juveniles listed in G.S. 7B-2506(13) through (23).

SECTION 19H.1.(b) Funds appropriated by this act to the Department of Public Safety for the 2023-2025 fiscal biennium for community programs may not be used for staffing, operations, maintenance, or any other expenses of youth development centers or detention facilities.

SECTION 19H.1.(c) The Department of Public Safety shall submit an electronic report by October 1 of each year of the 2023-2025 fiscal biennium on all expenditures made in the preceding fiscal year from the miscellaneous contract line in Fund Code 1230 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 and the Fiscal Research Division. The report shall include all of the following: an itemized list of the contracts that have been executed, the amount of each contract, the date the contract was executed, the purpose of the contract, the number of juveniles that will be served and the manner in which they will be served, the amount of money transferred to the Juvenile Crime Prevention Council fund, and an itemized list of grants allocated from the funds transferred to the Juvenile Crime Prevention Council fund.

PART XIX-I. EMERGENCY MANAGEMENT AND NATIONAL GUARD

COMPETITIVE EMERGENCY MANAGEMENT GRANTS

SECTION 19I.2.(a) The funds appropriated in this act to the Department of Public Safety, Division of Emergency Management, to provide competitive grants to county emergency management agencies established in accordance with G.S. 166A-19.15 shall only be awarded to county emergency management agencies located in counties with a population of 230,000 or fewer, based upon the 2021 Certified County Population Estimates from the State Demographer in the Office of State Budget and Management, as of July 1, 2021. Grants shall be used to ensure local emergency management offices are adequately equipped, trained, and prepared for all hazards and emergencies. The Division shall develop policies and procedures to implement a competitive grant program consistent with this section.

SECTION 19I.2.(b) The Division shall report to the chairs of the Joint Legislative Emergency Management Oversight Committee and the Fiscal Research Division on the awarding of grant funds pursuant to subsection (a) of this section by April 1, 2024.

CYBERSECURITY SUPPORT REQUESTS

SECTION 19I.3.(a) Part 8 of Article 1A of Chapter 166A of the General Statutes is amended by adding a new section to read:

"**§ 166A-19.78A. Cybersecurity support requests.**

Requests from units of local government, State agencies, or critical infrastructure partners for operational support from or access to operational cyber resources shall be sent to the North Carolina Emergency Management 24-Hour Watch for intake and activation. For purposes of this section, the term "critical infrastructure partners" means any entity that manages, oversees, or is otherwise responsible for critical infrastructure, as defined in 42 U.S.C. § 5195c."

SECTION 19I.3.(b) This section is effective when it becomes law.

PART XX. ADMINISTRATION

DOA/E-PROCUREMENT TRANSACTION FEES

SECTION 20.1. Article 3 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-48.3A. Electronic procurement fees.**

The Department of Administration shall impose a transaction fee of one and seventy-five hundredths percent (1.75%) on purchase orders for material goods. The Department shall not increase or decrease the transaction fee on purchase orders for material goods or impose a transaction fee on purchase orders for services without the express authorization of the General Assembly."

CHANGE REPORTING REQUIREMENT FOR DOMESTIC VIOLENCE AND SEXUAL ASSAULT GRANTS

SECTION 20.2.(a) G.S. 50B-9(c) reads as rewritten:

"(c) On or before September 1, the North Carolina Council for Women and Youth Involvement shall report on the quarterly distributions of ~~the~~ grants from the Domestic Violence Center Fund for the current fiscal year and the prior fiscal year to the chairs of the House Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and to the Fiscal Research Division. The report shall include the following:

(1) Date, amount, and recipients of the fund disbursements.

(2) Eligible programs which are ineligible to receive funding during the relative reporting cycle as well as the reason of the ineligibility for that relative reporting cycle."

SECTION 20.2.(b) G.S. 143B-394.21(c) reads as rewritten:

"(c) On or before September 1, the North Carolina Council for Women and Youth Involvement shall report on the quarterly distributions of ~~the~~ grants from the Sexual Assault and Rape Crisis Center Fund for the current fiscal year and the prior fiscal year to the chairs of the House Appropriations Committee on General Government, the chairs of the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division. The report shall include the following:

(1) Date, amount, and recipients of the fund disbursements.

(2) Eligible programs which are ineligible to receive funding during the relative reporting cycle, as well as the reason of the ineligibility for that relative reporting cycle."

PROCUREMENT BENCHMARK/DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

SECTION 20.3.(a) G.S. 143-53.1 reads as rewritten:

"**§ 143-53.1. Setting of benchmarks; increase by Secretary.**

(a) On and after July 1, 2014, the procedures prescribed by G.S. 143-52 with respect to competitive bids and the bid value benchmark authorized by G.S. 143-53(a)(2) with respect to rule making by the Secretary of Administration for competitive bidding shall promote compliance with the principles of procurement efficiency, transparency, and fair competition to obtain the State's business. For State departments, institutions, and agencies, except the Department of Agriculture and Consumer Services and the President of The University of North Carolina or a special responsibility constituent institution of The University of North Carolina and community colleges, the benchmark shall not be greater than one hundred thousand dollars

($100,000). For the President of The University of North Carolina or a special responsibility constituent institution of The University of North Carolina, the benchmark prescribed in this section is as provided in G.S. 116-31.10. For community colleges, the benchmark prescribed in this section is as provided in G.S. 115D-58.14. For the Department of Agriculture and Consumer Services, the benchmark shall be two hundred fifty thousand dollars ($250,000).

(b) Expired pursuant to Session Laws 2009-475, s. 16, effective June 30, 2012."

SECTION 20.3.(b) This section is effective when it becomes law and applies to the purchase of goods and services on or after that date.

PUBLIC CONTRACTS/EXPAND DEFINITION OF THE TERMS "MINORITY BUSINESS" AND "HISTORICALLY UNDERUTILIZED BUSINESS"

SECTION 20.4.(a) G.S. 143-128.2 reads as rewritten:

"**§ 143-128.2. Minority business participation goals.**

…

(g) As used in this section:

(1) The term "minority business" ~~means a business:~~means either of the following:

a. A business that meets both of the following conditions:

1. ~~In which at~~ At least fifty-one percent (51%) of the business is owned by one or more minority persons or socially and economically disadvantaged individuals, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals; and

~~b.~~2. ~~Of which the~~ The management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

b. An Employee Stock Ownership Plan company in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals.

…."

SECTION 20.4.(b) G.S. 143-128.4 reads as rewritten:

"**§ 143-128.4. Historically underutilized business defined; statewide uniform certification.**

(a) As used in this Chapter, the term "historically underutilized business" ~~means a~~ means either of the following:

(1) A business that meets ~~all~~ both of the following conditions:

~~(1)~~a. At least fifty-one percent (51%) of the business is owned by one or more persons who are members of at least one of the groups set forth in subsection (b) of this section, or in the case of a corporation, at least fifty-one percent (51%) of the stock is owned by one or more persons who are members of at least one of the groups set forth in subsection (b) of this ~~section.~~section; and

~~(2)~~b. The management and daily business operations are controlled by one or more owners of the business who are members of at least one of the groups set forth in subsection (b) of this section.

(2) An Employee Stock Ownership Plan company in which at least fifty-one percent (51%) of the stock is owned by one or more persons who are members of at least one of the groups set forth in subsection (b) of this section.

…."

SECTION 20.4.(c) This section is effective when it becomes law and applies to 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

~~statement.~~ statement within 30 days of the notification. If the agency fails to supplement its statement of need with additional findings or submit a new statement to the Commission within 30 days, or submits written notice within 30 days to the Commission that the agency does not intend to supplement its statement of need with additional findings or submit a new statement, the Commission or its designee shall immediately return the rule to the agency. If the agency provides additional findings or submits a new ~~statement,~~ statement within 30 days of the notification, the Commission or its designee must review the additional findings or new statement within five business days after the agency submits the additional findings or new statement. If the Commission or its designee again 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 and return the rule to the agency. When the Commission returns a rule to an agency in accordance with this subsection, the agency may file an action for declaratory judgment within 30 days after notification of the return of the rule by the Commission in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

(b2) If an agency decides not to provide additional findings or submit a new statement when notified by the Commission or its designee that the agency's findings of need for a rule do not meet the required criteria or that the rule does not meet the required standards, the agency must notify the Commission or its designee of its decision. The Commission or its designee shall then return the rule to the agency. When the Commission returns a rule to an agency in accordance with this subsection, the agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General ~~Statutes.~~Statutes within 30 days of the date the rule is returned to the agency.

(b3) Notwithstanding any other provision of this subsection, if the agency has not complied with the provisions of G.S. 12-3.1, the Codifier of Rules shall not enter the rule into the Code.

(b4) When the Commission returns to an agency a proposed permanent rule intended to replace a temporary rule, the holder of a permit from the agency may submit revised plans for a revised permit removing the impacts of the returned rule if all of the following conditions apply:

(1) The permit was conditioned upon adherence to the requirements of a temporary rule that the returned proposed permanent rule was intended to replace.

(2) The revised plans comply with all other applicable regulations.

The agency shall review the revised plans and approve or deny the revised permit within 45 days of the receipt of the revised plans. The agency may not impose an additional permit fee for review of a revised plan resulting from the expiration of a temporary rule.

(c) Standing. – A person aggrieved by a temporary rule adopted by an agency may file an action for declaratory judgment in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes. In the action, the court shall determine whether the agency's written statement of findings of need for the rule meets the criteria listed in subsection (a) of this section and whether the rule meets the standards in G.S. 150B-21.9. The court shall not grant an ex parte temporary restraining order.

(c1) Filing a petition for rule making or a request for a declaratory ruling with the agency that adopted the rule is not a prerequisite to filing an action under this subsection. A person who files an action for declaratory judgment under this subsection must serve a copy of the complaint on the agency that adopted the rule being contested, the Codifier of Rules, and the Commission.

(d) Effective Date and Expiration. – A temporary rule becomes effective on the date specified in G.S. 150B-21.3. A temporary rule expires on the earliest of the following dates:

(1) The date specified in the rule.

(2) The effective date of the permanent rule adopted to replace the temporary rule, if the Commission approves the permanent rule.

(3) The date the Commission returns to an agency a permanent rule the agency adopted to replace the temporary rule.

(4) The effective date of an act of the General Assembly that specifically disapproves a permanent rule adopted to replace the temporary rule.

(5) 270 days from the date the temporary rule was published in the North Carolina Register, unless the permanent rule adopted to replace the temporary rule has been submitted to the Commission.

(6) Notwithstanding subdivision (5) of this subsection, 12 months after the effective date of the temporary rule.

(e) Publication. – When the Codifier of Rules enters a temporary rule in the North Carolina Administrative Code, the Codifier must publish the rule in the North Carolina Register."

SECTION 21.2.(b) G.S. 150B-21.2 reads as rewritten:

"**§ 150B-21.2. Procedure for adopting a permanent rule.**

(a) Steps. – Before an agency adopts a permanent rule, the agency must comply with the requirements of G.S. 150B-19.1, and it must take the following actions:

…

(e) Hearing. – An agency must hold a public hearing on a rule it proposes to adopt if the agency publishes the text of the proposed rule in the North Carolina Register and the agency receives a written request for a public hearing on the proposed rule within 15 days after the notice of text is published. The agency must accept comments at the public hearing on both the proposed rule and any fiscal note that has been prepared in connection with the proposed rule.

An agency may hold a public hearing on a proposed rule and fiscal note in other circumstances. When an agency is required to hold a public hearing on a proposed rule or decides to hold a public hearing on a proposed rule when it is not required to do so, the agency must publish in the North Carolina Register a notice of the date, time, and place of the public hearing. The hearing date of a public hearing held after the agency publishes notice of the hearing in the North Carolina Register must be at least 15 but not later than 60 days after the date the notice is published. If notice of a public hearing has been published in the North Carolina Register and that public hearing has been cancelled, the agency must publish notice in the North Carolina Register at least 15 days prior to the date of any rescheduled hearing.

…."

SECTION 21.2.(c) G.S. 150B-21.3 reads as rewritten:

"**§ 150B-21.3. Effective date of rules.**

…

(b2) Objection. – Any person who objects to the adoption of a permanent rule may submit written comments to the agency. If the objection is not resolved prior to adoption of the rule, a person may submit written objections to the Commission. If the Commission receives written objections from 10 or more persons, no later than 5:00 P.M. of the day following the day the Commission approves the rule, clearly requesting review by the legislature in accordance with instructions posted on the agency's Web site pursuant to G.S. 150B-19.1(c)(4), and the Commission approves the rule, the rule will become effective as provided in subsection (b1) of this section. The Commission shall notify the agency that the rule is subject to legislative disapproval on the day following the day it receives 10 or more written objections. ~~When the requirements of this subsection have been met and a rule is subject to legislative disapproval, the agency may adopt the rule as a temporary rule if the rule would have met the criteria listed in G.S. 150B-21.1(a) at the time the notice of text for the permanent rule was published in the North Carolina Register.~~ If the Commission receives objections from 10 or more persons clearly requesting review by the legislature, and the rule objected to is one of a group of related rules adopted by the agency at the same time, the agency that adopted the rule may cause any of the other rules in the group to become effective as provided in subsection (b1) of this section by

submitting a written statement to that effect to the ~~Commission~~ Codifier of Rules before the other rules become effective.

…

(f) Technical Change. – A permanent rule for which no notice or hearing is required under G.S. 150B-21.5(a)(1) through (a)(5) or G.S. 150B-21.5(b) becomes effective on the first day of the month following the month the rule is approved by the Rules Review ~~Commission.~~Commission or the Codifier of Rules, as applicable."

SECTION 21.2.(d) G.S. 150B-21.4(b) reads as rewritten:

"(b) Local Funds. – Before an agency publishes in the North Carolina Register the proposed text of a permanent rule change that would affect ~~the expenditures or revenues of~~ a unit of local government, it must submit the text of the proposed rule change and a fiscal note on the proposed rule change to the Office of State Budget and Management as provided by G.S. 150B-21.26, the Fiscal Research Division of the General Assembly, the North Carolina Association of County Commissioners, and the North Carolina League of Municipalities. The fiscal note must state the amount by which the proposed rule change would increase or decrease the direct or indirect expenditures or revenues of a unit of local government and must explain how the amount was computed."

SECTION 21.2.(e) G.S. 150B-21.5 reads as rewritten:

"**§ 150B-21.5. Circumstances when notice and rule-making hearing not required; circumstances when submission to the Commission not required.**

…

~~(c) OSHA Standard. The Occupational Safety and Health Division of the Department of Labor is not required to publish a notice of text in the North Carolina Register or hold a public hearing when it proposes to adopt a rule that concerns an occupational safety and health standard and is identical to a federal regulation promulgated by the Secretary of the United States Department of Labor. The Occupational Safety and Health Division is not required to submit to the Commission for review a rule for which notice and hearing is not required under this subsection.~~

…

(e) An agency that adopts or amends a rule pursuant to subsection (a) ~~or (c)~~ of this section shall notify the Codifier of Rules of its actions. When notified of an agency action taken pursuant to subsection (a) ~~or (c)~~ of this section, the Codifier of Rules shall make the appropriate change to the North Carolina Administrative Code."

SECTION 21.2.(f) G.S. 150B-21.8 reads as rewritten:

"**§ 150B-21.8. Review of rule by Commission.**

(a) Emergency Rule. – The Commission does not review an emergency rule.

(b) Temporary and Permanent Rules. – An agency must submit temporary and permanent rules adopted by it to the Commission before the rule can be included in the North Carolina Administrative Code. The Commission reviews a temporary or permanent rule in accordance with the standards in G.S. 150B-21.9 and follows the procedure in this Part in its review of a rule.

(c) Scope. – When the Commission reviews an amendment to a temporary or permanent rule, it may review the entire rule that is being amended. The procedure in G.S. 150B-21.1 applies when the Commission objects to part of a temporary rule that is within its scope of review but is not changed by a rule amendment. The procedure in G.S. 150B-21.12 applies when the Commission objects to a part of a permanent rule that is within its scope of review but is not changed by a rule amendment.

(d) Judicial Review. – When the Commission returns a permanent rule to an agency in accordance with G.S. 150B-21.12(d), the agency may file an action for declaratory judgment in Wake County Superior Court within 30 days of the date the rule is returned to the agency, pursuant to Article 26 of Chapter 1 of the General Statutes."

SECTION 21.2.(g) G.S. 150B-21.9 reads as rewritten:

"**§ 150B-21.9. Standards and timetable for review by Commission.**

(a) Standards. – The Commission must determine whether a rule meets all of the following criteria:

(1) It is within the authority delegated to the agency by the General Assembly.

(2) It is clear and unambiguous.

(3) It is reasonably necessary to implement or interpret an enactment of the General Assembly, or of Congress, or a regulation of a federal agency. The Commission shall consider the cumulative effect of all rules adopted by the agency related to the specific purpose for which the rule is proposed.

(4) It was adopted in accordance with Part 2 of this Article.

The Commission shall not consider questions relating to the quality or efficacy of the rule but shall restrict its review to determination of the standards set forth in this subsection.

The Commission may ask the Office of State Budget and Management to determine if a rule has a substantial economic impact and is therefore required to have a fiscal note. The Commission must ask the Office of State Budget and Management to make this determination if a fiscal note was not prepared for a rule and the Commission receives a written request for a determination of whether the rule has a substantial economic impact.

In the event that a proposed temporary or permanent rule fails to comply with any of the standards set forth in this section, the Commission shall object to the temporary or permanent rule.

~~(a1) Entry of a rule in the North Carolina Administrative Code after review by the Commission creates a rebuttable presumption that the rule was adopted in accordance with Part 2 of this Article.~~

(b) Timetable. – The Commission must review a permanent rule submitted to it on or before the twentieth of a month by the last day of the next month. The Commission must review a rule submitted to it after the twentieth of a month by the last day of the second subsequent month. The Commission must review a temporary rule in accordance with the timetable and procedure set forth in G.S. 150B-21.1."

SECTION 21.2.(h) G.S. 150B-21.12 reads as rewritten:

"**§ 150B-21.12. Procedure when Commission objects to a permanent rule.**

(a) Action. – When the Commission objects to a permanent rule, it must send the agency that adopted the rule a written statement of the objection and the reason for the objection. The agency that adopted the rule must take one of the following actions:

(1) Change the rule to satisfy the Commission's objection and submit the revised rule to the Commission.

(2) Submit a written response to the Commission indicating that the agency has decided not to change the rule.

(b) Time Limit. – An agency that is not a board or commission must take one of the actions listed in subsection (a) of this section within 30 days after receiving the Commission's statement of objection. A board or commission must take one of these actions within 30 days after receiving the Commission's statement of objection or within 10 days after the board or commission's next regularly scheduled meeting, whichever comes later.

(c) Changes. – When an agency changes a rule in response to an objection by the Commission, the Commission must determine whether the change satisfies the Commission's objection. If it does, the Commission must approve the rule. If it does not, the Commission must send the agency a written statement of the Commission's continued objection and the reason for the continued objection. The Commission must also determine whether the change is substantial. In making this determination, the Commission shall use the standards set forth in G.S. 150B-21.2(g). If the change is substantial, the revised rule shall be published and reviewed in accordance with the procedure set forth in ~~G.S. 150B-21.1(a3) and (b).~~G.S. 150B-21.2.

(d) Return of Rule. – A rule to which the Commission has objected remains under review by the Commission until the agency that adopted the rule ~~decides not to satisfy~~ satisfies the Commission's objection ~~and makes a written request to the Commission to return the rule to the agency. When the Commission returns a rule to which it has objected, it must~~ or submits a written response to the Commission indicating that the agency has decided not to change the rule. If the agency does not submit a revised rule to satisfy the Commission's objection within the time limit established in subsection (b) of this section, or submits a written response indicating that the agency has decided not to change the rule within the time limit established by subsection (b) of this section, the Commission shall return the rule to the agency and notify the Codifier of Rules of its action. If the rule that is returned would have increased or decreased expenditures or revenues of a unit of local government, the Commission must also notify the Governor of its action and must send a copy of the record of the Commission's review of the rule to the Governor. The record of review consists of the rule, the Commission's letter of objection to the rule, the agency's written response to the Commission's letter, and any other relevant documents before the Commission when it decided to object to the rule.

~~Regulatory Reform~~"

SECTION 21.2.(i) G.S. 150B-21.19 reads as rewritten:

"**§ 150B-21.19. Requirements for including rule in Code.**

To be acceptable for inclusion in the North Carolina Administrative Code, a rule must:

…

(4) Have been approved by the Commission, if the rule is a temporary or permanent rule.

…."

SECTION 21.2.(j) G.S. 120-30.9H reads as rewritten:

"**§ 120-30.9H. Decision letters of U. S. Attorney General published in North Carolina Register.**

All letters and other documents received by the authorities required by this Article to submit any "changes affecting voting" from the Attorney General of the United States in which a final decision is made concerning a submitted "change affecting voting" shall be filed with the ~~Director of the Office of Administrative Hearings. The Director~~ Codifier of Rules. The Codifier shall publish the letters and other documents in the North Carolina Register."

SECTION 21.2.(k) G.S. 163-278.23 reads as rewritten:

"**§ 163-278.23. Duties of Executive Director of State Board.**

The Executive Director of the State Board shall inspect or cause to be inspected each statement filed with the State Board under this Article within 30 days after the date it is filed. The Executive Director shall advise, or cause to be advised, no more than 30 days and at least five days before each report is due, each candidate or treasurer whose organizational report has been filed, of the specific date each report is due. He shall immediately notify any individual, candidate, treasurer, political committee, referendum committee, media, or other entity that may be required to file a statement under this Article if:

(1) It appears that the individual, candidate, treasurer, political committee, referendum committee, media, or other entity has failed to file a statement as required by law or that a statement filed does not conform to this Article; or

(2) A written complaint is filed under oath with the State Board by any registered voter of this State alleging that a statement filed with the State Board does not conform to this Article or to the truth or that an individual, candidate, treasurer, political committee, referendum committee, media, or other entity has failed to file a statement required by this Article.

The entity that is the subject of the complaint will be given an opportunity to respond to the complaint before any action is taken requiring compliance.

The Executive Director of the Board of Elections shall issue written opinions to candidates, the communications media, political committees, referendum committees, or other entities upon request, regarding filing procedures and compliance with this Article. Any such opinion so issued shall specifically refer to this paragraph. If the candidate, communications media, political committees, referendum committees, or other entities rely on and comply with the opinion of the Executive Director of the Board of Elections, then prosecution or civil action on account of the procedure followed pursuant thereto and prosecution for failure to comply with the statute inconsistent with the written ruling of the Executive Director of the Board of Elections issued to the candidate or committee involved shall be barred. Nothing in this paragraph shall be construed to prohibit or delay the regular and timely filing of reports. The Executive Director shall file all opinions issued pursuant to this section with the Codifier of Rules to be published unedited in the North Carolina Register and the ~~North Carolina Administrative Code.~~State Board of Elections website.

This section applies to ~~Articles and~~ Article 22M of ~~the General Statutes~~ this Chapter to the same extent that it applies to this Article."

SECTION 21.2.(*l*) Any pending proposed temporary rule submitted to the Rules Review Commission pursuant to G.S. 150B-21.1 on or before the day immediately prior to the effective date of this act shall be returned to the agency by the Commission if:

(1) The Commission has notified the agency that the agency's statement of its findings of need does not meet the criteria listed in G.S. 150B-21.1(a) or that the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of Chapter 150B of the General Statutes;

(2) The agency has not supplemented its statement of need with additional findings or submitted a new statement that meets the criteria listed in G.S. 150B-21.1(a) or that the rule meets the standards in G.S. 150B-21.9 or Article 2A of Chapter 150B of the General Statutes, as determined by the Commission; and

(3) More than 60 days have passed since the Commission first notified the agency that the statement does not meet the criteria listed in G.S. 150B-21.1(a) or that the rule does not meet the standards in G.S. 150B-21.9 or Article 2A of Chapter 150B of the General Statutes.

If a rule is returned to the agency under this section, the agency may file an action for declaratory judgment within 30 days after the rule is returned in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes and G.S. 150B-21.1(b2).

SECTION 21.2.(m) Any pending proposed permanent rule submitted to the Commission pursuant to G.S. 150B-21.2 on or before the day immediately prior to the effective date of this act shall immediately be returned to the agency if:

(1) The Commission has notified the agency that it has objected to the proposed permanent rule.

(2) The agency has not submitted a change to the rule to satisfy the Commission's objection.

(3) More than 60 days have passed since the Commission first notified the agency of the Commission's objection to the proposed rule.

If a rule is returned to the agency under this section, the agency may file an action for declaratory judgment within 30 days after the rule is returned to the agency in Wake County Superior Court pursuant to Article 26 of Chapter 1 of the General Statutes.

SECTION 21.2.(n) Subsection (e) of this section is effective when it becomes law and applies to rules adopted on or after that date. Subsections (j) and (k) of this section are effective when they become law and apply to filings on or after that date. The remainder of this section is effective when it becomes law.

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

was identified as "other," the type of funding must be clearly identified.

c. The amount of federal funds the agency applied for and the amount of the state match requirement for each federal grant application.

d. The amount of federal funds awarded and the amount of funds allocated to the agency by OSBM to meet the federal state match requirement.

(2) The agencies that used funds allocated by OSBM to hire time-limited positions to assist in applying for IIJA, CHIPS, or IRA grants; the amount of funds allocated to each agency to hire these time-limited positions; and the number of time-limited positions hired by each agency.

(3) The agencies that used funds allocated by OSBM to hire third-party contractors to assist in applying for IIJA, CHIPS, or IRA grants; the amount of funds allocated to each agency to hire these third-party contractors; and the names of the third-party contractors.

NCPRO/AUDIT OF STATE FISCAL RECOVERY FUND

SECTION 23.3.(a) Notwithstanding the provisions of S.L. 2021-180 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for the 2021-2022 fiscal year that was appropriated to the Office of the State Auditor to conduct audits of the State Fiscal Recovery Fund shall not be used for that purpose but shall instead be allocated to the North Carolina Pandemic Recovery Office in the Office of State Budget and Management to contract with one or more auditing firms to conduct audits of the State Fiscal Recovery Fund, as required by federal law or guidance, including a final performance audit not later than 90 days following the latest date on which expenditures may be made under applicable federal law or guidance.

SECTION 23.3.(b) Section 4.9(j) of S.L. 2021-180 is repealed.

CAGC CONSTRUCTION TRAINING AND APPRENTICESHIP PROGRAM

SECTION 23.4. Section 24.1D(a) of S.L. 2021-180 reads as rewritten:

"**SECTION 24.1D.(a)** Of the funds appropriated in this act from the State Fiscal Recovery Fund to the Office of State Budget and Management, the sum of three million five hundred thousand dollars ($3,500,000) in nonrecurring funds for the 2021-2022 fiscal year shall be provided as follows:

(1) The sum of one million dollars ($1,000,000) to be allocated to the Community Colleges System Office to develop an eight-week work-based learning program across the community college system on campuses where construction programs currently exist or where there is a demand to expand construction programs. The work-based learning program shall involve the construction industry and shall focus on core competencies, including applied hands-on skills, safety training, and soft skills training.

(2) The sum of two million five hundred thousand dollars ($2,500,000) to CAGC Foundation, Inc., (CAGC), a nonprofit corporation, to be used as follows:

a. ~~One million five hundred thousand dollars ($1,500,000) for outreach,~~ To conduct outreach, recruitment, career coaching, and placement, and to provide grants to employers for internships, apprenticeships, and other work-based learning for eligible participants. For purposes of this sub-subdivision, the term "eligible participant" means a woman, minority, veteran, low-wealth individual, and an individual that has been previously incarcerated.

b. ~~One million dollars ($1,000,000) to provide financial~~ To provide financial assistance to individuals to pursue a career pathway through

a registered apprenticeship or trade ~~program once an individual has completed the eight-week work-based learning program described in subdivision (1) of this subsection.~~program.

c. To provide grants to community colleges selected by CAGC, in consultation with the Community Colleges System Office, to expand the construction programs described in subdivision (1) of this subsection to community college campuses beyond the 10 campuses that are currently receiving funds from the Community Colleges System Office pursuant to subdivision (1) of this subsection."

PART XXIV. BUDGET AND MANAGEMENT – SPECIAL APPROPRIATIONS

NC FUTURE CITY COMPETITION

SECTION 24.1. Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of two hundred thousand dollars ($200,000) in recurring funds for each year of the 2023-2025 fiscal biennium shall be used to provide a grant to the Professional Engineers of North Carolina Educational Foundation, a nonprofit organization. These funds may be used by the NC Future City program to hire up to one position to support the program.

FUNDS FOR PARKING FACILITY EQUIPPED WITH ELECTRIC VEHICLE CHARGING STATIONS

SECTION 24.2.(a) Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, the sum of twenty-nine million three hundred fifty thousand dollars ($29,350,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to provide a directed grant to North Carolina SAVES Green Community Program, Inc. (hereinafter "NC Saves"), a nonprofit corporation established to further sustainability initiatives in the State, for the purpose of developing a new parking facility equipped with fully automated charging stations for electric and/or electric autonomous vehicles. NC Saves shall, through a grant or forgivable loan, provide the funds appropriated as provided in this section to a private partner selected by NC Saves who shall develop the parking facility and automated charging stations as provided in subsection (b) of this section. NC Saves and the private partner shall work together to determine which type of funds, either a grant or forgivable loan, will result in the most efficient and effective use of the grant funds to develop the parking facility and charging stations. The grant or forgivable loan shall be used to pay all costs associated with developing the parking facility and charging stations, including, but not limited to, design, construction, permitting, and land purchase. The private partner may loan the grant funds to affiliated entities to provide maximum leverage for the parking facility development project. NC Saves may use no more than three percent (3%) of the grant funds for administrating the grant or forgivable loan.

SECTION 24.2.(b) The parking facility, which shall be completed not later than December 31, 2026, shall be used for public parking and, for each parking space therein, shall be equipped to charge electric vehicles and/or electric autonomous vehicles. The parking facility shall be located on a site that meets all of the following criteria:

(1) Is a designated qualified opportunity zone under sections 1400Z-1 and 1400Z-2 of the Internal Revenue Code, as defined in G.S. 105-228.90(b)(7).

(2) Is in a city having a population of more than 200,000 according to the population estimates of the United States Census Bureau as of January 1, 2023.

(3) Is zoned for uses that allow a multistory parking deck.

SECTION 24.2.(c) Not later than February 15 of each year until the design and construction of the facility has been completed, NC Saves shall submit a written report to the Joint Legislative Oversight Committee on General Government, the House of Representatives Appropriations Committee on General Government, and the Senate Appropriations Committee on General Government and Information Technology on the private partner's progress in designing and constructing the facility and the amount of grant funds expended for those purposes. Beginning February 15, 2027, and not later than February 15 of the next four years thereafter, NC Saves shall submit a written report to the committees named in this subsection detailing the number of electric and/or electric autonomous vehicles that used the facility each year and the energy savings realized each year.

REGISTER OF DEEDS GRANT PROGRAM

SECTION 24.6. Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, for the 2023-2024 fiscal year, the sum of two hundred thousand dollars ($200,000) in nonrecurring funds shall be used to provide a grant program for county register of deeds offices. The Office of State Budget and Management (OSBM) shall administer the program and disburse grant funds as follows:

(1) County register of deeds offices shall apply for the funds in the manner prescribed by OSBM.

(2) Applicants shall use grant funds for the preservation of historic records and files. Allowable uses of the funds include, but are not limited to, document restoration, reparation, deacidification, and placement in protected archival binders.

(3) Funds may be used for document digitization only if the original documents will continue to be maintained and preserved.

(4) The maximum grant amount to each office shall be two thousand dollars ($2,000). Additional grant funds shall be disbursed in a second round of applications based on availability of funds. The maximum amount of the second-round grants shall be determined by OSBM. The provisions of this section shall apply if a second round of grants is administered.

(5) Grantees must provide a one hundred percent (100%) match for all grant funds awarded.

PERSON COUNTY/TREATMENT AND REMOVAL OF NATIVE AND NOXIOUS AQUATIC WEEDS

SECTION 24.7. Of the funds appropriated in this act to the Office of State Budget and Management, Special Appropriations, from the Regional Economic Development Reserve (Reserve), the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2023-2024 fiscal year shall be used to provide a directed grant to Person County for the treatment and removal of native and noxious aquatic weeds in Hyco Lake, including Brittle Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil, Salvinia, and Chara. Any unexpended funds in the Reserve after the effective treatment of native and noxious aquatic weeds in Hyco Lake may be used for other surface bodies in Person County, including Mayo Lake. Funds appropriated for the purposes authorized in this section shall not revert to the Reserve on June 30, 2024, but shall remain available to Person County to use as provided in this section. For purposes of this section, native and noxious aquatic weeds in Hyco Lake, including Brittle Naiad, Creeping Water Primrose, Nitella, Hydrilla, Alligator Weed, Watermilfoil, Salvinia, and Chara shall be considered a "noxious aquatic weed" under Article 15 of Chapter 113A of the General Statutes.

DARE COUNTY AFFORDABLE HOUSING

SECTION 24.8.(a) The following shall apply to all construction of buildings and infrastructure under the agreement or series of agreements entered into pursuant to Section 24.1 of S.L. 2022-74 to construct affordable housing units in accordance with Dare County's longstanding master development plan to increase workforce housing:

(1) With respect to building permits and inspections of the new construction, the State of North Carolina and any local government with jurisdiction over the new construction shall expedite the issuance of permits and prioritizing the conduct of all necessary inspections.

(2) With respect to development regulations:

a. Articles 6 and 7 of Chapter 160D of the General Statutes shall not apply to the new construction under the agreement or series of agreements.

b. Approval under Article 8 of Chapter 160D of the General Statutes shall not be required for the new construction under the agreement or series of agreements; however, a plat of any subdivided land shall be recorded by a selected qualified private partner.

(3) With respect to utilities, and provided that the local government has sufficient capacity, any local government within a 1-mile radius of the new construction under the agreement or series of agreements shall provide all utilities in the same manner as that local government provides utilities to all other new construction in that jurisdiction.

SECTION 24.8.(b) This section is effective when it becomes law.

PART XXV. OFFICE OF STATE CONTROLLER

AUTHORIZE STATE CONTROLLER TO RETAIN PRIVATE COUNSEL, DESIGNATE EXEMPT POSITIONS, AND SET SALARY OF EXEMPT POSITIONS

SECTION 25.1.(a) G.S. 143B-426.38 reads as rewritten:

"**§ 143B-426.38. Organization and operation of office.**

…

(d) The State Controller may, subject to the provisions of G.S. 147-64.7(b)(2), obtain the services of independent public accountants, attorneys, qualified management consultants, and other professional persons or experts to carry out his powers and duties. Notwithstanding G.S. 147-17 and G.S. 114-2.3, the State Controller may retain private counsel to represent his or her interests in litigation related to his or her financial management of State appropriations by the General Assembly. Notwithstanding the provisions of G.S. 143C-6-9(b), the State Controller may use lapsed salary savings to retain private counsel to provide litigation services.

(e) The State Controller shall have legal custody of all books, papers, documents, email files, organizational internet domain names, digital files, online website content, and other records of the office.

…."

SECTION 25.1.(b) G.S. 126-5 reads as rewritten:

"**§ 126-5. Employees subject to Chapter; exemptions.**

…

(c14) Notwithstanding any provision of this Chapter to the contrary, each Council of State agency and the Office of the State Controller has the sole authority to set the salary of its exempt policymaking and exempt managerial positions within the minimum rates, and the maximum rates plus ten percent (10%), established by the State Human Resources Commission under G.S. 126-4(2).

…

(d) (1) Exempt Positions in Cabinet Department. – Subject to this Chapter, which is known as the North Carolina Human Resources Act, the Governor may designate a total of 425 exempt positions throughout the following departments and offices:

…

(2) Exempt Positions in Council of State Departments and ~~Offices.~~ Offices and the Office of the State Controller. – The Secretary of State, the Auditor, the Treasurer, the Attorney General, the Superintendent of Public Instruction, the Commissioner of Agriculture, the Commissioner of Insurance, ~~and~~ the Labor ~~Commissioner~~ Commissioner, and the State Controller may designate exempt positions. The number of exempt policymaking positions in each department headed by an elected department head listed in this subdivision is limited to 25 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions is limited to 25 positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt policymaking positions designated by the Superintendent of Public Instruction is limited to 70 exempt policymaking positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The number of exempt managerial positions designated by the Superintendent of Public Instruction is limited to 70 exempt managerial positions or two percent (2%) of the total number of full-time positions in the department, whichever is greater. The total number of exempt positions, policymaking and managerial, designated by the Office of the State Controller is limited to 10.

…

(4) Vacancies. – In the event of a vacancy in the Office of ~~Governor or in~~ Governor, the office of a member of the Council of State, or the Office of the State Controller, the person who succeeds to or is appointed or elected to fill the unexpired term shall make designations in a letter to the Director of the Office of State Human Resources, the Speaker of the House of Representatives, and the President of the Senate within 180 days after the oath of office is administered to that person.

…."

OVERPAYMENTS AUDIT

SECTION 25.2.(a) During the 2023-2025 fiscal biennium, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors shall be deposited in Special Reserve Account 24172 as required by G.S. 147-86.22(c).

SECTION 25.2.(b) Of the funds appropriated in this act from Special Reserve Account 24172, and for each fiscal year of the 2023-2025 fiscal biennium, two hundred fifty thousand dollars ($250,000) of the funds shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

SECTION 25.2.(c) The State Controller shall report annually to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into Special Reserve Account 24172 and the disbursement of that revenue.

PART XXVI. ELECTIONS

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.

c. Hire up to seven full-time, time-limited employees to assist the Board in implementing the voter ID requirements as provided in S.L. 2018-144, as amended by S.L. 2019-22, and in implementing the provisions of Senate Bill 747, 2023 Regular Session, if that bill becomes law.

(2) One million dollars ($1,000,000) to publicize the voter ID requirements by advertising through media outlets throughout the State and sending out mailings. If the Board contracts with a vendor to publicize the voter ID requirements through media or mailings or both, the provisions of Article 3 of Chapter 143 of the General Statutes shall not apply to those contracts.

SBE RECOMMENDED REVISIONS/PHOTO ID LAWS

CORRECTION REGARDING COLOR PHOTOCOPIES OF IDENTIFICATION/ABSENTEE BALLOTS

SECTION 26.6.(a) G.S. 20-30(6) reads as rewritten:

"(6) To make a color photocopy or otherwise make a color reproduction of a drivers license, learner's permit, or special identification card, unless such color photocopy or other color reproduction was authorized by the Commissioner or is made to comply with ~~G.S. 163-230.2.~~ G.S. 163-230.1. It shall be lawful to make a black and white photocopy of a drivers license, learner's permit, or special identification card or otherwise make a black and white reproduction of a drivers license, learner's permit, or special identification card. This subdivision does not apply to: (i) a lender that is licensed or otherwise authorized to engage in the lending business in this State; (ii) a licensed motor vehicle dealer creating, storing, or receiving, in the ordinary course of business, a color image of a drivers license, learner's permit, or special identification card of a borrower or loan applicant; or (iii) a federally insured depository institution or its affiliates creating, storing, or receiving, in the ordinary course of business, a color image of a drivers license, learner's permit, or special identification card of a consumer."

EXPAND PERMITTED USES OF MOBILE VOTER ID FUNDS

SECTION 26.6.(b) Notwithstanding any provision of S.L. 2022-74 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of five million dollars ($5,000,000) in nonrecurring funds appropriated in S.L. 2021-180 for the 2021-2022 fiscal year to the State Board of Elections for a mobile voting program to assist individuals in need of photo identification for in-person voting is expanded to allow the State Board of Elections to use those funds for any photo identification implementation efforts and to implement the requirements of Senate Bill 747, 2023 Regular Session, if that bill becomes law. These funds shall not revert on June 30, 2023, but shall remain available until expended.

ALLOW SECURE PHOTO ID STORAGE BY STATE BOARD OF ELECTIONS OR COUNTY BOARDS OF ELECTIONS

SECTION 26.6.(c) G.S. 163-82.8A(c) reads as rewritten:

"(c) County boards of elections or the State Board of Elections shall maintain a secure database containing the photographs of registered voters taken for the purpose of issuing voter photo identification cards."

STATEWIDE ELECTIONS INFORMATION MANAGEMENT SYSTEM

SECTION 26.7.(a) Of the funds appropriated in this act to the State Board of Elections (hereinafter "Board") from the Information Technology Reserve, 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 replace the Statewide Elections Information Management System. The Board shall, in consultation with the Department of Information Technology, create a plan to develop and implement the new system. Prior to implementing the plan and system, and not later than November 1, 2023, the Board shall submit the plan to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government, the Joint Legislative Elections Oversight Committee, and the Fiscal Research Division. The plan shall include all of the following:

(1) A detailed description of the project, including the scope of work involved.
(2) A projected timeline for the completion of the project, including detailed milestones.
(3) The total cost of the project to the State, including five years of operation and maintenance costs after the completion of the project.
(4) A detailed description of the vendors expected to be involved in the project, their functions, and the total costs of using the vendors.
(5) The personnel to be involved in the project, including both State employees and contract personnel.
(6) A plan for county boards of elections to participate in developing the new Statewide Elections Information Management System.
(7) A plan for rolling out the new Statewide Elections Information Management System and training county boards of elections on its use.
(8) The number and total cost of personnel required to operate the new Statewide Elections Information Management System once it has been completed.
(9) The potential risks to the project and a strategy to mitigate those risks.
(10) Any other information the State Board of Elections deems necessary to successfully complete the project.

SECTION 26.7.(b) After submitting the plan as required by subsection (a) of this section, the State Board of Elections shall, in consultation with the Department of Information Technology, report on a quarterly basis until the system has been fully implemented to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the Joint Legislative Elections Oversight Committee, and the Fiscal Research Division on the Board's progress in implementing the plan and new Statewide Elections Information Management System.

POSITIONS TO PROVIDE ADMINISTRATIVE SUPPORT TO BOARD OF ELECTIONS

SECTION 26.8. If Senate Bill 749, 2023 Regular Session, becomes law, of the funds appropriated in this act to the State Board of Elections, the sum of one hundred thirty-seven thousand dollars ($137,000) in recurring funds for the 2023-2024 fiscal year and the sum of two hundred seventy-four thousand dollars ($274,000) in recurring funds for the 2024-2025 fiscal year shall be used to hire two full-time equivalent Accounting Specialist 1 and one full-time equivalent Procurement Specialist 1 to provide administrative support to the Board in accordance with the provisions of Senate Bill 749, 2023 Regular Session.

PART XXVII. GENERAL ASSEMBLY

CONTINUING LEGAL EDUCATION EXEMPTION FOR FULL-TIME ATTORNEYS FOR GENERAL ASSEMBLY

SECTION 27.1.(a) Finding. – The General Assembly finds that licensed attorneys who are full-time employees of the North Carolina General Assembly draft the general and local laws of this State, which requires extensive writing skills and researching capabilities similar to those required of full-time judicial law clerks employed by the judicial branch and full-time law professors. These full-time law clerks and full-time law professors have been granted exemptions from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as a law clerk or law professor. Further, licensed attorneys who are members of the General Assembly have also been granted an exemption from continuing legal education requirements for any calendar year in which they serve some portion thereof as a member of the General Assembly. The General Assembly finds that given the similarities of the professional skills and abilities required by licensed attorneys who are full-time judicial law clerks, full-time law professors, and full-time employees of the General Assembly to perform their duties, there is ample justification for providing that licensed attorneys who are full-time employees of the General Assembly should be granted an exemption from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the General Assembly.

SECTION 27.1.(b) Full-Time Attorneys for General Assembly. – Notwithstanding any other provision of law or rule, the North Carolina State Bar Council shall adopt rules in accordance with Article 4 of Chapter 84 of the General Statutes to provide that full-time employees of the North Carolina General Assembly are exempt from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the North Carolina General Assembly. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Until such time that the Bar Council adopts rules as required by this section, full-time employees of the North Carolina General Assembly shall be exempt from the continuing legal education requirements established by the North Carolina State Bar for any calendar year in which they serve some portion thereof in their capacity as full-time employees of the North Carolina General Assembly.

SECTION 27.1.(c) This section is effective when it becomes law.

EXPAND PASS-FACILITATED ENTRY TO LEGISLATIVE COMPLEX

SECTION 27.4.(a) G.S. 120-32 reads as rewritten:

"**§ 120-32. Commission duties.**

The Legislative Services Commission is authorized to:

…

(2a) Obtain a criminal history record check of a prospective employee, volunteer, or contractor of the General ~~Assembly.~~ Assembly and lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. The criminal history record check shall be conducted by the State Bureau of Investigation as provided in ~~G.S. 143B-972.~~ G.S. 143B-973. The criminal history report shall be provided to the Legislative Services Officer and is not a public record under Chapter 132 of the General Statutes.

…."

SECTION 27.4.(b) G.S. 120-32.1 reads as rewritten:

"**§ 120-32.1. Use and maintenance of buildings and grounds.**

…

(a1) The Legislative Services Commission may establish a policy for allowing lobbyists and liaison personnel registered under Chapter 120C of the General Statutes to obtain a pass

authorizing expedited entry into the State Legislative Building and the Legislative Office Building during the hours these buildings are open to the public. The policy may include a process to revoke or suspend a pass for violating the policy and may provide for the deactivation of all expedited entry passes for any reason deemed advisable by the Commission. The Commission may charge lobbyists a fee of up to two thousand dollars ($2,000) and liaison personnel up to one thousand dollars ($1,000) per pass each regular session. Fees shall not be prorated or refunded.

…."

SECTION 27.4.(c) G.S. 120C-200 reads as rewritten:

"**§ 120C-200. Lobbyist registration procedure.**

…

(g) The Secretary of State, on a quarterly basis, shall submit to the Legislative Services Commission a list of the names of lobbyists and liaison personnel registered under this section for the sole purpose of allowing the Commission to verify whether the lobbyists or liaison personnel are eligible for an expedited entry pass into the State Legislative Building and Legislative Office Building as authorized by G.S. 120-32.1."

SECTION 27.4.(d) G.S. 143B-973 reads as rewritten:

"**§ 143B-973. Criminal record checks for the Legislative Services Commission.**

The Department of Public Safety ~~may~~ shall, upon request, provide to the Legislative Services Officer from the State and National Repositories of Criminal Histories the criminal history of any prospective employee, volunteer, or contractor of the General ~~Assembly.~~ Assembly, and lobbyists and liaison personnel registered under Chapter 120C of the General Statutes. The Legislative Services Officer shall provide to the Department of Public Safety, along with the request, the fingerprints of the prospective employee, volunteer, ~~or contractor,~~ contractor, lobbyist, or liaison personnel, a form signed by the prospective employee, volunteer, ~~or contractor~~ contractor, lobbyist, or liaison personnel consenting to the criminal record check and use of fingerprints and other identifying information required by the State and National Repositories and any additional information required by the Department of Public Safety. The fingerprints of the prospective employee, volunteer, ~~or contractor~~ contractor, lobbyist, or liaison personnel shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The Legislative Services Officer shall keep all information obtained pursuant to this section confidential. The Department of Public Safety may charge a fee to offset the cost incurred by it to conduct a criminal record check under this section. The fee shall not exceed the actual cost of locating, editing, researching, and retrieving the information."

SECTION 27.4.(e) This section is effective when it becomes law.

MODIFY CONSTITUTIONAL AMENDMENT PUBLICATION PROCESS

SECTION 27.5.(a) G.S. 120-32 reads as rewritten:

"**§ 120-32. Commission duties.**

The Legislative Services Commission is authorized to:

…

(3) Acquire and dispose of ~~furnishings, furniture, equipment, and supplies~~ personal property or fixtures required by the General Assembly, its agencies and commissions and maintain custody of same between sessions. It shall be a Class 1 misdemeanor for any person(s) to remove any state-owned ~~furniture, fixtures, or equipment~~ personal property or fixtures from the State Legislative Building for any purpose whatsoever, except as approved by the Legislative Services Commission;

(4) Contract for services required ~~for the operation~~ of the General Assembly, its agencies, and commissions; however, any departure from established operating procedures, requiring a substantial expenditure of funds, shall be approved by appropriate resolution of the General Assembly;

…

(9) ~~To establish~~ Establish a bill drafting division to draft bills at the request of members or committees of the General Assembly.

(10) ~~To select~~ Select the locations for buildings occupied by the General Assembly, and to name any building occupied by the General Assembly.

(11) ~~To specify~~ Specify, at its sole discretion, the operating and capital uses within the General Assembly budget of funds appropriated to the General ~~Assembly~~ Assembly, including which funds remain available for expenditure after the end of the biennial fiscal ~~period, and to revert~~ period and which funds revert under G.S. 143C-1-2.

…

(14) Prepare the Constitutional Amendments Publication pursuant to G.S. 147-54.10."

SECTION 27.5.(b) Article 4A of Chapter 147 of the General Statutes reads as rewritten:

"Article 4A.

"Constitutional Amendments ~~Publication Commission.~~Publication.

"**~~§ 147-54.8. Constitutional Amendments Publication Commission.~~**

~~(a) There is established within the Department of the Secretary of State the Constitutional Amendments Publication Commission (hereinafter "Commission").~~

~~(b) The Commission shall consist of three members who shall serve ex officio as follows: The Secretary of State, the Attorney General, and the Legislative Services Officer.~~

"**~~§ 147-54.9. Officers; meetings; quorum.~~**

~~(a) The Secretary of State shall be the Chairman of the Commission.~~

~~(b) A quorum shall consist of all three members.~~

~~(c) The Commission shall meet on the call of the Chairman or any two members.~~

"**§ 147-54.10. ~~Powers.~~Constitutional Amendments Publication.**

(a) At least 75 days before an election in which a proposed amendment to the Constitution, or a revised or new Constitution, is to be voted on, the ~~Commission~~ Legislative Services Officer shall prepare an explanation of the amendment, revision, or new Constitution in simple and commonly used language.

(b) The summary prepared by the ~~Commission~~ Legislative Services Officer shall be printed by the Secretary of State, in a quantity determined by the Legislative Services Officer, after consultation with the Secretary of State. A copy shall be sent along with a news release approved by the Legislative Services Officer to each county board of elections, and a copy shall 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:

…

(10) Anything of value given to the North Carolina Youth Legislative Assembly Fund under G.S. 120-32.04."

SECTION 27.6.(b) This section is effective when it becomes law.

LEGISLATIVE CONFIDENTIALITY MODIFICATION

SECTION 27.7.(a) G.S. 120-129 reads as rewritten:

"**§ 120-129. Definitions.**

As used in this Article:

(1) ~~"Document" means all~~ 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.~~characteristics made or received in the transaction of legislative business.

(1a) ~~"Legislative commission"means any~~ 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.

(2) ~~"Legislative employee"means employees~~ 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.

(3) ~~"Legislator" means~~ Legislator. – Any of the following with respect to the North Carolina Senate or House of Representatives:

a. ~~a member-elect,~~ A member-elect.

b. ~~member-designate,~~ A member-designate.

c. ~~or member of the North Carolina Senate or House of Representatives.~~A member."

SECTION 27.7.(b) G.S. 120-131 reads as rewritten:

"**§ 120-131. Documents produced by legislative employees.**

(a) Documents prepared by legislative employees upon the request of legislators are confidential. Except as provided in subsection (b) of this section, the existence of the document may not be revealed nor may a copy of the document be provided to any person who is not a legislative employee without the consent of the legislator.

(b) A document prepared by a legislative employee upon the request of a legislator becomes available to the public when the document is ~~a:~~one of the following:

(1) ~~Bill~~ A bill or resolution ~~and it has been introduced;~~once introduced.

(2) ~~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.

(3) ~~Proposed~~ A proposed conference committee report ~~and it has been~~ once offered at a joint meeting of the conference ~~committees; or~~committees.

(4) ~~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.

(5) A letter or other written communication appointing an individual to serve on a board, commission, or other position in accordance with this Chapter.

(b1) A document prepared by a legislative employee upon the request of any legislator, that pursuant to this Article does not become available to the public, is not a "public record," as defined by G.S. 132-1.

(c) This section does not prohibit the dissemination of information or language contained in any document which has been prepared by a legislative employee in response to a substantially similar request from another legislator, provided that the identity of the requesting legislator and the fact that he or she had made such a request is not ~~be~~ divulged.

(d) Administrative documents prepared by legislative employees shall become available to the public, and subject to retention schedules thereof, in accordance with policies adopted by the Legislative Services Commission."

SECTION 27.7.(c) G.S. 120-132(c) reads as rewritten:

"(c) ~~Subject to G.S. 120-9, G.S. 120-133, and~~ In accordance with this Article, the common law of legislative ~~privilege~~ privilege, and the common law of legislative immunity, ~~the presiding judge may compel disclosure of~~ a legislative employee or former legislative employee may disclose information acquired under ~~subsection (a) of this section if in the judge's opinion, the disclosure is necessary to a proper administration of justice.~~this Article if the legislator or former legislator consents."

SECTION 27.7.(d) G.S. 120-133 is repealed.

SECTION 27.7.(e) Article 17 of Chapter 120 of the General Statutes is amended by adding two new sections to read:

"**§ 120-135. Legislator is custodian of documents.**

(a) Each legislator, while in office and after leaving office, shall be the custodian of all documents, supporting documents, drafting requests, and information requests made or received by that legislator while a legislator.

(b) A legislator, while in office or after leaving office, shall not be required to reveal or to consent to reveal any document, supporting document, drafting request, or information request made or received by that legislator while a legislator.

"**§ 120-137. Legislative privilege.**

Nothing in this Chapter nor in Chapter 132 of the General Statutes shall be construed as a waiver of the common law of legislative privilege or legislative immunity by a legislator or former legislator. A legislator or former legislator may assert the common law of legislative privilege or the common law of legislative immunity in all instances."

SECTION 27.7.(f) G.S. 132-1 is amended by adding a new subsection to read:

"(c) Article 17 of Chapter 120 of the General Statutes shall govern all records and information of the legislative branch which shall be exempt from this Chapter, including documents as defined by G.S. 120-129."

SECTION 27.7.(g) G.S. 132-1.1(a) reads as rewritten:

"(a) Confidential Communications. – Public records, as defined in G.S. 132-1, shall not include written communications (and copies thereof) to any public board, council, commission or other governmental body of the State or of any county, municipality or other political subdivision or unit of ~~government,~~ government made within the scope of the attorney-client relationship ~~by any attorney-at-law serving any such governmental body,~~ concerning any claim against or on behalf of the governmental body or the governmental entity for which such body acts, or concerning the prosecution, defense, settlement or litigation of any judicial action, or any administrative or other type of proceeding to which the governmental body is a party or by which it is or may be directly affected. Such written communication and copies thereof shall not be open to public inspection, examination or copying unless specifically made public by the governmental body receiving such written ~~communications; provided, however, that such written communications and copies thereof shall become public records as defined in G.S. 132-1 three~~

~~years from the date such communication was received by such public board, council, commission or other governmental body.~~communications."

SECTION 27.7.(h) G.S. 120-9 reads as rewritten:

"**§ 120-9. Freedom of speech.**

(a) The members shall have freedom of speech and debate in the General Assembly, and shall not be liable to impeachment or question, in any court or place out of the General Assembly, for words therein spoken.

(b) Nothing in Article 17 of this Chapter shall be construed to limit the application of this section."

SECTION 27.7.(i) This section is effective when it becomes law.

SUBSISTENCE AND TRAVEL ALLOWANCE CLARIFICATION

SECTION 27.8.(a) G.S. 138-5(f) reads as rewritten:

"(f) Members of all State boards, commissions and councils whose salaries or any portion of whose salaries are paid from State funds shall receive no per diem compensation from State funds for their services; provided, however, that members of State boards, commissions and councils who are also members of the General Assembly shall ~~receive, when the General Assembly is not in session,~~ receive subsistence and travel allowances ~~at the rate set forth in G.S. 120-3.1(a)(2) through (a)(4).~~in accordance with the provisions of G.S. 120-3.1."

SECTION 27.8.(b) This section is effective when it becomes law.

GENERAL ASSEMBLY RECORDS ARCHIVING

SECTION 27.9.(a) G.S. 121-5 is amended by adding a new subsection to read:

"(d1) General Assembly. – Notwithstanding any other provision of this section or order, rules, or regulations promulgated or adopted thereunder, the custodian of any General Assembly record shall determine, in the custodian's discretion, whether a record is a public record and whether to turn over to the Department of Natural and Cultural Resources, or retain, destroy, sell, loan, or otherwise dispose of, such records. When requested by the Legislative Services Officer, the Department of Natural and Cultural Resources shall assist in the preparation of an inventory of the records to which the request applies."

SECTION 27.9.(b) This section is effective when it becomes law.

GOVOPS MODIFICATIONS

SECTION 27.10.(a) G.S. 120-73, 120-76, and 120-79 are repealed.

SECTION 27.10.(b) Article 13 of Chapter 120 of the General Statutes, as amended by Section 20 of S.L. 2021-90 and subsection (a) of this section, reads as rewritten:

"Article 13.

"Joint Legislative Commission on Governmental Operations.

"**§ 120-71. ~~Purpose.~~Legislative findings; creation of Commission.**

(a) The ~~rapid increase in the functions and costs of~~ General Assembly finds that the scope, cost, and complexity of State and local government ~~and the complexity of agency operations deeply concern the General Assembly. Members of the General Assembly have the ultimate~~ operations require continual review and evaluation by those charged with the responsibility for making public policy decisions and deciding on ~~appropriations~~ the appropriation of ~~public moneys. Knowledge of~~ State funds. It is imperative that members of the General Assembly have the resources to determine whether the public service needs of the citizens of this State are being ~~met, having~~ met and have mechanisms to collect evidence as to whether ~~previous~~ public policy and appropriations have resulted in expected program ~~benefits, and data on how State government reorganization has affected agency operations are most important.~~ benefits. Legislative examination and review of public ~~policies, expenditures and reorganization implementation as~~ policies and expenditures are an integral part of legislative

duties and responsibilities and therefore should be strengthened. ~~For the purpose of performing such continuing examination and evaluation~~

(b) In order to undertake the ongoing examination, evaluation, and investigation of State ~~agencies,~~ agencies, public authorities, units of local government, and non-State entities receiving public funds, and of their actual effectiveness in ~~programming and in carrying out procedures under reorganization, the General Assembly herein provides for the continuing review of operations of State government.~~ implementing public policy or providing public services, there is hereby established the Joint Legislative Commission on Governmental Operations which shall have the powers and duties as provided in this Article.

"**§ 120-72. ~~Definition.~~Definitions.**

~~For the purposes of this Article, "program evaluation" is defined as: an examination of the organization, programs, and administration of State government to ascertain whether such functions (i) are effective, (ii) continue to serve their intended purposes, (iii) are efficient, and (iv) require modification or elimination.~~

The following definitions apply in this Article:

(1) Agency employee. – Defined in G.S. 120-131.1.

(2) Commission. – The Joint Legislative Commission on Governmental Operations.

(3) Commission staff. – A legislative employee whose primary responsibility is to provide professional or administrative services to the Commission.

(4) Document. – Defined in G.S. 120-129.

(5) Legislative employee. – Defined in G.S. 120-129.

(6) Local funds. – Any moneys held by a unit of local government or a public authority except moneys deposited in a trust fund.

(7) Non-state entity. – A unit of local government, a public authority, or an individual, firm, partnership, association, or corporation, or any other private organization or group acting as a unit.

(8) Program. – A specific activity or set of activities established or described by law, administrative rule, executive order, policy, or local ordinance.

(9) Public authority. – Defined in G.S. 143C-1-1.

(10) Public funds. – State funds, local funds, or both. The term does not apply to State funds or local funds received by a non-State entity that is an individual, a firm, a partnership, an association, a corporation, or any other private organization or group acting as a unit unless the non-State entity received the funds to (i) conduct a program or (ii) provide a service to a State agency, a unit of local government, or a public authority.

(11) State agency. – A unit of the executive, legislative, or judicial branch of State government, such as a department, institution, division, commission, board, council, community college, or The University of North Carolina.

(12) State funds. – Defined in G.S. 143C-1-1.

(13) Unit of local government. – Defined in G.S. 143C-1-1.

"**§ 120-74. Appointment of members; terms of office.**

The Commission shall consist of 42 members. The President pro tempore of the Senate, the Speaker pro tempore of the House, the Deputy President pro tempore of the Senate, the Majority Leader of the House of Representatives, and the Majority Leader of the Senate and the Speaker of the House shall serve as ex officio members of the Commission. The Speaker of the House of Representatives shall appoint 21 members from the House, at least five of whom are members of the minority party. The President pro tempore of the Senate shall appoint 21 members from the Senate, at least five of whom are members of the minority party. A quorum of the Commission shall be a majority of its members. Vacancies created by resignation or otherwise shall be filled by the original appointing authority. Members shall serve two-year terms beginning and ending

on January 15 of the odd-numbered years. Members shall not be disqualified from completing a term of service on the Commission because they fail to run or are defeated for reelection. Resignation or removal from the General Assembly shall constitute resignation or removal from membership on the Commission.

"**§ 120-75. Organization of the Commission; subcommittees.**

(a) The President pro tempore of the Senate and the Speaker of the House of Representatives shall serve as cochairs of the Commission. Either of the cochairs may call a meeting of the Commission.

(b) ~~Notwithstanding~~ In addition to the provisions of G.S. 120-19.7, the cochairs of the Commission may ~~designate~~ jointly authorize, in writing, subcommittees which shall have the power to conduct hearings, call witnesses, and inquire into any matters properly before the shall appoint members of a subcommittee. The President Pro Tempore of the Senate shall appoint the Senate cochair, and the Speaker of the House of Representatives shall appoint the House cochair of a subcommittee. Either cochair of a subcommittee may call a meeting of the subcommittee. A quorum of a subcommittee shall be a majority of its members. A member of the House of Representatives or the Senate may be appointed to a subcommittee, even if the member has not been appointed to the Commission. A duly constituted subcommittee shall have all the powers of the Commission and may utilize ~~staff to the Commission.~~ Commission staff. Members of a subcommittee shall receive subsistence and travel expenses as provided in G.S. 120-78. Members of a subcommittee serve at the pleasure of the appointing officer. The cochairs may dissolve a subcommittee of the Commission at any time.

"**§ 120-75.1. Powers and duties.**

The Commission shall have the following powers and duties:

(1) To study the efficiency, economy, and effectiveness of any State agency, public authority, unit of local government, or non-State entity receiving public funds.

(2) To evaluate the implementation of public policies, as articulated by enacted law, administrative rule, executive order, policy, or local ordinance, by any State agency, public authority, unit of local government, or non-State entity receiving public funds.

(3) To investigate possible instances of misfeasance, malfeasance, nonfeasance, mismanagement, waste, abuse, or illegal conduct by the following:

a. Officers and employees of a State agency, public authority, or unit of local government, as it relates to the officer's or employee's performance of his or her public duties.

b. Officers and employees of a non-State entity receiving, directly or indirectly, public funds, as it relates to the officer's or employee's responsibilities regarding the receipt of public funds.

(4) To receive reports as required by law or as requested by the Commission.

(5) To make periodic reports, including recommended legislation to the General Assembly.

(6) To access and review the following:

a. Any documents or records related to any contract awarded by a State agency, including, but not limited to, (i) records related to the drafting and approval of the contract and (ii) documents and records of the contractor that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance.

b. Any records related to any subcontract of a contract awarded by a State agency that is utilized to fulfill the contract, including, but not limited to, (i) records related to the drafting and approval of the subcontract and (ii) documents and records of the contractor or subcontractor that

the Commission determines will assist in verifying accounts or will contain data affecting fees or performance.

"**§ 120-76.1. Prior consultation with the Commission; reporting requirements.**

(a) ~~Consultation by Governor. Notwithstanding the provisions of G.S. 120-76(8) or any other provision of law requiring prior consultation by the Governor with the Commission,~~ The Governor shall consult the Commission before doing any of the following:

(1) Authorizing expenditures in excess of the total requirements of a purpose or program as enacted by the General Assembly and as provided by G.S. 143C-6-4.

(2) Proceeding to reduce programs subsequent to a reduction of ten percent (10%) or more in the federal fund level certified to a department and any subsequent changes in distribution formulas.

(3) Taking measures under Article III, Section 5(3) of the North Carolina Constitution to effect necessary economies in State expenditures required for balancing the budget due to a revenue shortfall, including, but not limited to, (i) making loans among funds, (ii) personnel freezes or layoffs, (iii) capital project reversions, (iv) program eliminations, and (v) use of reserves. However, if the Commission fails to meet within 10 calendar days of a request from the Governor for its consultation, the Governor may proceed to take the actions the Governor deems appropriate and necessary and shall then report those actions at the next meeting of the Commission.

(4) Approving a new capital improvement project funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for the project not specifically authorized by the General Assembly. The budget for each capital project must include projected revenues in an amount not less than projected expenditures.

(a1) Notwithstanding the provisions of subdivision (1) of subsection (a) of this section, whenever the Governor determines that an expenditure is required because of an emergency ~~that poses an imminent threat to public health or public safety, and is either the result of a natural event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck,~~ as that term is defined in G.S. 166A-19.3(6), the Governor may take action without consulting the Commission if the ~~action is determined by the Governor to be~~ Governor determines the expenditure is directly related to the emergency. The Governor shall report to the Commission on any expenditures made under this subsection no later than 30 days after making the expenditure and shall identify in the report the emergency, the ~~type of action taken,~~ expenditure, how the funds were used, and how ~~it was~~ the use of the funds was related to the emergency. To the extent it may apply, this subsection does not supersede the requirements of G.S. 166A-19.30(b).

(b) ~~Consultation by Agencies, Boards, and Commission.~~ Any agency, board, commission, or other entity required ~~under G.S. 120-76(8) or~~ by any ~~other~~ provision of law to consult with the Commission prior to taking an action shall submit a detailed report of the action under consideration to the Chairs of the ~~Commission, the Commission Assistant, and the Fiscal Research Division of the General Assembly.~~ Commission. If the Commission does not hold a meeting to hear the consultation within 90 days of receiving the submission of the detailed report, the consultation requirement is satisfied. With regard to capital improvement projects of The University of North Carolina, if the Commission does not hold a meeting to hear the consultation within 30 days of receiving the submission of the detailed report, the consultation requirement of ~~G.S. 120-76(8)e.~~ subdivision (4) of subsection (a) of this section is satisfied.

(c) ~~Exemptions.~~ Consultations regarding the establishment of new fees and charges and the increase of existing fees and charges are governed by G.S. 12-3.1, and this section does not apply to those consultations.

"**§ 120-77. Additional ~~powers.~~powers; confidentiality; penalties.**

(a) The ~~Commission, while in the discharge of official duties,~~ Commission shall have ~~access to any paper or document, and may compel the attendance of any State official or employee before the Commission or secure any evidence under the provisions of G.S. 120-19. In addition, the~~ the power to compel the following in the discharge of its duties under this Article:

(1) Access to any document or system of record held by a:

a. State agency pursuant to the provisions of G.S. 120-19.

b. Unit of local government or public authority.

c. A non-State entity receiving, directly or indirectly, public funds, to the extent the documents relate to the receipt, purpose, or implementation of a program or service paid for with public funds.

(2) Attendance of any officer or employee of any:

a. State agency.

b. Unit of local government or public authority.

c. Non-State entity receiving public funds provided the officer or employee is responsible for implementing a program or providing a service paid for with public funds.

(b) Unless prohibited by federal law, the Commission and Commission staff shall be provided access to all of the following in the discharge of their duties under this Article:

(1) Any building or facility allocated to or leased by a State agency.

(2) Any building or facility owned or leased by a unit of local government or public authority.

(3) Any building or facility owned or leased by a non-State entity receiving public funds provided (i) the building or facility is used to implement a program or provide a service paid for with public funds and (ii) the access is reasonably related to the receipt, purpose, or implementation of a program or service paid for with public funds.

(c) The Commission cochairs shall each designate one Commission staff member who shall have access to the BEACON/HR payroll system.

(d) Any confidential information obtained by the Commission shall remain confidential and is not a public record as defined in G.S. 132-1.

(e) Any document or information obtained or produced by Commission staff in furtherance of staff's duties to the Commission is confidential and is not a public record as defined in G.S. 132-1.

(f) Any request made to an agency employee by Commission staff and any communication between Commission staff and an agency employee is confidential. An agency employee shall treat as confidential to a member of Commission staff any request from and any communication with the member. The nature and existence of the request and communications shall only be revealed by an agency employee to another agency employee to the extent that it is necessary to fulfill a request for document production or to gather more information as requested by the member of Commission staff. A violation of this subsection by an agency employee shall be grounds for disciplinary action, including dismissal.

(g) A person who conceals, falsifies, or refuses to provide to the Commission any document, information, or access to any building or facility as required by this Article with the intent to mislead, impede, or interfere with the Commission's discharge of its duties under this Article shall be guilty of a Class 2 misdemeanor.

(h) The provisions of G.S. 120-19.1 through 120-19.4 shall apply to the proceedings of the Commission as if it were a joint committee of the General Assembly.

"**§ 120-78. Compensation and expenses of Commission ~~members.~~member; staffing.**

Members of the ~~Commission,~~ Commission or a subcommittee of the Commission who are also members of the General Assembly, shall receive subsistence and travel expenses at the rates

set forth in G.S. 120-3.1 for General Assembly members. The Commission shall be funded by the Legislative Services Commission from appropriations made to the General Assembly for that purpose.

Commission staff are not subject to the State Budget Act or to the North Carolina Human Resources Act."

SECTION 27.10.(c) Article 7A of Chapter 120 of the General Statutes is amended by adding a new section to read:

"**§ 120-36.7A. Reports; consultation.**

Whenever a provision of law directs any entity to submit a report to or consult with the Joint Legislative Commission on Governmental Operations, the entity shall also submit a copy of the report or materials provided with the consultation to the Fiscal Research Division."

SECTION 27.10.(d) G.S. 143C-4-4(c) reads as rewritten:

"(c) Request for Allocation. – A State agency may request an allocation from the Contingency and Emergency Fund by submitting a request in writing to the Director along with any information required by the Director. If the Director approves the request, the Director shall present the request, together with a recommendation, to the Council of State for its approval. If the Council of State approves the request, the Director shall order the Controller to allocate the funds requested. The Director shall report ~~on~~ the request ~~at the next scheduled meeting of~~ within 30 days to the Joint Legislative Commission on Governmental Operations."

SECTION 27.10.(e) G.S. 143C-8-7.1(a) reads as rewritten:

"(a) Appropriations made by an act of the General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities; for acquiring sites for them where necessary; for acquiring buildings and land for State government purposes and other purposes as set forth in G.S. 143C-4-3.1; and shall be disbursed for the purposes provided by that act. Expenditure of funds shall not be made by any State department, institution, or agency until an allotment has been issued by the Governor as Director of the Budget, which shall not be unreasonably withheld. The allotment shall be issued upon compliance with the provisions of this Chapter. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects, including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations ~~at its next meeting.~~within 30 days."

SECTION 27.10.(f) G.S. 143C-8-8 reads as rewritten:

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

Upon the request of the administration of a State agency, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations ~~at its next meeting.~~ within 30 days. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at the University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution."

SECTION 27.10.(g) G.S. 143C-8-10(b) reads as rewritten:

"(b) Reporting Requirement. – Whenever the Director authorizes the use of funds from the Project Reserve Account, the Director shall report the action to the Joint Legislative Commission on Governmental Operations ~~at its next meeting.~~within 30 days."

SECTION 27.10.(h) The following statutes are amended by deleting the word "Government" and substituting "Governmental": G.S. 128-29, 135-7, 146-29.1, and 147-69.12.

SECTION 27.10.(i) G.S. 143-49 reads as rewritten:

"**§ 143-49. Powers and duties of Secretary.**

The Secretary of Administration has the power and authority, and it is the Secretary's duty, subject to the provisions of this Article:

…

(9) To include a standard clause in all contracts awarded by the State and departments, agencies, and institutions of the State, providing that all of the ~~State Auditor and internal auditors of the affected department, agency, or institution~~ following entities may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees or ~~performance.~~performance:

a. The State Auditor.

b. The internal auditors of the affected department, agency, or institution.

c. The Joint Legislative Commission on Governmental Operations and legislative employees whose primary responsibility is to provide professional or administrative services to the Commission.

…."

SECTION 27.10.(j) Subsection (i) of this section is effective when this act becomes law and applies to contracts entered into on or after that date. The remainder of this section is effective when this act becomes law.

NORTH CAROLINA STATE BAR GRIEVANCE REVIEW COMMITTEE, DISCIPLINARY HEARING COMMISSION, AND BAR FEES

SECTION 27.11.(a) Establishment; Composition. – There is created the State Bar Review Committee (Committee). The Committee shall be composed of seven members as follows:

(1) One member appointed by the President Pro Tempore of the Senate.

(2) One member appointed by the Speaker of the House of Representatives.

(3) One member appointed by the Governor.

(4) Three members appointed by the Chief Justice of the Supreme Court of North Carolina, of which one shall be an Associate Justice of the Supreme Court of North Carolina and one shall be a Judge of the North Carolina Court of Appeals.

(5) The President of the State Bar serving in that position on the date this section becomes law, who shall serve until the Committee terminates.

SECTION 27.11.(b) Terms; Officers; Vacancies; Quorum. – Members shall serve until the Committee expires in accordance with this section. The members appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall serve as cochairs for the duration of their terms. The Committee shall meet upon the call of the cochairs. Vacancies shall be filled by the original appointing authority for which the vacancy exists. A majority of the total membership of the Committee shall constitute a quorum of the Committee.

SECTION 27.11.(c) Duties. – The Committee shall review and examine the grievance review process of the North Carolina State Bar conducted in accordance with Article 4 of Chapter 84 of the General Statutes in an effort to improve the effectiveness, fairness, and process of disciplinary and grievance review procedures. The Committee shall review and examine the grievance and complaint process of the North Carolina State Bar, including any rules, procedures, and policies to address the following issues of concern:

(1) The grievance process, including the role of the Grievance Committee, grievance review panel, and the Disciplinary Hearing Commission.

(2) Right to due process, right to be heard, and other rights consistent with G.S. 84-30 of the accused person during the grievance and discipline process.

(3) Sufficiency and thoroughness of the screening, decision making, and review of grievances and complaints.

(4) The selection, composition, and role of the grievance review panel of the Grievance Committee and the Disciplinary Hearing Commission.

(5) Role of the North Carolina State Bar Office of Counsel in the grievance process.

(6) Any other area the Committee deems concerning or needing improvement.

SECTION 27.11.(d) Compensation; Allowance. – Members of the Committee shall receive subsistence and travel allowances in accordance with G.S. 120-3.1, 138-5, and 138-6, as appropriate. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon direction of the Legislative Services Commission, the Directors of Legislative Assistants of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

SECTION 27.11.(e) Report. – By April 1, 2024, the Committee shall submit a report to the Joint Legislative Commission on Governmental Operations containing any legislative recommendations to address and alleviate the concerns listed in subsection (c) of this section of the grievance review process. The report shall also contain any potential improvements and changes in oversight of the North Carolina State Bar. The Committee shall expire upon submitting the report under this subsection.

SECTION 27.11.(f) G.S. 84-34 reads as rewritten:

"**§ 84-34. Membership fees and list of members.**

(a) Every active member of the North Carolina State Bar shall, prior to the first day of July of each year, pay to the secretary-treasurer an annual membership fee in an amount determined by the Council but not to exceed ~~three hundred dollars ($300.00), and every~~ three hundred twenty-five dollars ($325.00).

(b) Every member shall notify the secretary-treasurer of the member's correct mailing and email address. Any member who fails to pay the required dues by the last day of June of each year shall be subject to a late fee in an amount determined by the Council but not to exceed thirty dollars ($30.00). All dues for prior years shall be as were set forth in the General Statutes then in effect. The membership fee shall be regarded as a service charge for the maintenance of the several services authorized by this Article, and shall be in addition to all fees required in connection with admissions to practice, and in addition to all license taxes required by law. The fee shall not be ~~prorated: Provided, that no fee shall be required of an~~ prorated or waived, except for the following:

(1) An attorney licensed after this Article shall have gone into effect shall not be liable for dues until the first day of January of the calendar year following that in which the attorney was licensed; but this proviso shall not apply to attorneys from other states admitted on certificate.

(2) A member serving in the Armed Forces, whether in a legal or nonlegal capacity, will be exempt from payment of dues for any year in which the member is on full-time active duty in the military, including members of the National Guard and Reserves called to active duty beyond regularly scheduled monthly and annual trainings.

(c) The fees shall be disbursed by the secretary-treasurer on the order of the Council. The secretary-treasurer shall annually, at a time and in a law magazine or daily newspaper to be prescribed by the Council, publish an account of the financial transactions of the Council in a form to be prescribed by it. The secretary-treasurer shall compile and keep currently correct from the names and mailing addresses forwarded to the secretary-treasurer and from any other available sources of information a list of members of the North Carolina State Bar and furnish to the clerk of the superior court in each county, not later than the first day of October in each year, a list showing the name and address of each attorney for that county who has not complied with the provisions of this Article. The name of each of the active members who are in arrears in the

payment of membership fees shall be furnished to the presiding judge ~~at the next term of the superior court after the first day of October of each year,~~ by the clerk of the superior court of each county wherein the member or members reside, and the court shall thereupon take action that is necessary and proper. The names and addresses of attorneys so certified shall be kept available to the public. The Secretary of Revenue is hereby directed to supply the secretary-treasurer, from records of license tax payments, with any information for which the secretary-treasurer may call in order to enable the secretary-treasurer to comply with this requirement.

The list submitted to several clerks of the superior court shall also be submitted to the Council ~~at its October meeting of each year~~ and it shall take the action thereon that is necessary and proper."

SECTION 27.11.(g) G.S. 84-18.1 reads as rewritten:

"**§ 84-18.1. Membership and fees of district bars.**

(a) The district bar shall be a subdivision of the North Carolina State Bar subject to the general supervisory authority of the Council and may adopt rules, regulations and bylaws that are not inconsistent with this Article. A copy of any rules, regulations and bylaws that are adopted, along with any subsequent amendments, shall be transmitted to the Secretary-Treasurer of the North Carolina State Bar.

(b) Any district bar may from time to time by a majority vote of the members present at a duly called meeting prescribe an annual membership fee to be paid by its active members as a service charge to promote and maintain its administration, activities and programs. The fee shall be ~~in addition to, but shall not exceed, the amount of the membership fee prescribed by G.S. 84-34 for active members of the North Carolina State Bar.~~ ninety dollars ($90.00). The district bar may also charge a late fee, which shall not exceed fifteen dollars ($15.00), for the failure to pay judicial district bar dues on time. The district bar shall send by mail or email a written notice to every active member of the district bar at least 30 days before any meeting at which an election is held to impose or increase mandatory district bar dues. Every active member of a district bar which has prescribed an annual membership fee shall keep its secretary-treasurer notified of ~~his~~ the member's correct mailing and email address and shall pay the prescribed fee at the time and place set forth in the demand for payment ~~mailed~~ sent by mail or email to ~~him~~ the member by its secretary-treasurer. The name of each active member of a district bar who is more than 12 full calendar months in arrears in the payment of any fee shall be furnished by the secretary-treasurer of the district bar to the Council. In the exercise of its powers as set forth in G.S. 84-23, the Council shall thereupon take disciplinary or other action with reference to the delinquent as it considers necessary and proper."

SECTION 27.11.(h) G.S. 84-28.1 reads as rewritten:

"**§ 84-28.1. Disciplinary hearing commission.**

(a) There shall be a disciplinary hearing commission of the North Carolina State Bar which shall consist of ~~20~~ 26 members. ~~Twelve~~ Eighteen of these members shall be members of the North Carolina State Bar, ~~and shall be~~ with 12 appointed by the ~~Council.~~ Council, two members by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, two members by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, and two members by the Chief Justice of the Supreme Court of North Carolina. The other eight shall be citizens of North Carolina not licensed to practice law in this or any other state, four of whom shall be appointed by the Governor, two by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, and two by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. The Council shall designate one of its appointees as chair and another as vice-chair. The chair shall have actively practiced law in the courts of the State for at least 10 years. Except as set out herein, the terms of members of the

commission are set at three years commencing on the first day of July of the year of their appointment. The Council, the Governor, the Chief Justice of the Supreme Court of North Carolina, and the General Assembly respectively, shall appoint members to fill unexpired terms when vacancies are created by resignation, disqualification, disability or death, except that vacancies in appointments made by the General Assembly may also be filled as provided by G.S. 120-122. No member may serve more than a total of seven years or a one-year term and two consecutive three-year terms: Provided, that any member or former member who is designated chair may serve one additional three-year term in that capacity. No member of the Council may be appointed to the commission.

…."

SECTION 27.11.(i) Notwithstanding G.S. 84-28.1, as amended by subsection (h) of this section, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Chief Justice of the Supreme Court of North Carolina shall appoint two members each to the disciplinary hearing commission, respectively. The terms of the members appointed in accordance with this section shall begin upon appointment and expire on June 30, 2024. Notwithstanding G.S. 84-28.1, as amended by subsection (h) of this section, a member appointed by an appointing authority under this section for a term expiring on June 30, 2024, shall not have that partial year term ending on that date count toward the maximum allowed terms or years the appointee is eligible to serve.

SECTION 27.11.(j) The North Carolina State Bar may adopt temporary rules to implement subsections (f) through (i) of this section.

SECTION 27.11.(k) Subsections (f) and (g) become effective July 1, 2024. The remainder of this section is effective when this act becomes law.

PART XXVIII. GOVERNOR [RESERVED]

PART XXIX. HOUSING FINANCE AGENCY

REPORTING REQUIREMENTS

SECTION 29.1.(a) Sub-subdivision e. of subdivision (7) of Section 3 of S.L. 2017-119 is repealed.

SECTION 29.1.(b) G.S. 122A-16 reads as rewritten:

"**§ 122A-16. Oversight by committees of General Assembly; annual ~~reports.~~report; audit; construction of Chapter.**

(a) Oversight. – The Finance Committee of the House of ~~Representatives and~~ Representatives, the Finance Committee of the ~~Senate~~ Senate, and the Joint Legislative Oversight Committee on General Government shall exercise continuing oversight of the Agency in order to assure that the Agency is effectively fulfilling its statutory ~~purpose; provided, however, that nothing in this Chapter shall be construed as required by the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter.~~purpose.

(b) Comprehensive Report. – The Agency shall, ~~promptly following the close of each fiscal year,~~ on or before February 15 of each year, submit an annual comprehensive report of its activities for the preceding year to the Governor, the Office of State Budget and Management, State Auditor, ~~the aforementioned committees of the General Assembly and~~ the Local Government ~~Commission. Each such~~ Commission, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division. The comprehensive report required under this subsection shall ~~set forth a complete operating and financial statement of the Agency during such year.~~include at least all of the following:

(1) The goals and objectives of each program administered by the Agency.

(2) The number and types of activities funded by the Agency.

(3) The number of individuals or families served for each program administered by the Agency.

(4) The information required under G.S. 45-104, 122A-5.15, and Section 20.1 of S.L. 2005-276.

(c) Audit. – The Agency shall cause an audit of its books and accounts to be made at least once in each year by an independent certified public accountant and the cost thereof may be paid from any available moneys of the Agency. ~~The Agency shall on January 1 and July 1 of each year submit a written report of its activities to the Joint Legislative Commission on Governmental Operations. The Agency shall also at the end of each fiscal year submit a written report of its budget expenditures by line item to the Joint Legislative Commission on Governmental Operations.~~

(d) Construction. – Nothing in this Chapter shall be construed as requiring the Agency to receive legislative approval for the exercise of any of the powers granted by this Chapter."

SECTION 29.1.(c) Section 20.1(a) of S.L. 2005-276 reads as rewritten:

"**SECTION 20.1.(a)** Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

(1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and

(2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the United States Department of Housing and Urban Development.

~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning~~ on the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded."

SECTION 29.1.(d) G.S. 45-104(f) reads as rewritten:

"(f) ~~The~~ As part of the report required under G.S. 122A-16, the Housing Finance Agency shall report ~~to the General Assembly describing~~ on the operation of the program established by this act ~~not later than May 1 of each year~~ until the funds are completely disbursed from the State Home Foreclosure Prevention Trust Fund. Information in the report shall be presented in aggregate form and may include the number of clients helped, the effectiveness of the funds in preventing home foreclosure, recommendations for further efforts needed to reduce foreclosures, and provide any other aggregated information the Housing Finance Agency determines is pertinent or that the General Assembly requests."

SECTION 29.1.(e) G.S. 122A-5.14(d) is repealed.

SECTION 29.1.(f) G.S. 122A-5.15(d) reads as rewritten:

"(d) ~~By February 1 of each year, the~~ As part of the report required under G.S. 122A-16, the Agency shall report ~~to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division~~ on the number of loans made under this section, the amount of each loan, and whether the low-income housing development is located in a low-, moderate-, or high-income county, as designated by the Agency."

SECTION 29.1.(g) Subsections (b) and (c) of G.S. 122A-16, as amended by subsection (b) of this section, and subsections (c), (d), and (f) of this section become effective July 1, 2023, and apply to reports due on or after that date. The remainder of this section becomes effective July 1, 2023.

HFA/INCREASE PROJECT CAPS FOR WORKFORCE HOUSING LOAN PROGRAM

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.**

(a) Use of Temporary Solutions Required for Cabinet Agencies. – Notwithstanding G.S. 126-5 or any other provision of law, all Cabinet agencies that utilize temporary employees to perform work that is not information technology-related shall employ them through the Temporary Solutions Program administered by the Office of State Human ~~Resources. The Director of the Office of State Human Resources may create exceptions to this requirement when doing so would be in the best interests of the State in the sole discretion of the Director. An exception shall be invalid unless it is in writing.~~ Resources (OSHR). Council of State agencies may use the Temporary Solutions Program in the discretion of the agency.

(a1) Temporary Employment Restrictions. – No temporary employee shall be employed more than 11 consecutive months. A temporary employee shall only be eligible for reinstatement on the job assignment after working 11 consecutive months if the temporary employee is separated for at least 31 consecutive calendar days. Temporary employees shall not be used to permanently expand the workforce beyond authorized levels.

(a2) The OSHR shall prohibit from acquiring new temporary employees any agency or division, based on individual budget code, having an invoice owed to the OSHR that is over 90 days overdue and a total overdue invoice amount exceeding two hundred thousand dollars ($200,000) for any number of days. When an agency is restricted from acquiring a new temporary employee under this subsection, the agency shall not be allowed to acquire new temporary employees through the Temporary Solutions Program until the agency has paid all overdue invoices. The provisions of this subsection do not apply to the North Carolina National Guard.

(a3) Exceptions. – The following exceptions apply:

(1) The Director of the OSHR may create exceptions to the requirements of subsection (a) of this section only when the following conditions are met:

a. The Temporary Solutions Program cannot meet the agency's employment needs for a class of temporary job assignments.

b. Failure to recruit for the class of temporary job assignments will cause severe harm to the agency's ability to provide services to the public.

(2) A temporary employee who is a full-time student, a retired employee, an inmate on a work-release program, an intern, or an extern is exempt from the requirements of subsection (a1) of this section.

(3) The Director of the OSHR may create exceptions to the requirements of subsection (a1) of this section only when all of the following conditions are met:

a. The exception is in the best interests of the State because removing the employee from the job assignment will cause severe harm to the agency's ability to provide vital services to the public.

b. The exception will not result in extending the 11-month maximum length of temporary employment beyond 22 months from the employee's initial hire date.

All exceptions shall be in the sole discretion of the Director of the OSHR except that the North Carolina National Guard is hereby granted preferred status for exceptions which shall not be denied by the Director. All exceptions shall include a justification of why the exception is necessary. An exception is invalid unless it is submitted in writing and on file in the Temporary Solutions Program Office. To the extent possible, the Director of the OSHR or the Director's designee shall advise agencies of alternative job classification options prior to approval of exceptions to subsection (a1) of this section.

(a4) Cabinet and Council of State Agency Responsibilities. – Cabinet and Council of State agencies are responsible for sending a separation request or notification of the 31-day separation to the OSHR before a temporary employee exceeds 11 consecutive months unless an exception from subsection (a1) of this section applies. Failure to provide timely separation requests may limit an agency from future access to temporary employees.

(a5) OSHR Responsibilities. – The OSHR shall monitor the employment of all temporary employees by Cabinet and Council of State agencies. Temporary employees still employed beyond 11 consecutive months shall be separated from BEACON, or the system which supersedes BEACON, by the OSHR no more than two weeks past the 11-month limit unless an exception from this section applies. The OSHR shall provide written notice to the agency at intervals of 90, 60, and 30 days prior to the temporary employee reaching 11 consecutive months of service.

(a6) Reporting. – Beginning January 1, 2024, and then quarterly thereafter, the OSHR shall report to the Joint Legislative Oversight Committee on General Government and to the Fiscal Research Division on agency compliance with this section and policies and rules adopted pursuant to it, including:

(1) The number and type of all exceptions made by the Director of the OSHR.
(2) Any agency invoices with due dates greater than 60 days.
(3) Compliance with G.S. 147-86.11(e)(3) through (e)(4).
(4) The number of temporary employees who exceeded 11 months of consecutive employment, and the number of days each employee exceeded 11 months of employment, separated by State agency.

For any temporary employee that is not entered and monitored through the BEACON system, the agency shall record the time worked by each temporary employee in the agency, including the number of hours worked per week, number of months worked, and the amount of time the employee was not employed after 11 consecutive months of service with the agency and report the information monthly to the OSHR. To the extent possible for temporary employees, agencies shall use BEACON, or the State payroll system that supersedes BEACON, for payroll purposes. If it is not feasible for an agency to use BEACON, or the superseding system for payroll purposes, the agency shall report monthly the information required by this section to the OSHR in accordance with guidelines and requirements established by the Director of Temporary Solutions.

~~(b) Compliance Monitoring. – The Office of State Human Resources shall monitor the employment of temporary employees by Cabinet and Council of State agencies and shall report biannually to the Joint Legislative Oversight Committee on General Government and to the Fiscal Research Division on agency compliance with this section and policies and rules adopted pursuant to it. Each State agency granted an exception under this section from using the Temporary Solutions Program and any Council of State agency that elected to not use the Temporary Solutions Program shall record the time worked by each temporary employee in the agency, including the number of hours worked per week, number of months worked, and the amount of time the employee was not employed after 11 consecutive months of service with the agency. To the extent possible for temporary employees, agencies shall use BEACON, or the State payroll system that supersedes BEACON, for payroll purposes. If it is not feasible for an agency to use BEACON, or the superseding system for payroll purposes, the agency shall report the information required by this section to the Office of State Human Resources in accordance with guidelines and requirements established by the Director of Temporary Solutions.~~

(c) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Cabinet agency. – A unit of the executive branch of State government, such as a department, an institution, a division, a commission, a board, or a council that is under the control of the Governor. The term does not include an agency that is under the control of an official who is a member of the Council of State.
(2) Council of State agency. – An agency that is under the control of an official who is a member of the Council of State.
(3) Extern. – A student who, regardless of the number of credit hours enrolled, is employed as part of a written agreement between the State and an academic institution through which the student is paid and earns course credit.

(4) Full-time student. – An undergraduate student taking at least 12 credit hours or a graduate student taking at least nine credit hours.

(5) Intern. – A student who, regardless of the number of credit hours enrolled, works to gain occupational experience for a period of at least one academic semester.

(6) Retired employee. – An individual drawing a retirement income or Social Security benefits and who has signed a statement that the individual is not available for, nor seeking, permanent employment.

(7) Temporary employee. – A State employee who is employed in a temporary appointment for a limited term, including a State employee hired from the OSHR Temporary Solutions Program, directly hired by an agency, hired by an agency from a private staffing firm, or hired by any other method used to fill a workforce need for a limited period of time. The term does not include a career State employee as defined by G.S. 126-1.1."

SECTION 29A.2.(b) This section is effective when it becomes law and applies to temporary employees hired on or after that date.

PART XXX. INSURANCE

REGULATORY FEE & INSURANCE REGULATORY FUND

SECTION 30.1.(a) Notwithstanding the provisions of G.S. 58-6-25(b), the percentage rate to be used in calculating the insurance regulatory charge under G.S. 58-6-25(b) is two percent (2%) for the 2024 calendar year and the 2025 calendar year.

SECTION 30.1.(b) G.S. 58-6-25 reads as rewritten:

"**§ 58-6-25. Insurance regulatory charge.**

…

(b) Rates. – The rate of the charge for each taxable year shall be six and one-half percent (6.5%). When the Department prepares its budget request for each upcoming fiscal year, the Department shall propose a percentage rate of the charge levied in this section. The Governor shall submit that proposed rate to the General Assembly each fiscal year. It is the intent of the General Assembly ~~(i)~~ that the percentage rate not exceed the rate necessary to generate funds sufficient to defray the estimated cost of the operations of the Department for each upcoming fiscal year, including a reasonable margin for a reserve ~~fund, and (ii) that the amount of the reserve not exceed one-third of the estimated cost of operating the Department for each upcoming fiscal year.~~ that shall be used to provide for unanticipated expenditures requiring a budget adjustment as authorized by G.S. 143C-6-4. In calculating the amount of the reserve, the General Assembly shall consider all relevant factors that may affect the cost of operating the Department or a possible unanticipated increase or decrease in North Carolina premiums or other charge revenue.

…

(d) Use of Proceeds. – The Insurance Regulatory Fund is created ~~in the State treasury, under the control of the Office of State Budget and Management. The~~ as an interest-bearing special fund to which the proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be ~~credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund.~~ credited. Moneys in the Fund may be spent only pursuant to appropriation by the General ~~Assembly~~ Assembly, and ~~in accordance with the line item budget enacted by the General Assembly. The~~ the Fund is subject to the provisions of the State Budget ~~Act, except that no unexpended surplus of the Fund shall revert to the General Fund.~~ Act. All money credited to the Fund shall be used to reimburse the General Fund for the following:

…."

DOI/VOLUNTEER FIRE DEPARTMENT FUND

SECTION 30.2.(a) G.S. 58-87-1 reads as rewritten:

"**§ 58-87-1. Volunteer Fire Department Fund.**

…

(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on May 15, or on the first business day after May 15 if May 15 falls on a weekend or a holiday, of each year subject to the following limitations:

(1) The size of a grant may not exceed ~~thirty~~ forty thousand dollars ~~($30,000).~~($40,000).

…

(b) Eligible Fire Department. – A fire department is eligible for a grant under this section if it meets all of the conditions of this subsection. No fire department may be declared ineligible for a grant solely because it is classified as a municipal fire department. The required conditions are:

(1) Repealed by Session Laws 2016-78, s. 2.1(a), effective June 30, 2016.

(2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of ~~six~~ eight full-time paid positions. For purposes of this subdivision, a "full-time paid position" is equivalent to 2,080 hours in a fiscal year.

(3) It has been certified by the Department of Insurance.

…."

SECTION 30.2.(b) G.S. 58-87-1(a1), as amended by subsection (a) of this section, expires June 30, 2025.

SECTION 30.2.(c) For the 2023-2024 fiscal year only, the Commissioner of Insurance shall reserve one million dollars ($1,000,000) of the funds in the Volunteer Fire Department Fund to provide grants to eligible fire departments in the event of an emergency. For purposes of this subsection, the term "emergency" has the same meaning as in G.S. 166A-19.3(6). Emergency reserve grants shall not exceed fifty thousand dollars ($50,000) and shall be used for purposes consistent with G.S. 58-87-1(a1)(3). Any unspent funds remaining in the emergency reserve on June 30 of each fiscal year of the 2023-2025 fiscal biennium shall revert to the Volunteer Fire Department Fund. If an eligible fire department is awarded an emergency reserve grant and thereafter receives a monetary settlement from its insurance carrier for the same loss or damages for which the grant was awarded, the fire department shall reimburse the State for the amount of the grant.

SECTION 30.2.(d) Within 60 days after all grants have been awarded under this section, the Commissioner shall submit a written report to the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, the Joint Legislative Oversight Committee on General Government, and the Fiscal Research Division which shall be posted on the Department of Insurance's website and shall contain all of the following:

(1) For grants under subsection (a) of this section:

a. The total number of grants awarded.

b. A list of the eligible fire departments that were awarded grants and the county in which each eligible fire department is located.

c. The amount of the grant award to each eligible fire department.

d. Whether the eligible fire department is a volunteer unit, municipal unit, or other.

e. The total number of full-time employees as of January 31 of each fiscal year.
f. The total number of full-time volunteer employees as of January 31 of each fiscal year.
g. The specific purpose for which the grant was awarded. If to purchase equipment, the type of equipment purchased. If to make capital improvements, the type of capital improvements made.
h. Whether the grant funds awarded were used for highway use taxes or putting property acquired from the Department of Defense through the Firefighter Property (FFP) and Federal Excess Property (FEPP) Programs in service.
i. Whether the eligible fire department was required to match the grant as required by G.S. 58-87-1(2a).

(2) For emergency reserve grants under subsection (c) of this section:
a. The total number of grants awarded.
b. A list of the eligible fire departments that were awarded grants and the county in which each eligible fire department is located.
c. The amount of the grant award to each eligible fire department.
d. A description of the emergency for which grant funds were awarded.

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,

~~the Office of State Budget and Management, in consultation with~~ the Department of ~~Insurance,~~ Insurance must notify the Secretary of Revenue of the amount required to meet the needs of the Fund, as determined by the ~~study,~~ study conducted under subsection (f) of this section, for the upcoming fiscal year. The Secretary of Revenue shall remit that amount, subject to the twenty percent (20%) limitation in G.S. 105-228.5(d)(3), to the Fund.

(h) Reports. – The Department of Insurance shall, on a quarterly basis, report to the State Fire and Rescue Commission on its activities conducted pursuant to this section."

SECTION 30.3.(b) G.S. 58-87-10(d)(2), as enacted by subsection (a) of this section, applies to contracts with workers' compensation third-party administrators executed or renewed on or after the date this section becomes law.

SECTION 30.3.(c) G.S. 58-78-5 reads as rewritten:

"**§ 58-78-5. State Fire and Rescue Commission – Powers and duties.**

(a) The Commission shall have the following powers and duties:

…

(16) To provide oversight for the workers' compensation benefits administered by the Department of Insurance under G.S. 58-87-10, to create a Volunteer Safety Workers' Compensation Board to assist it in performing this duty, and to reimburse the members of the Commission's Volunteer Safety Workers' Compensation Board in accordance with G.S. 138-5 for travel and subsistence expenses incurred by them.

…."

DOI/CONTINUE FIREFIGHTERS' HEALTH BENEFITS PILOT PROGRAM

SECTION 30.4.(a) Notwithstanding the provisions of G.S. 58-87-10(e), for the 2023-2025 fiscal biennium only, revenue from a portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3) shall not be credited to the Workers' Compensation Fund administered by the Department of Insurance as provided in G.S. 58-87-10 but shall instead be credited to the Firefighters' Health Benefits Pilot Program established in Section 30.4A of S.L. 2021-180.

SECTION 30.4.(b) Section 30.4A of S.L. 2021-180 reads as rewritten:

"**SECTION 30.4A.(a)** Firefighters' Health Benefits Pilot Program. – Of the funds appropriated in this act to the Department of Insurance, the sum of ~~seven million five hundred thousand dollars ($7,500,000)~~ five million dollars ($5,000,000) in nonrecurring funds for each fiscal year of the ~~2021-2023~~ 2023-2025 fiscal biennium shall be used to ~~establish~~ continue and administer a pilot program to provide health benefits as authorized by this section to eligible firefighters with a new diagnosis of cancer on or after January 1, 2022. The health benefits provided under the pilot program shall be supplemental to any other health benefits authorized by law for firefighters. The pilot program shall end on ~~June 30, 2023,~~ June 30, 2025, but claims for health benefits filed by that date shall be paid as long as funds appropriated for the pilot program are available. Effective January 1, 2024, the Department shall begin administering the pilot program instead of purchasing private insurance for that purpose. The Department may use up to five percent (5%) of the funds appropriated for the pilot program in this act for the purpose of hiring additional staff to aid in administering the pilot program in-house and conducting an independent audit of the pilot program. The results of the independent audit shall be submitted to the General Assembly, the Fiscal Research Division, and the Governor no later than July 1, 2025, along with the report required by subsection (f) of this section.

…

"**SECTION 30.4A.(c)** Eligibility. – To be eligible to receive benefits under the pilot program, a firefighter:

(1) Must have served in a North Carolina fire department for a minimum of five continuous ~~years.~~years; provided, however, if a firefighter, during those five

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,

the term "eligible standalone volunteer rescue unit" means a volunteer rescue unit under G.S. 58-87-5(b) that is not combined with a rescue/EMS, EMS units that are volunteer fire departments that are a part of a county's EMS system plan, EMS units providing rescue or rescue and emergency medical services, or any other unit of any type providing rescue and/or emergency services.

SECTION 30.6.(b) In awarding grants under this section, the Department shall, to the extent possible, select applicants from all parts of the State. Grants shall be made as soon as practicable. If, in any fiscal year, the Department has not disbursed all of the grant funds appropriated for the grant program as provided in subsection (a) of this section, the Department shall allow applicants who have not received grant funds in that fiscal year to apply for a grant, and the applicant shall match the grant funds as provided in subsection (a) of this section. Grants authorized by this section shall be awarded in addition to and shall not supplant any amount of the grant awarded to an eligible standalone volunteer rescue unit under G.S. 58-87-5. Any funds appropriated for the grant program authorized by subsection (a) of this section that are unencumbered at the end of each fiscal year of the 2023-2025 fiscal biennium shall not revert to the Volunteer Rescue/EMS Fund but shall remain available for providing grants as authorized by this section.

SECTION 30.6.(c) Report. – Within 60 days after all grants have been awarded under subsection (a) of this section, the Department 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, and the Fiscal Research Division which shall include all of the following:

(1) The total number of grants awarded, by county.
(2) The name of each eligible standalone volunteer rescue unit to which a grant was awarded, by county and by city, if applicable.
(3) The amount of the grant awarded to each eligible standalone volunteer rescue unit.

VOLUNTEER FIRE DEPARTMENTS/APPARATUS TIRE REPLACEMENT

SECTION 30.7.(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 fiscal year of the 2023-2025 fiscal biennium shall be used by the Department to establish and administer a grant program to provide grants in an amount of not more than ten thousand dollars ($10,000) to eligible fire departments under G.S. 58-87-1(b) for the purpose of replacing fire apparatus tires. Grants shall be awarded only to applicants who certify in writing the need to remove fire apparatus tires from service because of any of the following reasons: (i) tread wear beyond the minimum tread depth, (ii) fire conditions that caused damage to the tires, such as coming into contact with fire retardant and/or running over glass, debris, oil, or chemicals, (iii) tire damage, such as cuts, bulges, and cracks, and (iv) evidence of dry rot or sidewall cracking. Applicants shall use the grant funds only for the purpose of replacing fire apparatus tires and shall not use the funds for any other purpose. Applicants are not required to provide a match for grant 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.

SECTION 30.7.(b) In awarding grants under this section, the Department shall, to the extent possible, select applicants from all parts of the State. Grants shall be made as soon as practicable. If, in any fiscal year, the Department has not disbursed all the grant funds appropriated for the grant program authorized by subsection (a) of this section, the Department shall allow applicants who have not received grant funds in that fiscal year to apply for a grant. Grants authorized by this section shall be awarded in addition to and shall not supplant any

amount of the grant awarded to an eligible fire department under G.S. 58-87-1. Any funds appropriated for the grant program authorized by subsection (a) of this section that are unencumbered at the end of each fiscal year of the 2023-2025 fiscal biennium shall not revert to the Volunteer Fire Department Fund but shall remain available for providing grants as authorized by this section.

SECTION 30.7.(c) Report. – Within 60 days after all grants have been awarded under subsection (a) of this section, the Department 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, and the Fiscal Research Division which shall include all of the following:

(1) The total number of grants awarded, by county.
(2) The name of each eligible fire department to which a grant was awarded, by county and by city, if applicable.
(3) The amount of the grant awarded to each eligible fire department.

OFFICE OF STATE FIRE MARSHAL ESTABLISHED

SECTION 30.8.(a) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"Article 78A.
"Office of the State Fire Marshal.

"**§ 58-78A-1. Office of the State Fire Marshal.**

(a) The Office of the State Fire Marshal is created within the Department of Insurance and that office may exercise its prescribed duties independently of the Department. The Commissioner shall provide general administrative support to the Office of the State Fire Marshal.

(b) The "State Fire Marshal," as used in this Article and elsewhere in the General Statutes, shall be the head of the Office of the State Fire Marshal and shall be a person appointed by the Commissioner subject to confirmation by the General Assembly by joint resolution. The State Fire Marshal shall be a person other than the Commissioner and shall serve a three-year term. If a vacancy arises or exists pursuant to this subsection when the General Assembly is not in session, the Commissioner may appoint a State Fire Marshal to serve on an interim basis pending confirmation by the General Assembly. For the purposes of this subsection, the General Assembly is not in session only (i) prior to convening of the Regular Session, (ii) during any adjournment of the Regular Session for more than 10 days, and (iii) after sine die adjournment of the Regular Session.

(c) The salary of the State Fire Marshal shall be set by the General Assembly in the Current Operations Appropriations Act. In addition to the salary set by the General Assembly in the Current Operations Appropriations Act, the State Fire Marshal shall receive as longevity pay in an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, and nine and six-tenths percent (9.6%) after 10 years of service. For purposes of this subsection, the term "service" means service as the State Fire Marshal."

SECTION 30.8.(b) G.S. 58-80-1 reads as rewritten:

"**§ 58-80-1. Purpose of Article; meaning of "State Fire Marshal".**

The purpose of this Article shall be the creation of a State Volunteer Fire Department to provide protection for property lying outside the boundaries of municipalities, and to render assistance anywhere within the State of North Carolina, in municipalities or counties, in emergencies caused by fire, floods, tornadoes, or otherwise, in the manner and subject to the conditions provided in this Article. ~~As used in this Article and elsewhere in the General Statutes, "State Fire Marshal" means the Commissioner of Insurance of the State of North Carolina.~~"

SECTION 30.8.(c) G.S. 14-410(c)(3) reads as rewritten:

"(3) State Fire Marshal. – Defined in ~~G.S. 58-80-1.~~G.S. 58-78A-1."

SECTION 30.8.(d) The Department of Insurance shall eliminate one or more vacant positions and shall use the funds made available as a result of the elimination of the vacant positions to fund the new position of State Fire Marshal, as created by G.S. 58-78A-1, as enacted by subsection (a) of this section.

SECTION 30.8.(e) Notwithstanding G.S. 58-78A-1, as enacted by subsection (a) of this section, the Commissioner of the Department of Insurance shall serve as the State Fire Marshal until the General Assembly confirms an independent State Fire Marshal, as authorized by G.S. 58-78A-1, as enacted by subsection (a) of this section.

SECTION 30.8.(f) This section becomes effective January 1, 2024.

PROPOSAL FOR STATE-BASED HEALTH BENEFITS EXCHANGE

SECTION 30.9.(a) Notwithstanding G.S. 143B-24(b), the Commissioner of the Department of Insurance (Commissioner) shall, in consultation with the Secretary of the Department of Health and Human Services, develop a detailed plan for the development of a State-based health benefits exchange that meets the requirements of the federal Patient Protection and Affordable Care Act, P.L. 111-148, as amended (ACA). As part of the development of this plan for a State-based exchange, the Commissioner shall develop a draft State Innovation Waiver under section 1332 of the ACA. The plan and the draft waiver developed in accordance with this section shall include, at a minimum, the consideration of the following:

(1) Stabilization strategies aimed at addressing risk associated with individuals with high healthcare costs.

(2) Individual coverage Health Reimbursement Arrangements (HRAs) for employees of large and small businesses within the State.

(3) Financial assistance for various types of health insurance plans, including nonqualified health plans, for individuals purchasing coverage on the State-based exchange.

(4) A new, State-administered subsidy program for (i) individuals and families and (ii) small businesses purchasing coverage for employees through the State-based exchange.

(5) The establishment of account-based premium credits for individuals and families enrolled in healthcare coverage through the State-based exchange.

(6) The use of any available federal funding or grants for the creation of the State-based exchange, or necessary information technology to support the exchange, or both.

(7) The establishment of a reinsurance program that seeks to maximize federal funding for the program and stabilize the rates and premiums for health insurance policies offered in this State.

SECTION 30.9.(b) No later than May 15, 2024, the Commissioner shall submit to the Joint Legislative Oversight Committee on General Government and the Joint Legislative Oversight Committee on Health and Human Services a copy of the proposed Section 1332 State Innovation Waiver and a report on the detailed plan for the development of a State-based health benefits exchange, as required by subsection (a) of this section. The report shall include, at a minimum, the following details:

(1) Specific details for the structure and oversight of the proposed State-based exchange, including the makeup of any proposed board of directors or other governing body.

(2) A detailed time line for the implementation of the State-based exchange, including identification of major milestones and a realistic "go-live" date.

(3) The anticipated costs to the State for start-up and ongoing operations of the State-based exchange, including labor costs, information technology costs, and any foreseeable costs to any State agency outside of the Department of Insurance.
(4) Identification of sources of funding for the start-up and ongoing operations of the State-based exchange, including federal funding and assessments on commercial insurance products.
(5) Identification of any estimated savings to the State or the citizens of the State as a result of the proposed plan and waiver.
(6) Methods by which the Department of Health and Human Services or county departments of social services will educate and refer individuals receiving public assistance to products and financial assistance offered through the State-based exchange.
(7) Any legislative changes necessary to effectuate the proposed plan and waiver.

SECTION 30.9.(c) The Commissioner shall not submit the draft Section 1332 State Innovation Waiver developed under this section nor take steps beyond those required by this section to implement a State-based exchange without further authorization by the General Assembly, including the repeal of G.S. 143B-24(b).

PHARMACY INSURANCE BENEFITS/COUPON ACCUMULATOR

SECTION 30.10. G.S. 58-56A-3 reads as rewritten:

"**§ 58-56A-3. Consumer protections.**

…

(c1) When calculating an insured's contribution to any out-of-pocket maximum, deductible, copayment, coinsurance, or other applicable cost-sharing requirement, the insurer or pharmacy benefits manager shall include any amounts paid by the insured, or on the insured's behalf, for a prescription that is either:

(1) Without an AB-rated generic equivalent.
(2) With an AB-rated generic equivalent if the insured has obtained authorization for the drug through any of the following:
a. Prior authorization from the insurer or pharmacy benefits manager.
b. A step therapy protocol.
c. The exception or appeal process of the insurer or pharmacy benefits manager.

This subsection shall not apply to an insured covered by a high deductible health plan, as that term is defined in section 223 of the Internal Revenue Code, if its application would render the insured ineligible for a health savings account under section 223 unless (i) the insured has satisfied the minimum deductible under section 223 or (ii) the prescription qualifies as preventive care under section 223.

…."

PART XXXI. INSURANCE – INDUSTRIAL COMMISSION

LIMIT TORT LIABILITY FOR STATE EMPLOYEES

SECTION 31.1.(a) G.S. 143-291 is amended by adding a new subsection to read:

"(e) This Article provides the sole and exclusive remedy for any claim that arises as a result of the negligence of any officer, employee, involuntary servant, or agent of the State while acting within the scope of his office, employment, service, agency, or authority, and the North Carolina Industrial Commission is the sole and exclusive forum for hearing any such claims. Any such claims filed in any other forum arising out of or relating to the same subject matter against the officer, employee, involuntary servant, or agent of the State is precluded."

SECTION 31.1.(b) This section is effective when it becomes law and applies to all claims filed on or after that date.

INDUSTRIAL COMMISSION/BASE BUDGET ADJUSTMENT

SECTION 31.2. The Office of State Budget and Management shall, in conjunction with the North Carolina Industrial Commission, adjust the Commission's base budget for each fiscal year of the 2025-2027 fiscal biennium to use proceeds from the insurance regulatory charge established under G.S. 58-6-25 to reimburse the General Fund for operations of the Commission as authorized by G.S. 58-6-25(d)(11).

INDUSTRIAL COMMISSION/EXTENDED COMPENSATION/CLARIFY MEANING OF "TOTAL LOSS OF WAGE-EARNING CAPACITY"

SECTION 31.3.(a) G.S. 97-29(c) reads as rewritten:

"(c) An employee may qualify for extended compensation in excess of the 500-week limitation on temporary total disability as described in subsection (b) of this section only if (i) at the time the employee makes application to the Commission to exceed the 500-week limitation on temporary total disability as described in subsection (b) of this section, 425 weeks have passed since the date of first disability and (ii) pursuant to the provisions of G.S. 97-84, unless agreed to by the parties, the employee shall prove by a preponderance of the evidence that the employee has sustained a total loss of wage-earning capacity.

For the purposes of this subsection only, the term "total loss of wage-earning capacity" shall mean the complete elimination of the capacity to earn any wages. "Disability" as defined by G.S. 97-2(9) and "suitable employment" as defined by G.S. 97-2(22) shall not apply to this provision. The Commission may consider preexisting and injury-related physical and mental limitations, vocational skills, education, and experience in determining whether the employee has sustained a total loss of wage-earning capacity.

If an employee makes application for extended compensation pursuant to this subsection and is awarded extended compensation by the Commission, the award shall not be stayed pursuant to G.S. 97-85 or G.S. 97-86 until the full Commission or an appellate court determines otherwise. Upon its own motion or upon the application of any party in interest, the Industrial Commission may review an award for extended compensation in excess of the 500-week limitation on temporary total disability described in subsection (b) of this section, and, on such review, may make an award ending or continuing extended compensation. When reviewing a prior award to determine if the employee remains entitled to extended compensation, the Commission shall determine if the employer has proven by a preponderance of the evidence that the employee no longer has a total loss of wage-earning capacity. When an employee is receiving full retirement benefits under section 202(a) of the Social Security Act, after attainment of retirement age, as defined in section 216(l) of the Social Security Act, the employer may reduce the extended compensation by one hundred percent (100%) of the employee's retirement benefit. The reduction shall consist of the employee's primary benefit paid pursuant to section 202(a) of the Social Security Act but shall not include any dependent or auxiliary benefits paid pursuant to any other section of the Social Security Act, if any, or any cost-of-living increases in benefits made pursuant to section 215(i) of the Social Security Act."

SECTION 31.3.(b) In enacting subsection (a) of this section, it is the intent of the General Assembly to clarify, in response to Sturdivant v. N. Carolina Dep't of Pub. Safety, 887 S.E.2d 85 (N.C. Ct. App. 2023), that an employee has a different standard for establishing the burden of proof for extended compensation pursuant to G.S. 97-29(c) to reflect the intent of the General Assembly when it enacted S.L. 2011-287.

SECTION 31.3.(c) This section is effective when it becomes law and applies to 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.

(c) Not later than July 1 of each year, the Department shall submit a written report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on all of the following information, and the Center shall provide the information to the Department in the manner and time period requested by the Department for purposes of preparing the report:

(1) The total number of veterans served.

(2) The types of services provided to veterans, and the number of veterans who received each type of service.

(3) Demographics of the veterans served, including each veteran's county of residence.

(4) Average length of stay for veterans, and the average number of veterans in the Center facility on a daily basis.

(5) The total number of veterans who completed the care program, and the number who received postgraduate mentoring from the Center."

SECTION 33.3.(b) Notwithstanding any provision of G.S. 143B-1218, as enacted in subsection (a) of this section, if the Department of Military and Veterans Affairs does not disburse grant funds to the Veterans Life Center in a fiscal year because the Center did not satisfy the requirements of the grant contract between the Department and the Center on or before June 30 of that fiscal year, the grant funds shall not revert on June 30, but shall remain available to the Department to disburse to the Center in the following fiscal year as long as the Center satisfies the grant contract requirements. In such a case, the Department is authorized to disburse grant funds to the Veterans Life Center in an amount greater than seven hundred fifty thousand dollars ($750,000) in a fiscal year because the amount disbursed is for both the prior fiscal year and the current fiscal year.

DMVA/CHILDREN OF VETERANS' SCHOLARSHIPS

SECTION 33.4.(a) G.S. 143B-1225 reads as rewritten:

"**§ 143B-1225. Scholarship.**

(a) A scholarship granted pursuant to this Part shall consist of the following benefits in either a State or private educational institution:

…

(6) A student who has been awarded a scholarship under this section shall maintain a cumulative grade point average of 2.0 throughout the four academic years for which the student is eligible for a scholarship under this section.

…."

SECTION 33.4.(b) G.S. 143B-1227 reads as rewritten:

"**§ 143B-1227. Administration and funding.**

(a) The administration of the scholarship program shall be vested in the Department of Military and Veterans Affairs, and the disbursing and accounting activities required shall be a responsibility of the Department of Military and Veterans Affairs. The Veterans' Affairs Commission shall determine the eligibility of applicants, select the scholarship recipients, establish the effective date of scholarships, and may suspend or revoke scholarships if the Veterans' Affairs Commission finds that the recipient does not comply with the registration requirements of the Selective Service System or does not maintain an adequate academic status, or if the recipient engages in riots, unlawful demonstrations, the seizure of educational buildings, or otherwise engages in disorderly conduct, breaches of the peace or unlawful assemblies. The Department of Military and Veterans Affairs shall maintain the primary and necessary records, and the Veterans' Affairs Commission shall promulgate such rules and regulations not inconsistent with the other provisions of this Part as it deems necessary for the orderly administration of the program. It may require of State or private educational institutions, as

defined in this Part, such reports and other information as it may need to carry out the provisions of this ~~Part.~~ Part; provided, however, the Veterans' Affairs Commission shall require State and private educational institutions to report no later than December 15 of each year the number of scholarship recipients who maintained a cumulative grade point average of 2.0 and the number of scholarship recipients who completed the degree requirements for graduation. The Department of Military and Veterans Affairs shall disburse scholarship payments for recipients certified eligible by the Department of Military and Veterans Affairs upon certification of enrollment by the enrolling institution.

…."

SECTION 33.4.(c) G.S. 143B-1228 reads as rewritten:

"**§ 143B-1228. Report on scholarships.**

By January 1 of each year, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division the following data on the Scholarships for Children of Wartime Veterans program:

…

(2) Number of scholarships awarded in each of the past five fiscal years and sorted by:

…

j. Number of scholarship recipients who maintained a cumulative grade point average of 2.0."

SANDHILLS STATE VETERANS CEMETERY

SECTION 33.6.(a) Of the funds appropriated in this act to the Department of Military and Veterans Affairs for the 2023-2024 fiscal year, the sum of three hundred thousand dollars ($300,000) in nonrecurring funds shall be used as follows:

(1) Two hundred thousand dollars ($200,000) to contract with one or more persons or businesses to improve the appearance of Sandhills State Veterans Cemetery and to perform all of the services and activities, including, but not limited to, grounds maintenance, equipment maintenance, and headstone marker operations, required to bring Sandhills State Veterans Cemetery into compliance with the operational standards promulgated by the National Cemetery Administration in the U.S. Department of Veterans Affairs.

(2) One hundred thousand dollars ($100,000) to improve and maintain the roads to the newest section of Sandhills State Veterans Cemetery.

SECTION 33.6.(b) Not later than November 30, 2023, the Department shall report to the Joint Legislative Oversight Committee on General Government, the House of Representatives Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on the following:

(1) The names of the persons or businesses with whom the Department contracted to provide the services and activities required by this section.

(2) The services and activities performed by each person or business and the amount paid to each person or business pursuant to the contract.

DMVA UPDATE AND PUBLISH RESOURCE GUIDE

SECTION 33.7. Notwithstanding any provision of S.L. 2021-180 or the Committee Report described in Section 43.2 of that act to the contrary, the sum of fifty thousand dollars ($50,000) in nonrecurring funds for each year of the 2021-2023 fiscal biennium appropriated to the Department of Military and Veterans Affairs shall be used to publish a new Department of

Military and Veterans Affairs Resource Guide (for veterans, active military, and their families) no later than December 1, 2023.

DMVA FILL VETERAN SERVICES OFFICER POSITIONS

SECTION 33.8. The Department of Military and Veterans Affairs shall fill all Veteran Services Officer (VSO) positions that are vacant on the date this act becomes law. The Department shall not, in the 2023-2024 fiscal year or the 2024-2025 fiscal year, use lapsed salaries resulting from vacant VSO positions to hire temporary employees. If the Department does not fill the vacant VSO positions in the 2023-2025 fiscal biennium, the funds appropriated for the position or positions shall revert to the General Fund on June 30 of each fiscal year.

DMVA FILL INTERNAL AUDITOR AND PROGRAM ANALYST POSITIONS

SECTION 33.9. In collaboration with the Office of State Budget and Management, the Department of Military and Veterans Affairs shall make every effort to fill the Program Analyst and Internal Auditor positions authorized by Section 23.5 and Section 23.6 of S.L. 2021-180. If the Department does not fill either or both positions in the 2023-2025 fiscal biennium, the Department shall not use the lapsed salaries resulting from the vacant position or positions to hire temporary employees and the funds appropriated for the position or positions shall revert to the General Fund on June 30 of each fiscal year.

HOUSING SOLUTIONS FOR SERVICE-CONNECTED DISABLED AND AGING VETERANS

SECTION 33.11. Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of three million dollars ($3,000,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium shall be allocated as a directed grant to Purple Heart Homes, Inc., a nonprofit corporation, to provide personalized housing solutions for service-connected disabled and aging veterans and their families across the State. Purple Heart Homes, Inc., may use not more than two percent (2%) of the grant funds for administrative costs. By September 1, 2024, Purple Heart Homes, Inc., shall provide a 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, and the Fiscal Research Division on the use of these funds, including the number of individuals or families served, the types of services provided to those individuals or families, and the outcomes.

MILITARY MISSIONS IN ACTION/ASSISTANCE FOR VETERANS

SECTION 33.12. Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for the 2023-2024 fiscal year shall be provided as a directed grant to Military Missions In Action (hereinafter "MMIA"), a nonprofit corporation, to assist veterans in need, members of all Armed Forces, and their families. MMIA shall not use more than two percent (2%) of the grant funds for administrative costs. By September 1, 2024, MMIA shall provide a 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, and the Fiscal Research Division on the use of these funds, including the number of individuals or families served and the types of services provided to those individuals or families.

DMVA/GRANT PROGRAM FOR COUNTY VETERANS OFFICES

SECTION 33.13.(a) Of the funds appropriated in this act to the Department of Military and Veterans Affairs (DMVA), the sum of one million five hundred thousand dollars ($1,500,000) in nonrecurring funds in each fiscal year of the 2023-2025 fiscal biennium shall be used to establish a grant program for existing county veterans offices (hereinafter "CVOs") to provide services to veterans. The following shall apply to the grant program:

(1) The CVO must be located in a county in which there are eight or less certified veteran service officers (VSOs). The VSO may be an employee of or volunteer with the federal government, State of North Carolina, county, or an entity in the county, including a nonprofit organization. DMVA shall verify the presence of eight or less certified VSOs in the county through the United States Department of Veterans Affairs prior to awarding a grant.

(2) A grant may be up to twenty thousand dollars ($20,000).

(3) Only one grant may be awarded to a CVO in each fiscal year of the 2023-2025 fiscal biennium.

SECTION 33.13.(b) Not later than September 1, 2024, the Department of Military and Veterans Affairs shall report to the Joint Legislative Oversight Committee on General Government, the House Appropriations Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, and the Fiscal Research Division on all of the following:

(1) The unduplicated number of veterans served by CVOs, by county.

(2) The number of times each individual veteran was served by a CVO, by county.

(3) The services that were provided to veterans using the grant funds awarded to CVOs as authorized in subsection (a) of this section, by county.

THE INDEPENDENCE FUND

SECTION 33.15.(a) Notwithstanding the provisions of G.S. 143B-1293, of the funds appropriated in this act to the Department of Military and Veterans Affairs, the sum of seven hundred fifty thousand dollars ($750,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium shall be used to provide a directed grant to The Independence Fund, Inc., a nonprofit corporation, to continue to expand the Veterans Justice Intervention (VJI) program by working with law enforcement agencies all across the State. These funds may be used to contract with a subject matter expert for the assessment, coordination, and implementation of the VJI in each of the law enforcement departments.

SECTION 33.15.(b) As a condition of receiving the funds authorized in subsection (a) of this section, The Independence Fund, Inc., shall do all of the following:

(1) Partner with other nonprofits, State and local governments, and federal agencies to develop and assess each county's initial response to veterans in crises and develop an updated data collection process map for each county.

(2) Educate first responders, local community support employees, and others on veteran-specific crisis intervention, suicide prevention, and VA resources available through the Veterans Affairs Administration.

(3) Execute new training plans based on the data collection process maps developed pursuant to subdivision (1) of this subsection.

(4) Monitor the program and maintain regular contact with each county to ensure up-to-date training and availability and allocation of resources.

(5) By June 30, 2025, report to the Joint Legislative Committee on General Government, the Joint Legislative Committee on Justice and Public Safety, and the Fiscal Research Division on the effectiveness of the program.

PART XXXIV. REVENUE

DEPARTMENT OF REVENUE SYSTEMS PROJECTS UPDATE REPORT CLARIFICATION

SECTION 34.1.(a) Section 8.1(b) of S.L. 2019-246, as enacted by Section 34.4 of S.L. 2021-180 and amended by Section 5.6(d) of S.L. 2022-13, reads as rewritten:

"**SECTION 8.1.(b)** By January 1, 2022, and ~~monthly~~ quarterly thereafter, the Department of Revenue shall submit a written report to the chairs of the House Appropriations Committee on General Government and the Senate Appropriations Committee on General Government and Information Technology and the Fiscal Research Division. The ~~monthly~~ quarterly report shall include an update on the following:

(1) The status of the power of attorney registration project required by subsection (a) of this section.

(2) The status of the ~~Collections Case Management system implementation and the~~ IBM 4100 replacement project currently underway in the Department.

(3) The status of the Department's ability to make the programmatic changes necessary to implement the graduated penalty for failure to pay tax when due that will apply to tax assessed on or after July 1, 2024."

SECTION 34.1.(b) Section 34.1 of S.L. 2022-74 is repealed.

ASSIGNMENT OF DEPARTMENT OF REVENUE LAW ENFORCEMENT AGENTS

SECTION 34.2. G.S. 105-236.1 reads as rewritten:

"**§ 105-236.1. Enforcement of revenue laws by revenue law enforcement agents.**

(a) General. – The Secretary may appoint employees of the ~~Unauthorized Substances Tax Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the excise tax on unauthorized substances imposed by Article 2D of this Chapter.

(a1) The Secretary may appoint up to 11 employees of the ~~Motor Fuels Investigations Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the taxes on motor fuels imposed by Articles 36B, 36C, and 36D of this Chapter and by Chapter 119 of the General Statutes.

(a2) The Secretary may appoint employees of the ~~Criminal Investigations Section of the Tax Enforcement Division~~ Department to serve as revenue law enforcement officers having the responsibility and subject-matter jurisdiction to enforce the following tax violations and criminal offenses:

…."

DOR ADMINISTRATIVE COSTS FOR COLLECTING PREPAID WIRELESS TELECOMMUNICATIONS SERVICE CHARGES

SECTION 34.3. G.S. 143B-1414 reads as rewritten:

"**§ 143B-1414. Service charge for prepaid wireless telecommunications service; seller collects 911 service charge on each retail transaction occurring in this State; remittances to Department of Revenue and transfer to 911 Fund.**

…

(c) Administration. – Administration, auditing, requests for review, making returns, collection of tax debts, promulgation of rules and regulations by the Secretary of Revenue, additional taxes and liens, assessments, refunds, and penalty provisions of Article 9 of Chapter 105 of the General Statutes apply to the collection of the 911 service charge for prepaid wireless telecommunications service. An audit of the collection of the 911 service charge for prepaid wireless telecommunications service shall only be conducted in connection with an audit of the taxes imposed by Article 5 of Chapter 105 of the General Statutes. Underpayments shall be subject to the same interest rate as imposed for taxes under G.S. 105-241.21. Overpayments shall

be subject to the same interest rate as imposed for taxes under G.S. 105-241.21(c)(2). Excessive and erroneous collections of the service charge will be subject to G.S. 105-164.11. The Department of Revenue shall establish procedures for a seller of prepaid wireless telecommunications service to document that a sale is not a retail transaction, and the procedures established shall substantially coincide with the procedures for documenting a sale for resale transaction under G.S. 105-164.28. The Secretary of Revenue may retain the costs of collection from the remittances received under subsection (b) of this section, ~~not to exceed five hundred thousand dollars ($500,000)~~ in the amount of seven hundred fifty thousand dollars ($750,000) a year of the total 911 service charges for prepaid wireless telecommunications service remitted to the Department. Within 45 days of the end of each month in which 911 service charges for prepaid wireless telecommunications service are remitted to the Department, the Secretary of Revenue shall transfer the total 911 service charges remitted to the Department less the costs of collection to the 911 Fund established under G.S. 143B-1404.

…."

TAX FRAUD ANALYTICS

SECTION 34.4. Of the funds appropriated in this act to the Department of Revenue, the sum of four million four hundred thousand dollars ($4,400,000) in recurring funds for each fiscal year of the 2023-2025 fiscal biennium shall be used to continue and expand the Department's tax fraud analysis contract through the Government Data Analytics Center (GDAC). These funds shall be used in each fiscal year to fund detection analytics, information reporting, collections case management, collections optimization, managed services, and technical infrastructure. The Department of Revenue shall continue to coordinate with the GDAC and utilize the subject matter expertise and technical infrastructure available through existing GDAC public-private partnerships for fraud detection and analytics infrastructure.

DOR ESTABLISH NEW POSITIONS AND ELIMINATE VACANT POSITIONS

SECTION 34.8. Notwithstanding any other provision of law to the contrary, in each fiscal year of the 2023-2025 fiscal biennium, the Department of Revenue is authorized to establish two new User Support Technician II positions and one new Administrative Specialist II position and to eliminate vacant positions, without regard to fund code, totaling an equal amount to fund the new positions. Adjustments made pursuant to this section shall not increase the Department's total net General Fund appropriation for the 2023-2025 fiscal biennium and shall not increase the total net General Fund appropriation for future fiscal years.

DOR/MODERNIZED INTEGRATED TAX SYSTEM

SECTION 34.9.(a) Of the funds appropriated in this act to the Department of Revenue, the Department shall use the sum of twenty-five million dollars ($25,000,000) in nonrecurring funds for each fiscal year of the 2023-2025 fiscal biennium to develop and implement a modernized integrated tax system. The provisions of Part 4 of Article 15 of Chapter 143B of the General Statutes shall apply to the Department's procurement of information technology under this section, including the provisions related to the issuance of requests for proposals; provided, however, in its solicitation for requests for proposals for the modernized integrated tax system, the Department shall accept for evaluation proposals from vendors who have developed, marketed, or deployed an integrated tax system solution, in whole or in part, that is of a similar size and complexity as the tax system administered by the Department. To encourage innovative and new solutions, the Department shall also accept proposals from vendors who have experience in deploying enterprise systems of a similar size and complexity as the tax system administered by the Department even if the system is not an integrated tax system. The Department shall not require bidders to have existing integrated tax systems in production environments.

SECTION 34.9.(b) The funds appropriated in this act to the Department of Revenue for each fiscal year of the 2023-2025 fiscal biennium for the modernized integrated tax system shall be certified in a new fund code in Budget Code 24708. The new fund code shall be used only for the receipts and expenditures for the modernized integrated tax system authorized in this section until the system is fully implemented.

SECTION 34.9.(c) Notwithstanding the provisions of G.S. 143C-1-2(b), the funds appropriated to the Department of Revenue for the collections case management system in S.L. 2017-57 or the Committee Report in Section 39.2 of that act shall revert on June 30, 2023, and shall not be used for continued efforts on the collections case management system authorized in S.L. 2017-57 or the Committee Report in Section 39.2 of that act after that date.

SECTION 34.9.(d) Not later than February 1 and August 1 of each year until the completion of the implementation of the modernized integrated tax system authorized in this section, the Department of Revenue shall report to the Joint Legislative Oversight Committee on General Government, the Senate Appropriations Committee on General Government and Information Technology, the House of Representatives Appropriations Committee on General Government, and the Fiscal Research Division on all of the following:

(1) A detailed project description.
(2) A detailed project time line, including milestones and deliverables and progress in achieving them.
(3) The project management plan.
(4) The process used for issuing requests for proposals.
(5) A detailed budget and year-to-date expenditures.
(6) The anticipated completion date for full implementation of the modernized integrated tax system.

DOR/FLEXIBILITY IN ELIMINATING VACANT POSITIONS

SECTION 34.10. Notwithstanding any provision of this act or the Committee Report described in Section 43.2 of this act to the contrary, if positions in the Department of Revenue identified for elimination in this act or in the Committee Report to this act were filled on or before the date this act becomes law, the Department may substitute other vacant positions to be eliminated. The substitute positions shall equal the total dollar amount of those positions identified for elimination in this act or in the Committee Report to this act.

PART XXXV. SECRETARY OF STATE

INCREASE FEES FOR LOBBYISTS AND LOBBYIST PRINCIPALS

SECTION 35.1.(a) G.S. 120C-201 reads as rewritten:

"**§ 120C-201. Lobbyist's registration fee.**

A fee of ~~two hundred fifty dollars ($250.00)~~ five hundred dollars ($500.00) is due and payable to the Secretary of State at the time of each lobbyist registration. Fees so collected shall be deposited in the General Fund of the State. The fees required under this section shall be paid electronically."

SECTION 35.1.(b) G.S. 120C-207 reads as rewritten:

"**§ 120C-207. Lobbyist principal's fees.**

A fee of ~~two hundred fifty dollars ($250.00)~~ five hundred dollars ($500.00) is due and payable to the Secretary of State at the time the principal's first authorization statement is filed each calendar year for a lobbyist. Fees so collected shall be deposited in the General Fund of the State. The fees required under this section shall be paid electronically."

PART XXXVI. TREASURER

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

SECTION 38.1A. The Department of Information Technology shall include in the rates submitted pursuant to G.S. 143B-1333 an additional amount not exceeding three million five hundred fifty thousand dollars ($3,550,000) for each year of the 2023-2025 fiscal biennium to be charged to agencies for the Security Operations Center and Privacy Office Support. The rates shall not include and agencies shall not be charged the one million one hundred twenty-six thousand dollars ($1,126,000) requested for other positions within the Department.

DPS/IT PILOT PROJECT

SECTION 38.4.(a) In accordance with G.S. 143B-1325(c)(13), and notwithstanding any other provision of Article 15 of Chapter 143B of the General Statutes to the contrary, the State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management within the Department of Public Safety shall continue to be entirely exempt from any and all information technology oversight by the Department of Public Safety and the Department of Information Technology. The State Highway Patrol, the State Bureau of Investigation, and the Division of Emergency Management shall initiate a pilot project where those divisions shall be deemed as separate, stand-alone entities within the Department of Public Safety in all matters related to information technology, and each shall autonomously manage their own respective information technology infrastructure and all associated services without oversight from the Department of Information Technology or the Department of Public Safety. Exemption from information technology oversight includes, but is not limited to, the following:

(1) Information technology architecture and planning.
(2) Information technology personnel management.
(3) Information technology project management.
(4) Information technology purchasing and procurement decisions and methodologies.
(5) Hardware acquisition, configuration, implementation, and management.
(6) Software acquisition, configuration, implementation, and management.
(7) Data center locations, operations, and management.
(8) Network topology, operations, and management.
(9) System and data security, including disaster recovery planning.
(10) Reporting requirements.
(11) Any future transfers of information technology personnel, operations, projects, assets, and information technology budgets to the Department of Information Technology.

SECTION 38.4.(b) This section expires on June 30, 2025.

CYBERSECURITY PILOT PROGRAM

SECTION 38.5. The Information Technology Innovation Center shall, in connection with the cybersecurity pilot program authorized in Section 5 of S.L. 2020-81, reopen the proposal period for the pilot program to allow for additional offerings not awarded in the original pilot program and shall select additional vendors to enhance the pilot program. The final selection of additional vendors shall be complete no later than December 31, 2023. On or before January 31, 2024, the Information Technology Innovation Center shall submit a report to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on the proposal process and the selection of participating vendors for the cybersecurity pilot program. Nothing in this section precludes any current cybersecurity pilot program vendor or awardee from participating in the enhanced pilot program described in this section, in addition to any new vendor or awardee.

AUTHORIZED INFORMATION TECHNOLOGY FUND EXPENDITURES

SECTION 38.6. Unless a change is approved by the State Chief Information Officer after consultation with the Office of State Budget and Management, funds appropriated to the Information Technology Fund shall be spent only as specified in this act. Changes shall not result in any degradation to the information technology operations or projects listed in this act for which the funds were originally appropriated. Any changes to the specified uses shall be reported in writing to the chairs of the Joint Legislative Oversight Committee on Information Technology, the chair and cochair of the House Appropriations Committee on Information Technology, and the Fiscal Research Division.

CAB ELIGIBILITY EXPANSION

SECTION 38.7. G.S. 143B-1373.1(a)(3) reads as rewritten:

"(3) Eligible area. – An area that is unserved or underserved in a county. With the exception of funds expended under this section, or under Section 38.4 or Section 38.5 of S.L. 2021-180, a county that (i) is a development tier three area, as provided in the annual ranking performed by the Department of Commerce pursuant to G.S. 143B-437.08 for the 2023 calendar year and (ii) has utilized federal funding for broadband infrastructure projects on or after May 1, 2021, is not eligible."

BROADBAND CHANGES

SECTION 38.8.(a) Section 38.5 of S.L. 2021-180, as amended by Section 10.1 of S.L. 2021-189 and Section 16.1(b) of S.L. 2022-6, reads as rewritten:

"**SECTION 38.5.** The Department of Information Technology shall use the funds appropriated in this act for Stopgap Solutions–Federal Broadband Funds to provide grants to internet service providers, local government entities, and nonprofits for the provision and installation of infrastructure, as that term is defined in G.S. 143B-1373(a), that will expand the provision of broadband service to unserved and underserved ~~households~~ households, businesses, State facilities, and community anchor institutions in this State. The Department shall ensure that grant funds are awarded and utilized in compliance with applicable federal guidelines. No more than five percent (5%) of the funds described in this section may be granted for broadband projects located in any single county."

SECTION 38.8.(b) Section 38.4(b) of S.L. 2021-180, as amended by Section 6(a) of S.L. 2022-69, reads as rewritten:

"**SECTION 38.4.(b)** The Department of Information Technology shall incorporate the intent of the General Assembly as described in subsection (a) of this section in any proposal or application for funding under the federal Infrastructure Investment and Jobs Act (P.L. 117-58) for grants in the Broadband Equity, Access, and Deployment Program (B.E.A.D.) and the Enabling Middle Mile Broadband Infrastructure Program. Of the initial federal B.E.A.D. funds received under the federal Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband programs, the Department of Information Technology may utilize (i) up to ~~three~~ one percent ~~(3%)~~ (1%) of initial B.E.A.D. grant funds for planning ~~purposes and~~ purposes, (ii) up to ~~two~~ one and one-half percent ~~(2%)~~ (1.5%) of initial B.E.A.D. grant funds for administrative purposes, and (iii) any Digital Equity planning funds, up to the actual amount of federal funds received, and these funds are hereby appropriated for those purposes. All other funds received under the federal Infrastructure Investment and Jobs Act shall remain unexpended until appropriated by an act of the General Assembly."

SECTION 38.8.(c) G.S. 143B-1337 reads as rewritten:

"**§ 143B-1337. Information Technology Strategy Board.**

(a) Creation; Membership. – The Information Technology Strategy Board is created in the Department of Information Technology. The Board consists of the following members:

(1) The State Chief Information Officer.

(2) The State Budget Officer.
(3) The President of The University of North Carolina.
(4) The President of the North Carolina Community College System.
(5) The Secretary of Administration.
(6) Two citizens of this State with a background in and familiarity with business system technology, information systems, or telecommunications appointed by the Governor.
(7) Two citizens of this State with a background in and familiarity with business system technology, information systems, or telecommunications appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.
(8) Two citizens of this State with a background in and familiarity with business system technology, information systems, or telecommunications appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
(9) The State Auditor, who shall serve as a nonvoting member.

Members of the Board appointed by the Governor shall serve terms of four years with the initial term expiring January 1, 2021. Members of the Board appointed by the General Assembly shall serve terms of two years with the initial term expiring January 1, 2021. Members of the Board shall not be employed by or serve on the board of directors or other corporate governing body of any vendor providing information systems, computer hardware, computer software, or telecommunications goods or services to the State. ~~The State CIO shall serve as the chair of the Board.~~ The chair of the Board shall be elected by majority vote of its members to serve a one-year term. Neither the State CIO nor an employee of the Department may be elected to serve as chair. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122. Members of the Board who are employees of State agencies or institutions shall receive subsistence and travel allowances authorized by G.S. 138-6. A majority of the Board constitutes a quorum for the transaction of business. The Department of Information Technology shall provide all clerical and other services required by the Board.

(b) Board Powers and Duties. – The Board shall have the following powers and duties:
(1) To advise the State CIO on policies and procedures to develop, review, and update the State Information Technology Plan.
(2) To establish necessary committees to identify and share industry best practices and new development and to identify existing State information technology problems and deficiencies.
(3) To establish guidelines regarding the review of project planning and management, information sharing, and administrative and technical review procedures involving State-owned or State-supported technology and infrastructure.
(4) To establish ad hoc technical advisory groups to study and make recommendations on specific topics, including work groups to establish, coordinate, and prioritize needs.
(5) To assist the State CIO in recommending to the Governor and the General Assembly a prioritized list of enterprise initiatives for which new or additional funding is needed.
(6) To recommend business system technology projects to the Department and the General Assembly that meet the following criteria:
a. A defined start and end point.
b. Specific objectives that signify completion.
c. Designed to implement or deliver a unique product, system, or service pertaining to business system technology.

(7) To develop and maintain a five-year prioritization plan for future business system technology projects.

(c) Meetings. – The Board shall adopt bylaws containing rules governing its meeting procedures. The Board shall meet at least quarterly.

(d) Reports. – The Board shall submit a report on projects that have been recommended, the status of those projects, and the most recent version of its five-year prioritization plan to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before January 1 of each year.

(e) Limitations. – Nothing in this section shall be deemed to extend the powers and duties of the Board to the areas of broadband mapping, broadband services, or any of the broadband deployment programs set forth in this Article or otherwise established under State law or administered by the Department."

SECTION 38.8.(d) The Department of Information Technology shall develop and establish a formal challenge process that conforms with published regulations and guidelines under the federal Broadband Equity, Access, and Deployment Program (B.E.A.D.) under the Infrastructure Investment and Jobs Act (P.L. 117-58) for broadband programs. In establishing the challenge process, the Department shall solicit input from stakeholders and shall consider the adaptability of the challenge process to fit existing State broadband grant programs and anticipated requirements related to federal programs. The Department shall submit a report outlining the formal challenge process along with any legislative recommendations to the Joint Legislative Oversight Committee on Information Technology and the Fiscal Research Division on or before December 1, 2023.

PART XXXIX. SALARIES AND BENEFITS

ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED LEGISLATIVE SALARY INCREASES/EFFECTIVE JULY 1, 2023, AND JULY 1, 2024

SECTION 39.1.(a) Effective July 1, 2023, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2023, is awarded:

(1) A legislative salary increase in the amount of four percent (4%) of annual salary in the 2023-2024 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(a1) Effective July 1, 2024, except as provided by subsection (b) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is employed in a State-funded position on June 30, 2024, is awarded:

(1) A legislative salary increase in the amount of three percent (3%) of annual salary in the 2024-2025 fiscal year.

(2) Any salary adjustment otherwise allowed or provided by law.

SECTION 39.1.(b) For the 2023-2025 fiscal biennium, the following persons are not eligible to receive the legislative salary increases provided by subsections (a) and (a1) of this section:

(1) Employees of local boards of education.

(2) Local community college employees.

(3) Employees of The University of North Carolina.

(4) Clerks of superior court compensated under G.S. 7A-101.

(5) Officers and employees to which Section 39.15 or Section 39.18 of this Part apply.

(6) Employees of the State Bureau of Investigation and Alcohol Law Enforcement compensated under Section 39.16 of this Part.
(7) Employees of the State Highway Patrol compensated under Section 39.17 of this Part.
(8) Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the State Board of Education who are paid based on the Teacher Salary Schedule.

SECTION 39.1.(c) Part-time employees shall receive the increases authorized by this section on a prorated and equitable basis.

SECTION 39.1.(d) No eligible State-funded employee shall be prohibited from receiving the full salary increases provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

LABOR MARKET ADJUSTMENT RESERVE

SECTION 39.2.(a) Of the Labor Market Adjustment Salary Reserve funds appropriated in this act, agencies shall award salary adjustments to identified employees pursuant to the following requirements:

(1) Any increase provided to an employee shall not exceed the greater of fifteen thousand dollars ($15,000) or fifteen percent (15%) of their current base salary.
(2) Any increase provided to an employee may not result in the employee's salary exceeding the maximum salary of the salary range associated with the position.
(3) No more than twenty-five percent (25%) of the agency's permanent employees may receive a salary increase from the funds appropriated for this purpose.
(4) Funds may not be awarded to employees in positions with salaries set in law or paid based on an experience-based salary schedule that is eligible to receive funding from the Pay Plan Reserve.
(5) Funds must be used to increase salaries paid to employees and shall not be used to supplant other funding sources or for any other purpose.

SECTION 39.2.(b) The provisions of subsection (a) of this section do not apply to the State Highway Patrol or the State Bureau of Investigation, and no allocations shall be made to those agencies for labor market adjustments.

SECTION 39.2.(c) The Director of the Budget may adjust a State agency's budgeted receipts to provide an equivalent one and one-half percent (1.5%) Labor Market Adjustment Salary Reserve for the 2023-2025 fiscal biennium subject to the requirements in subsection (a) of this section, provided that sufficient receipts are available. Agency receipts needed to implement this section are appropriated for the 2023-2024 fiscal year and the 2024-2025 fiscal year.

SECTION 39.2.(d) The Office of State Human Resources (OSHR) shall compile a single report detailing how these funds were distributed by each agency. The OSHR shall develop a uniform reporting mechanism for agencies that display the salary increases made for each position classification, the average increase provided to employees in each position classification, and the market-based justification for the awarded salary increases. Agencies receiving Labor Market Adjustment Salary Reserve appropriations shall report to the OSHR by December 15, 2023. By January 15, 2024, the OSHR shall submit the report containing the agency responses to the Fiscal Research Division.

STATE AGENCY HIRING, PAY, AND CLASSIFICATION FLEXIBILITY PILOT DURING 2023-2025 BIENNIUM

SECTION 39.3.(a) Effective for the 2023-2025 fiscal biennium, and notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the Council of State, the executive branch agencies, the Community College System Office, and The University of North Carolina are each authorized to do the following:

(1) Allow an individual the option of having the individual's application considered for future job postings at the same agency and at other agencies if the individual has been identified as a qualified applicant within the same or comparable classification.

(2) Classify or reclassify their positions according to the classification system established by the State Human Resources Commission (SHRC) as long as the employee meets the minimum requirements of the classification.

(3) Set salaries for their employees within the salary ranges for the respective position classification established by the SHRC.

SECTION 39.3.(b) Effective for the 2023-2025 fiscal biennium, and notwithstanding any provision of Chapter 126 of the General Statutes to the contrary, the State Human Resources Commission shall authorize agencies to make job offers as soon as possible after the completion of the interviews for a position. This pilot shall include, without limitation, authorizing agencies to make job offers that are contingent upon satisfactory reference checks and, if required, satisfactory background checks.

GOVERNOR AND COUNCIL OF STATE

SECTION 39.4.(a) Effective July 1, 2023, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred sixty-five thousand seven hundred fifty dollars ($165,750)~~ one hundred ninety-eight thousand one hundred twenty dollars ($198,120) annually, payable monthly."

SECTION 39.4.(a1) Effective July 1, 2024, G.S. 147-11(a), as amended by subsection (a) of this section, reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred ninety-eight thousand one hundred twenty dollars ($198,120)~~ two hundred three thousand seventy-three dollars ($203,073) annually, payable monthly."

SECTION 39.4.(b) Effective July 1, 2023, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
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

SECTION 39.4.(b1) Effective July 1, 2024, the annual salaries for members of the Council of State, payable monthly, are set as follows:

Council of State	**Annual Salary**
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

Agriculture Commissioner	168,384
Insurance Commissioner	168,384
Labor Commissioner	168,384

CERTAIN EXECUTIVE BRANCH OFFICIALS

SECTION 39.5.(a) Effective July 1, 2023, the annual salaries, payable monthly, for the following executive branch officials for the 2023-2024 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$136,742
State Controller	190,407
Commissioner of Banks	153,472
Chair, Board of Review, Division of Employment Security	150,539
Members, Board of Review, Division of Employment Security	148,699
Chairman, Parole Commission	150,539
Full-time Members of the Parole Commission	139,188
Chairman, Utilities Commission	170,646
Members of the Utilities Commission	153,472
Executive Director, North Carolina Agricultural Finance Authority	133,166
State Fire Marshal	135,000

SECTION 39.5.(b) Effective July 1, 2024, the annual salaries, payable monthly, for the following executive branch officials for the 2024-2025 fiscal year are as follows:

Executive Branch Officials	**Annual Salary**
Chairman, Alcoholic Beverage Control Commission	$140,844
State Controller	196,119
Commissioner of Banks	158,076
Chair, Board of Review, Division of Employment Security	155,055
Members, Board of Review, Division of Employment Security	153,160
Chairman, Parole Commission	155,055
Full-time Members of the Parole Commission	143,364
Chairman, Utilities Commission	175,765
Members of the Utilities Commission	158,076
Executive Director, North Carolina Agricultural Finance Authority	137,161
State Fire Marshal	139,050

JUDICIAL BRANCH

SECTION 39.6.(a) Effective July 1, 2023, the annual salaries, payable monthly, for the following judicial branch officials for the 2023-2024 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$198,120
Associate Justice, Supreme Court	192,978
Chief Judge, Court of Appeals	189,926
Judge, Court of Appeals	184,996
Judge, Senior Regular Resident Superior Court	170,000

Judge, Superior Court	165,000
Chief Judge, District Court	163,462
Judge, District Court	158,654
Chief Administrative Law Judge	140,520
District Attorney	163,231
Assistant Administrative Officer of the Courts	147,393
Public Defender	163,231
Director of Indigent Defense Services	157,751

SECTION 39.6.(a1) Effective July 1, 2024, the annual salaries, payable monthly, for the following judicial branch officials for the 2024-2025 fiscal year are as follows:

Judicial Branch Officials	**Annual Salary**
Chief Justice, Supreme Court	$203,073
Associate Justice, Supreme Court	197,802
Chief Judge, Court of Appeals	194,674
Judge, Court of Appeals	189,621
Judge, Senior Regular Resident Superior Court	174,250
Judge, Superior Court	169,125
Chief Judge, District Court	167,548
Judge, District Court	162,620
Chief Administrative Law Judge	144,736
District Attorney	167,337
Assistant Administrative Officer of the Courts	151,815
Public Defender	167,337
Director of Indigent Defense Services	162,484

SECTION 39.6.(b) The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district, for the 2023-2024 fiscal year, does not exceed ninety-seven thousand four hundred three dollars ($97,403) and the minimum salary of any assistant is at least fifty-two thousand two hundred seventy-eight dollars ($52,278), effective July 1, 2023.

SECTION 39.6.(b1) The district attorney of a judicial district, with the approval of the Administrative Officer of the Courts, and the public defender of a judicial district, with the approval of the Commission on Indigent Defense Services, shall set the salaries of assistant district attorneys and assistant public defenders in that district such that the average salary of those assistants in that district, for the 2024-2025 fiscal year, does not exceed one hundred one thousand two hundred ninety-nine dollars ($101,299) and the minimum salary of any assistant is at least fifty-four thousand three hundred sixty-nine dollars ($54,369), effective July 1, 2024.

CLERKS OF SUPERIOR COURT

SECTION 39.7.(a) Effective July 1, 2023, G.S. 7A-101(a) 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	~~$104,300~~$108,472
20-29	~~115,280~~119,891
30-49	~~126,259~~131,309
50-99	~~137,238~~142,728
100 and above	~~139,983~~145,582

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	~~$108,472~~$111,726
20-29	~~119,891~~123,488
30-49	~~131,309~~135,248
50-99	~~142,728~~147,010
100 and above	~~145,582~~149,949

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	~~$37,254~~$39,303
Maximum	~~68,828~~72,614

Deputy Clerks	Annual Salary
Minimum	~~$33,419~~$35,257
Maximum	~~54,056~~57,029"

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	~~$39,303~~$40,482
Maximum	~~72,614~~74,792

Deputy Clerks	Annual Salary
Minimum	~~$35,257~~$36,315
Maximum	~~57,029~~58,740"

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	~~$43,462~~$45,852
Step 1	~~$46,670~~$49,237
Step 2	~~$50,131~~$52,888
Step 3	~~$53,795~~$56,754
Step 4	~~$58,186~~$61,386
Step 5	~~$63,473~~$66,964
Step 6	~~$69,401.~~$73,218."

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	~~$45,852~~$47,228
Step 1	~~$49,237~~$50,714
Step 2	~~$52,888~~$54,475
Step 3	~~$56,754~~$58,457
Step 4	~~$61,386~~$63,228
Step 5	~~$66,964~~$68,973
Step 6	~~$73,218.~~$75,415."

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%).

SECTION 39.10.(a1) Effective July 1, 2024, the annual salaries of the Legislative Services Officer and of nonelected employees of the General Assembly in effect on June 30, 2024, shall be legislatively increased by three percent (3%).

SECTION 39.10.(b) Nothing in this act limits any of the provisions of G.S. 120-32.

GENERAL ASSEMBLY PRINCIPAL CLERKS

SECTION 39.11.(a) Effective July 1, 2023, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred twenty-five thousand thirty-four dollars ($125,034),~~ one hundred thirty thousand thirty-five dollars ($130,035), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SECTION 39.11.(b) Effective July 1, 2024, G.S. 120-37(c), as amended by subsection (a) of this section, reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~one hundred thirty thousand thirty-five dollars ($130,035),~~ one hundred thirty-three thousand nine hundred thirty-six dollars ($133,936), payable monthly. Each principal clerk shall also receive such additional compensation as approved by the Speaker of the House of Representatives or the President Pro Tempore of the Senate, respectively, for additional employment duties beyond those provided by the rules of their House. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

SERGEANTS-AT-ARMS/READING CLERKS

SECTION 39.12.(a) Effective July 1, 2023, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~four hundred ninety-three dollars ($493.00)~~ five hundred thirteen dollars ($513.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

SECTION 39.12.(b) Effective July 1, 2024, G.S. 120-37(b), as amended by subsection (a) of this section, reads as rewritten:

"(b) The sergeant at arms and the reading clerk in each house shall be paid a salary of ~~five hundred thirteen dollars ($513.00)~~ five hundred twenty-eight dollars ($528.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants at arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess

of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

COMMUNITY COLLEGES

SECTION 39.13.(a) Community college personnel shall receive the following legislative salary increases:

(1) Effective July 1, 2023, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of four percent (4%).

(2) Effective July 1, 2024, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an across-the-board salary increase in the amount of three percent (3%).

SECTION 39.13.(b) Effective July 1, 2023, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2023-2024 fiscal year are as follows:

Education Level	**Minimum Salary 2023-2024**
Vocational Diploma/Certificate or Less	$41,864
Associate Degree or Equivalent	42,447
Bachelor's Degree	44,972
Master's Degree or Education Specialist	47,213
Doctoral Degree	50,443

SECTION 39.13.(b1) Effective July 1, 2024, the minimum salaries for nine-month, full-time curriculum community college faculty for the 2024-2025 fiscal year are as follows:

Education Level	**Minimum Salary 2024-2025**
Vocational Diploma/Certificate or Less	$43,120
Associate Degree or Equivalent	43,720
Bachelor's Degree	46,321
Master's Degree or Education Specialist	48,629
Doctoral Degree	51,956

SECTION 39.13.(c) No full-time faculty member shall earn less than the minimum salary for the faculty member's education level. The pro rata hourly rate of the minimum salary for each education level shall be used to determine the minimum salary for part-time faculty members.

THE UNIVERSITY OF NORTH CAROLINA

SECTION 39.14. The University of North Carolina shall receive the following legislative salary increases:

(1) Effective July 1, 2023, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of four percent (4%).

(2) Effective July 1, 2024, the Board of Governors of The University of North Carolina shall provide SHRA employees, EHRA employees, and teachers employed by the North Carolina School of Science and Mathematics with an across-the-board salary increase in the amount of three percent (3%).

CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY SCHEDULE

SECTION 39.15.(a) State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

SECTION 39.15.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

(1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.

(2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.

(3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

SECTION 39.15.(b) The following annual salary schedule applies under subsections (a) and (a1) of this section for the 2023-2025 fiscal biennium, effective for each year on July 1, 2023, and July 1, 2024, respectively:

	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

SECTION 39.15.(c) If an employee will not receive a salary increase during a fiscal year because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part for that fiscal year.

STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES

SECTION 39.16.(a) Law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 39.16.(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	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

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.

SECTION 39.18.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

SECTION 39.18.(b) The following annual salary schedule applies under subsections (a) and (a1) 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	44,099	45,422
1	46,965	48,374
2	50,019	51,520
3	53,270	54,868
4	56,733	58,435
5	60,420	62,233
6+	64,348	66,278

SECTION 39.18.(c) If an employee will not receive a salary increase during a fiscal year because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part for that fiscal year.

PAY PLAN RESERVE

SECTION 39.19. G.S. 143C-4-9(a) reads as rewritten:

"(a) Creation. – The Pay Plan Reserve is established within the General Fund. The General Assembly shall appropriate in the Current Operations Appropriations Act (Act) or other appropriations act a specific amount to this reserve for allocation, on an as-needed basis only, to fund statutory and scheduled pay expenses authorized by:

(1) G.S. 20-187.3, and the Act, for troopers of the State Highway Patrol compensated pursuant to an experience-based salary schedule.
(2) G.S. 7A-102.
(3) G.S. 7A-171.1.
(4) Teacher Salary Schedule, as enacted by the General Assembly.
(5) Pay Plans for Principals and Assistant Principals, as enacted by the General Assembly.
(6) The Act, for law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement.
(7) The Act, for correctional officers and other employees compensated pursuant to the Correctional Officer Salary Schedule.
(8) The Act, for probation and parole officers and other employees compensated pursuant to the Probation and Parole Officer Salary Schedule."

STATE AGENCY TEACHERS

SECTION 39.20. Employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, the Department of Adult Correction, and the State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized under this act.

MOST STATE EMPLOYEES

SECTION 39.21. Unless otherwise expressly provided by this Part, the annual salaries in effect for the following persons on June 30, 2023, and June 30, 2024, shall be legislatively increased as provided by this act:

(1) Permanent, full-time State officials and persons whose salaries are set in accordance with the State Human Resources Act.
(2) Permanent, full-time State officials and persons in positions exempt from the State Human Resources Act.
(3) Permanent, part-time State employees.
(4) Temporary and permanent hourly State employees.

ALL STATE SUPPORTED PERSONNEL

SECTION 39.22.(a) The legislative salary increases authorized by this act:

(1) For the 2023-2024 fiscal year, shall be paid effective on July 1, 2023, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2023.
(2) For the 2024-2025 fiscal year, shall be paid effective on July 1, 2024, and do not apply to persons separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to June 30, 2024.

SECTION 39.22.(b) The Director of the Budget is granted flexibility to administer the compensation increases enacted by this act. The State employer contribution rates enacted by this act for retirement and related benefits may be deemed by the Director of the Budget for administrative purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the collection and reconciliation of salary-related contributions as required by law, provided the estimated amount contributed to any affected employee benefit trust equals the amount that would have been contributed to the employee benefit trust if the enacted employer contribution rates had been effective on July 1 of the applicable fiscal year.

SECTION 39.22.(c) This section applies to all employees paid from State funds, whether or not subject to or exempt from the North Carolina Human Resources Act, including employees of public schools, community colleges, and The University of North Carolina.

OTHER SALARY ADJUSTMENTS/UNC & COMMUNITY COLLEGE NURSING FACULTY

SECTION 39.23. Of the funds appropriated in this act, effective July 1, 2023, the annual salaries of nursing faculty positions at The University of North Carolina and in the North Carolina Community College System shall be increased such that:

(1) The starting pay of nursing faculty positions shall be increased by at least ten percent (10%).
(2) No nursing faculty member's annual salary shall be increased by more than fifteen percent (15%).

MITIGATE BONUS LEAVE

SECTION 39.24. During the 2023-2025 fiscal biennium, State agencies, departments, institutions, the North Carolina Community College System, and The University of North Carolina may offer State employees the opportunity to use or to cash in special bonus leave benefits that have accrued pursuant to Section 28.3A of S.L. 2002-126, Section 30.12B(a) of S.L. 2003-284, Section 29.14A of S.L. 2005-276, and Section 35.10A of S.L. 2014-100, but only if all of the following requirements are met:

(1) Employee participation in the program must be voluntary.
(2) Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.

(3) By March 1, 2025, a report on the position characteristics of employees participating in the program shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

USE OF FUNDS APPROPRIATED FOR LEGISLATIVELY MANDATED INCREASES

SECTION 39.25.(a) The Office of State Budget and Management shall ensure that the appropriations made by this act for legislatively mandated salary increases and employee benefits are used only for those purposes.

SECTION 39.25.(b) If the Director of the Budget determines that funds appropriated to a State agency for legislatively mandated salary increases and employee benefits exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for legislatively mandated salary increases and employee benefits.

SECTION 39.25.(c) Funds appropriated for legislatively mandated salary and employee benefit increases may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 39.25.(d) Any funds appropriated for legislatively mandated salary and employee benefit increases in excess of the amounts required to implement the increases shall be credited to the Pay Plan Reserve.

SECTION 39.25.(e) No later than May 1, 2024, for the 2023-2024 fiscal year, and subsequently May 1, 2025, for the 2024-2025 fiscal year, the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds for legislatively mandated salary increases and employee benefits. This report shall include at least the following information for each State agency for each year of the 2023-2025 fiscal biennium:

(1) The total amount of funds that the agency received for legislatively mandated salary increases and employee benefits.
(2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
(3) The total amount of funds used by the agency for legislatively mandated salary increases and employee benefits.
(4) The amount of funds credited to the Pay Plan Reserve.

SALARY-RELATED CONTRIBUTIONS

SECTION 39.26.(a) Effective for the 2023-2025 fiscal biennium, required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employee's salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income benefits.

SECTION 39.26.(b) Effective July 1, 2023, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2023-2024 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the

University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	17.64%	17.64%	6.84%	35.28%	20.65%
Disability	0.11%	0.11%	0.11%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	7.14%	7.14%	7.14%	7.14%	7.14%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	25.02%	30.02%	14.09%	42.42%	27.79%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.26.(c) Effective July 1, 2024, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth below:

	Teachers and State Employees	**State LEOs**	**ORPs**	**CJRS**	**LRS**
Retirement	16.79%	16.79%	6.84%	37.00%	22.00%
Disability	0.13%	0.13%	0.13%	0.00%	0.00%
Death	0.13%	0.13%	0.00%	0.00%	0.00%
Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%
Total Contribution Rate	24.04%	29.04%	13.96%	43.99%	28.99%

The rate for teachers and State employees and State law enforcement officers includes one one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement.

SECTION 39.26.(d) Effective July 1, 2023, the annual employer contributions for the 2023-2024 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and retiree are as follows:

(1) For employees, a maximum of seven thousand five hundred fifty-seven dollars ($7,557).

(2) For retirees, a recommended amount of five thousand five hundred twenty-five dollars ($5,525).

SECTION 39.26.(e) Effective July 1, 2024, the annual employer contributions for the 2024-2025 fiscal year, payable monthly, by the State to the North Carolina State Health Plan for Teachers and State Employees for each covered employee and retiree are as follows:

(1) For employees, a maximum amount of eight thousand ninety-five dollars ($8,095).

(2) For retirees, a recommended amount of five thousand four hundred five dollars ($5,405).

4% COST-OF-LIVING SUPPLEMENTS FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM

SECTION 39.27.(a) G.S. 135-5 is amended by adding a new subsection to read:

"(zzz) On or before November 30, 2023, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.27.(b) G.S. 135-65 is amended by adding a new subsection to read:

"(kk) On or before November 30, 2023, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.27.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ee) In accordance with subsection (a) of this section, on or before November 30, 2023, a one-time cost-of-living supplement payment shall be made to or on account of beneficiaries who are living as of October 1, 2023, and whose retirement commenced on or before October 1, 2023. The payment shall be four percent (4%) of the beneficiary's annual retirement allowance payable as of October 1, 2023, and shall not be prorated for date of retirement commencement. If the beneficiary dies before the payment is made, then the payment shall be payable to the member's legal representative. No beneficiary shall be deemed to have acquired a vested right to any future supplemental payments."

SECTION 39.27.(d) Notwithstanding any other provision of law to the contrary, in order to administer the one-time cost-of-living supplement for retirees provided for in subsections (a), (b), and (c) of this section, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the corresponding retirement system or pay costs associated with the administration of the payment directly from the retirement assets.

UNFUNDED LIABILITY SOLVENCY RESERVE

SECTION 39.28.(a) G.S. 143C-4-10 reads as rewritten:

"**§ 143C-4-10. Unfunded Liability Solvency Reserve.**

…

~~(e) Use of Funds Appropriated by the General Assembly or Transferred From the General Fund Based on Estimated State Tax Revenue Growth. – On the first day of each fiscal year, the total amount of funds (i) appropriated by the General Assembly to the Reserve as specified in subdivision (c)(1) of this section and (ii) transferred into the Reserve under G.S. 143C-4-2(i) or (j) as specified in subdivision (c)(1a) of this section, as of the last day of the preceding fiscal year shall be used to appropriate an additional employer contribution to the Health Benefit Trust and the Retirement System.~~

(e1) Use of Funds Transferred ~~From Savings Achieved by State Debt Refinancing.~~ into the Reserve. – As soon as practicable after funds are transferred into the ~~Reserve under G.S. 142-15.4 and G.S. 142-96, as specified in subdivision (c)(2) of this section,~~ Reserve, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit ~~Fund and the Retirement System. These funds shall be divided~~

~~between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller.~~Fund.

~~(e2) Use of Funds Transferred From Insurance Rebates. As soon as practicable after funds are transferred into the Reserve as specified in subdivision (c)(3) of this section, the State Controller, in conjunction with the State Treasurer, shall transfer the total amount of these funds to the Health Benefit Fund and the Retirement System. These funds shall be divided between the Health Benefit Fund and the Retirement System according to each program's proportion of the State's total unfunded liability of both programs as reported in the most recent Annual Comprehensive Financial Report issued by the State Controller.~~

…."

SECTION 39.28.(b) This section is effective when it becomes law and applies to fiscal years beginning on or after July 1, 2023.

TEMPORARY WAIVER OF TSERS REPORTING REQUIREMENTS/GASTON COUNTY PUBLIC SCHOOLS

SECTION 39.28A.(a) Any penalty payment determined to be owed under G.S. 135-8(f)(3) related to reporting requirements of employee and employer contributions by Gaston County Public Schools for the period of January 1, 2022, to June 30, 2023, is waived and shall no longer be due.

SECTION 39.28A.(b) This section applies only to the period of January 1, 2022, to June 30, 2023.

TRAVEL EXPENSES/MEMORIAL SERVICES FOR PUBLIC SAFETY EMPLOYEES

SECTION 39.28B.(a) Article 12A of Chapter 143 of the General Statutes is amended by adding a new section to read:

"**§ 143-166.8. Travel expenses for memorial services.**

When a covered person killed in the line of duty is honored at a memorial service, the agency who employed the covered person may, depending on availability of funds, pay the travel expenses, including lodging, for the spouse, children, and parents of the covered person to attend the memorial service."

SECTION 39.28B.(b) This section is effective when it becomes law and applies to travel expenses incurred on or after that date.

AUTHORIZE STATE TREASURER TO PAY PREMIUMS TO PURCHASE ALTERNATIVE COVERAGE IN LIEU OF STATE HEALTH PLAN

SECTION 39.29.(a) G.S. 135-48.30(a) is amended by adding a new subdivision to read:

"(19) Optionally offer to pay premiums to purchase alternative coverage in lieu of coverage under the Plan under G.S. 135-48.39A."

SECTION 39.29.(b) Part 3 of Article 3B of Chapter 135 of the General Statutes is amended by adding a new section to read:

"**§ 135-48.39A. Premiums to purchase alternative coverage for retirees in lieu of coverage under the Plan.**

(a) The State Treasurer may offer to pay or reimburse premiums for alternative health benefit plan coverage in lieu of coverage under the State Health Plan. If the State Treasurer elects to offer premium payments in lieu of coverage, then the State Treasurer shall adopt rules for and limitations on doing so.

(b) Premium payments in lieu of coverage shall be limited to persons eligible for coverage under the following, and the State Treasurer may vary the amounts of premium payments depending on the category of eligibility:

(1) G.S. 135-48.40(a)(1).
(2) G.S. 135-48.40(a)(2).
(3) G.S. 135-48.40(b)(3).
(4) G.S. 135-48.40(b)(4).
(5) G.S. 135-48.40(c)(2).

(c) Notwithstanding the eligibility for coverage provided in Part 4 of this Article, coverage outside of the Plan shall be in lieu of coverage under the Plan during the period for which the Plan member chooses premium payments in lieu of coverage."

SECTION 39.29.(c) This section becomes effective January 1, 2024.

PART XL. CAPITAL

CAPITAL IMPROVEMENT & REPAIRS AND RENOVATIONS APPROPRIATIONS

SECTION 40.1.(a) The following agency capital improvement projects have been assigned a project code for reference to allocations in this Part, past allocations, and for intended project support by the General Assembly for future fiscal years:

Agency Capital Improvement Project	**Project Code**
Department of Agriculture and Consumer Services	
Tidewater Research Station–Swine Unit Replacements	DACS21-2
NCFS–Region 1 Headquarters	DACS21-4
Troxler Science Building–Overflow Parking	DACS23-1
Western NC Farmers Market	DACS23-2
Raleigh State Farmers Market–Improvements	DACS23-3
Pesticide Storage, Loading, & Cleaning Facilities	DACS23-4
Cherry Research Station–Administrative Office	DACS23-5
Griffith Forest Center–Central Warehouse & Office	DACS23-6
D-6 HQ (Cumberland Co.)–Maintenance Shop Replacement	DACS23-7
Research Stations–New Maintenance Shop Facilities	DACS23-8
Piedmont Research Station–Bridge	DACS23-9
Research Stations–Multipurpose Facilities	DACS23-10
NCFS–New County Offices, Region 3	DACS23-11
Tuttle Educational State Forest–Office & Education Center	DACS23-12
D-12–New Headquarters & Shop	DACS23-13
NCFS–Property Purchase	DACS23-14
Department of Environmental Quality	
Reedy Creek Laboratory	DEQ21-1
Department of Health and Human Services	
Walter B. Jones–New Medical Office Bldg.	DHHS23-1
Broughton Hospital–New Maintenance & Warehouse Facility	DHHS23-2
Cherry Hospital–New Maintenance Bldg.	DHHS23-3
South Piedmont Medical Examiner	DHHS23-4
Department of Natural and Cultural Resources	
Fort Fisher Aquarium–Aquarium Expansion	DNCR21-5
NC Museum of History–Expansion	DNCR21-13
Zoo–New Aviary	DNCR23-1
NC Museum of Art at Winston-Salem/SECCA	DNCR23-2
Stone Mountain State Park–Parking Lot	DNCR23-4
North Carolina Maritime Museum at Beaufort	DNCR23-5

Town Creek Indian Mound State Historic Site–
Visitor Center & Exhibit Improvements DNCR23-6
State Historic Sites–Three New Visitor Centers DNCR23-7
Thomas Day House–Site Development DNCR23-8
Lake Waccamaw State Park–New Campground DNCR23-12
Lumber River State Park–Wire Pasture Access Development DNCR23-13
NC Maritime Museum at Southport DNCR23-14
NC Transportation Museum DNCR23-15
Fort Fisher Historic Site DNCR23-16

Department of Administration
State Government Executive Headquarters DOA22-1
Department of Instruction Building Renovation DOA22-3
Service Campus DOA23-1
State Agency Lease DOA23-2
Archdale Building Demolition DOA23-3
Caswell Square Demolition DOA23-4
Parking Deck–Wilmington Street DOA23-5
Albemarle Building Facility Improvements DOA23-6

Department of Commerce
Wanchese Marine Industrial Park–Covered Workspace COMM23-1

Department of Adult Correction
Stun Fencing DAC23-1
DARTCenter–Exterior Envelope Repairs DAC23-2
Sampson CC–Gatehouse DAC23-3
Gaston CC–Modular Medical Office DAC23-4
Storage Buildings DAC23-6

Department of Public Safety
State Highway Patrol–
Viper Building DPS21-6
Auditorium DPS23-3
Training Academy Facilities Enhancement–Phases 3-6 DPS23-4
Training Center Cadet Dorm & Training Bldg. DPS23-7
State Bureau of Investigation–
Headquarters & Building 12 Renovation DPS21-9
Logistics Building–Phase 1 DPS23-11
Juvenile Justice–
Richmond YDC DPS21-1
New Youth Detention Center DPS23-1
Cabarrus YDC–Perimeter Fence Modifications DPS23-5
Cabarrus–New Modular Office DPS23-6
Emergency Management–
Badin Logistics Support Center Shed DPS23-8
Badin Warehouse Expansion DPS23-9
Badin Lot Acquisition DPS23-10
National Guard–
NCNG Matching Fund NG23-1
Ballentine Building/NCNG Museum NG23-2

Constable Building NG23-3
Rocky Mount Complex/MILCON NG23-4
Special Forces Complex NG23-5
Winston Salem Storage Buildings NG23-6
Louisburg Readiness Center NG23-9

Department of Public Instruction
Center for the Advancement of Teaching DPI21-1

Department of Insurance
Office of State Fire Marshal–
Land Development & Training Center DOI21-1

Department of Transportation
North Carolina Global TransPark Authority–
Aircraft Maintenance Repair & Overhaul Facility TRAN23-1
DOT– New County Buildings TRAN23-2

General Assembly
Education Campus Project NCGA21-3
Education Campus Parking Deck NCGA23-1
Education Campus Demolition NCGA23-2

The University of North Carolina
Appalachian State University–
Peacock Hall/Business UNC/ASU21-1
Hickory Campus UNC/ASU22-1
Walker Hall–Interior Renovation UNC/ASU23-1
University of North Carolina at Charlotte–
Smith Hall–Comprehensive Renovation UNC/CLT23-1
Colvard Hall–Comprehensive Renovation UNC/CLT23-2
Esports UNC/CLT23-3
Stadium Upgrades UNC/CLT23-4
University of North Carolina at Chapel Hill–
Business School UNC/CH20-1
Nursing School Renovation UNC/CH20-2
Gardner Hall–Comprehensive Renovation UNC/CH23-1
Elizabeth City State University–
Flight School UNC/ECS21-4
Infrastructure Repairs–Phase 3 UNC/ECS23-1
Jenkins Hall/Dixon Hall–Labs/Classroom/Bldg. Renovation UNC/ECS23-2
East Carolina University–
Brody School of Medicine UNC/ECU21-1
Howell Science Building North–Comprehensive Renovation UNC/ECU23-1
Leo Jenkins Building/Health Sciences–Comprehensive Renovation UNC/ECU23-2
Medical Examiner Office UNC/ECU23-3
Regional Children's Behavioral Health Facility UNC/ECU23-4
Dental School Planning UNC/ECU23-5
Fayetteville State University–
College of Education UNC/FSU21-2
Butler Targeted Renovation UNC/FSU23-1

H.L. Cook Building–Renovation & Addition	UNC/FSU23-2
North Carolina Agricultural & Technical State University–	
Marteena Hall–Renovation, Phase 2	UNC/A&T23-1
Health and Human Sciences Bldg.	UNC/A&T23-2
North Carolina Central University–	
Dent Building–Comprehensive Renovation	UNC/NCC23-1
Edmonds Classroom Building–Comprehensive Renovation	UNC/NCC23-2
University Theater Renovation	UNC/NCC23-3
North Carolina State University–	
S.T.E.M. Building	UNC/NCS20-1
Mann Hall–Renovation, Phase 2	UNC/NCS23-1
Dabney Hall–Renovation, Phase 2	UNC/NCS23-2
Polk Hall–Renovation, Phase 2	UNC/NCS23-3
Veterinary School–Large Animal Hospital	UNC/NCS23-4
Engineering Classroom Building	UNC/NCS23-5
Nuclear Study	UNC/NCS23-6
Business School	UNC/NCS23-7
North Carolina School of Science and Math–	
Morganton Campus	
Wellness Center	UNC/SSM23-1
Durham Campus	
Renovation of Residence Halls	UNC/SSM23-2
Academic Commons Addition	UNC/SSM23-4
University of North Carolina at Asheville–	
Lipinsky Hall–Comp. Modernization/Addition	UNC/AVL23-1
Sherrill Center	UNC/AVL23-2
Gateway Signage	UNC/AVL23-3
Repairs & Renovations	UNC/AVL23-4
University of North Carolina at Greensboro–	
Moore Building–Renovation	UNC/GBO23-1
University of North Carolina at Pembroke–	
Health Sciences Center	UNC/PEM21-1
Givens Performing Arts Center–Renovation	UNC/PEM23-1
University of North Carolina School of the Arts–	
Stevens Center–Renovation, Phase 2	UNC/SA23-1
New High School Residence Hall	UNC/SA23-2
University of North Carolina at Wilmington–	
Cameron Hall–Comprehensive Renovation/Expansion	UNC/WIL23-1
Kenan Auditorium–Comprehensive Renovation/Expansion	UNC/WIL23-2
DeLoach Hall–Modernization	UNC/WIL23-3
Health Education Bldg.	UNC/WIL23-4
Western Carolina University–	
Replacement Engineering Building	UNC/WCU23-1
Winston-Salem State University–	
K.R. Williams Auditorium	UNC/WSS21-1
Eller Hall–Renovation & Elevator Addition	UNC/WSS23-1
Pegram Hall–Renovation & Elevator Addition	UNC/WSS23-2
Campus Police Improvements	UNC/WSS23-3
UNC Board of Governors–	
UNC Lease Funds	UNC/BOG21-1
NC Care Health Clinics	UNC/BOG23-1

NC Care Hospital Investment	UNC/BOG23-2
Children's Hospital	UNC/BOG23-3
PBS North Carolina	UNC/PBS23-1

Repairs and Renovations–The University of North Carolina	UNC/R&R21
Repairs and Renovations–State Agencies (non-UNC)	R&R21
SCIF-Related Personnel	PERS21
OSBM Flexibility Funds	FLEX21
Debt Payoff	DST23-1
Wildlife Resources Commission–Setzer Hatchery Revision	WRC23-1

SECTION 40.1.(b) This subsection authorizes the following capital projects in the 2023-2025 fiscal biennium based upon projected cash flow needs for the authorized projects. The authorizations provided in this subsection represent the maximum amount of funding from the State Capital and Infrastructure Fund that may be expended on each project and do not reflect authorizations from other non-State Capital and Infrastructure Fund sources. An additional action by the General Assembly is required to increase the maximum authorization for any of the projects listed:

Capital Improvements–State Capital and Infrastructure Fund	**Previous Project Authorization**	**New/Updated Project Authorization**
DACS21-2	$3,518,000	$7,018,000
DACS21-4	4,000,000	8,100,000
DACS23-1	N/A	2,500,000
DACS23-2	N/A	200,000
DACS23-3	N/A	13,000,000
DACS23-4	N/A	1,750,000
DACS23-5	N/A	749,000
DACS23-6	N/A	750,000
DACS23-7	N/A	4,000,000
DACS23-8	N/A	5,000,000
DACS23-9	N/A	750,000
DACS23-10	N/A	6,200,000
DACS23-11	N/A	3,000,000
DACS23-12	N/A	4,000,000
DACS23-13	N/A	5,000,000
DACS23-14	N/A	12,000,000
DEQ21-1	55,000,000	68,300,000
DHHS23-1	N/A	1,352,000
DHHS23-2	N/A	5,983,000
DHHS23-3	N/A	5,405,000
DHHS23-4	N/A	20,000,000
DNCR21-5	15,000,000	45,000,000
DNCR21-13	60,000,000	180,000,000
DNCR23-1	N/A	60,000,000
DNCR23-2	N/A	15,000,000
DNCR23-4	N/A	620,000
DNCR23-5	N/A	10,000,000
DNCR23-6	N/A	5,500,000
DNCR23-7	N/A	16,721,240
DNCR23-8	N/A	4,000,000
DNCR23-12	N/A	3,000,000

DNCR23-13	N/A	2,500,000
DNCR23-14	N/A	2,000,000
DNCR23-15	N/A	5,000,000
DNCR23-16	N/A	2,800,000
DOA22-1	88,000,000	88,000,000
DOA22-3	15,000,000	60,000,000
DOA23-1	N/A	33,744,000
DOA23-2	N/A	4,500,000
DOA23-3	N/A	11,000,000
DOA23-4	N/A	15,000,000
DOA23-5	N/A	45,000,000
DOA23-6	N/A	5,000,000
COMM23-1	N/A	250,000
DAC23-1	N/A	23,992,000
DAC23-2	N/A	2,960,212
DAC23-3	N/A	1,521,000
DAC23-4	N/A	1,078,000
DAC23-6	N/A	3,488,000
DPS21-1	10,702,952	14,702,952
DPS21-6	7,139,374	10,634,998
DPS23-1	N/A	40,450,000
DPS23-3	N/A	35,000,000
DPS23-4	N/A	194,000,000
DPS23-5	N/A	886,000
DPS23-6	N/A	690,000
DPS23-7	N/A	43,336,785
DPS23-8	N/A	527,000
DPS23-9	N/A	5,048,828
DPS23-10	N/A	4,198,414
DPS23-11	N/A	13,883,000
NG23-2	N/A	12,500,000
NG23-3	N/A	16,428,582
NG23-4	N/A	8,500,000
NG23-5	N/A	8,000,000
NG23-6	N/A	550,000
NG23-9	N/A	3,666,667
DPI21-1	23,416,952	30,416,952
DOI21-1	3,500,000	58,500,000
TRAN23-1	N/A	350,000,000
TRAN23-2	N/A	3,400,000
NCGA21-3	269,000,000	320,000,000
NCGA23-1	N/A	65,000,000
NCGA23-2	N/A	10,000,000
UNC/ASU21-1	25,000,000	40,000,000
UNC/ASU22-1	9,000,000	50,000,000
UNC/ASU23-1	N/A	18,000,000
UNC/CLT23-1	N/A	36,000,000
UNC/CLT23-2	N/A	45,000,000
UNC/CLT23-3	N/A	1,500,000
UNC/CLE23-4	N/A	25,000,000
UNC/CH20-1	75,000,000	89,250,000

UNC/CH20-2	65,200,000	87,900,000
UNC/CH23-1	N/A	25,000,000
UNC/ECS21-4	34,000,000	54,000,000
UNC/ECS23-1	N/A	20,000,000
UNC/ECS23-2	N/A	12,500,000
UNC/ECU21-1	215,000,000	265,000,000
UNC/ECU23-1	N/A	46,000,000
UNC/ECU23-2	N/A	18,900,000
UNC/ECU23-3	N/A	35,000,000
UNC/ECU23-4	N/A	50,000,000
UNC/ECU23-5	N/A	1,000,000
UNC/FSU23-1	N/A	20,750,000
UNC/FSU23-2	N/A	10,000,000
UNC/A&T23-1	N/A	9,700,000
UNC/A&T23-2	N/A	125,500,000
UNC/NCC23-1	N/A	12,073,798
UNC/NCC23-2	N/A	12,999,424
UNC/NCC23-3	N/A	8,500,000
UNC/NCS23-1	N/A	30,000,000
UNC/NCS23-2	N/A	80,000,000
UNC/NCS23-3	N/A	63,000,000
UNC/NCS23-4	N/A	120,000,000
UNC/NCS23-5	N/A	200,000,000
UNC/NCS23-6	N/A	3,000,000
UNC/NCS23-7	N/A	4,500,000
UNC/SSM23-1	N/A	12,000,000
UNC/SSM23-2	N/A	28,988,042
UNC/SSM23-4	N/A	10,000,000
UNC/AVL23-1	N/A	26,150,000
UNC/AVL23-2	N/A	5,000,000
UNC/AVL23-3	N/A	1,000,000
UNC/AVL23-4	N/A	4,000,000
UNC/GBO23-1	N/A	24,200,000
UNC/PEM23-1	N/A	61,000,000
UNC/SA23-1	N/A	51,000,000
UNC/SA23-2	N/A	24,500,000
UNC/WIL23-1	N/A	40,050,000
UNC/WIL23-2	N/A	21,600,000
UNC/WIL23-3	N/A	12,150,000
UNC/WIL23-4	N/A	8,000,000
UNC/WCU23-1	N/A	95,300,000
UNC/WSS23-1	N/A	10,800,000
UNC/WSS23-2	N/A	16,000,000
UNC/WSS23-3	N/A	4,000,000
UNC/BOG21-1	15,000,000	18,750,000
UNC/BOG23-1	N/A	210,000,000
UNC/BOG23-2	N/A	150,000,000
UNC/BOG23-3	N/A	319,746,392
UNC/PBS23-1	N/A	49,500,000
FLEX21	100,000,000	175,000,000
WRC/23-1	N/A	20,000,000

SECTION 40.1.(c) The Board of Governors of The University of North Carolina shall prioritize funds allocated for project code UNC/R&R21 for repairs and renovations pursuant to G.S. 143C-8-13 and, notwithstanding G.S. 143C-8-13(a), for projects listed in Section 40.1(d) of S.L. 2021-180. The cost for any single repair and renovation project other than those specifically listed in Section 40.1(d) of S.L. 2021-180 shall not exceed fifteen million dollars ($15,000,000). The Board of Governors may reallocate funds in accordance with G.S. 143C-8-13(b) or to projects listed in Section 40.1(d) of S.L. 2021-180; provided, however, reallocation of funds intended for a project located at a particular constituent institution may only be reallocated for repairs and renovations projects at that particular constituent institution. The provisions of G.S. 143C-8-13(b)(4) shall not apply to the projects listed in Section 40.1(d) of S.L. 2021-180. The Board of Governors shall report to the Joint Legislative Commission on Governmental Operations in accordance with G.S. 143C-8-13(b). In addition to the projects authorized in Section 40.1(d) of S.L. 2021-180, Elizabeth City State University may utilize repairs and renovation funds not to exceed one million five hundred thousand dollars ($1,500,000) for comprehensive modernization or replacement of the Chancellor's Residence.

SECTION 40.1.(d) For project code R&R21, the provisions of Section 40.1(c) of S.L. 2021-180 shall apply to funds allocated for the project code during the 2023-2025 fiscal biennium.

SECTION 40.1.(d1) Of the funds allocated for project code R&R21, the following sums shall be allocated for the following projects:

(1) Five million dollars ($5,000,000) for the 2023-2024 fiscal year to the Department of Natural and Cultural Resources to be used for capital improvements to Vade Mecum at Hanging Rock State Park.

(2) Four million three hundred ninety-four thousand one hundred seventy-eight dollars ($4,394,178) for the 2023-2024 fiscal year to the Department of Adult Correction to be used to repair the pathways, roads, and parking areas and for flood mitigation measures at the Eastern Correctional Institution.

(3) Seven hundred eighty-eight thousand dollars ($788,000) for the 2023-2024 fiscal year to the Office of Lieutenant Governor for conference room conversions at the Hawkins-Hartness Carriage House.

(4) One million four hundred thousand dollars ($1,400,000) for the 2023-2024 fiscal year to the Department of Natural and Cultural Resources for the purchase and utilization of energy saving building systems and equipment for use in conjunction with energy savings contractor projects.

SECTION 40.1.(e) For project code UNC/NCS23-4, notwithstanding G.S. 143C-4-5, North Carolina State University is authorized to spend up to one hundred twenty million dollars ($120,000,000) on the project but shall commit to providing funding of at least fifty million dollars ($50,000,000) from non-State sources on or before December 31, 2024, as a match for the intended State allocations totaling seventy million dollars ($70,000,000) for the project. Upon verification by the Office of State Budget and Management that North Carolina State University has deposited at least twenty-five million dollars ($25,000,000) into an account dedicated for the project, the University may begin the letting of construction and design contracts and begin construction. It is the intent of the General Assembly to appropriate funds from the State Capital and Infrastructure Fund for this project beginning in the 2025-2026 fiscal year.

SECTION 40.1.(g) For project code UNC/WIL23-1, notwithstanding G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to forty-four million five hundred thousand dollars ($44,500,000) on the project but shall commit to providing funding of at least four million four hundred fifty thousand dollars ($4,450,000) from non-State sources on or before December 31, 2025, as a match for the intended State allocations totaling forty million fifty thousand dollars ($40,050,000) for the project.

SECTION 40.1.(h) For project code UNC/WIL23-2, notwithstanding G.S. 143C-4-5, the University of North Carolina at Wilmington is authorized to spend up to twenty-four million dollars ($24,000,000) on the project but shall commit to providing funding of at least two million four hundred thousand dollars ($2,400,000) from non-State sources on or before December 31, 2025, as a match for the intended State allocations totaling twenty-one million six hundred thousand dollars ($21,600,000) for the project.

SECTION 40.1.(i) There is established in the General Fund an Additional Project Reserve that shall make funds available for capital improvement project expenditures only upon an act of appropriation by the General Assembly. The State Controller shall reserve to the Additional Project Reserve from funds available in the State Capital and Infrastructure Fund the sum of two hundred seven million four hundred seven thousand five hundred sixty-nine dollars ($207,407,569) in nonrecurring funds for the 2023-2024 fiscal year. Funds reserved in the Additional Project Reserve pursuant to this subsection do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

SECTION 40.1.(j) For project code DST23-1, the Department of State Treasurer may use funds allocated for the project code to redeem or purchase and cancel bonds that have debt service paid from the State Capital and Infrastructure Fund if (i) the cost of redeeming or purchasing and canceling those bonds is less than the estimated market value the bonds would have if not redeemed or purchased and canceled or (ii) the bonds were purchased by one or more of funds listed in G.S. 147-69.2(a) between May 1, 2023, and October 31, 2023, in a principal amount not to exceed forty million dollars ($40,000,000).

SECTION 40.1.(*l*) For project code WRC23-1, the Wildlife Resources Commission is authorized to spend up to thirty-nine million seven hundred thousand dollars ($39,700,000) on the project but shall commit to providing funding of at least nineteen million seven hundred thousand dollars ($19,700,000) in non-State funds from the Commission's endowment as a match to the intended State allocations totaling twenty million dollars ($20,000,000) for the project. The Commission shall use the endowment funds described in this subsection on the project prior to expending any State funds.

SECTION 40.1.(m) For project code DOA23-4, the Department of Administration shall not demolish the structure sited at 216 W. Jones Street, at the corner of West Jones and North Dawson streets in Raleigh, otherwise known as the Old Health Building, Building Asset ID: 9806.

SECTION 40.1.(n) For project code DOA23-5, the Department of Administration shall site the project on the parcel of real property identified with Wake County real estate ID# 0080466.

SECTION 40.1.(o) Section 40.1(h1) of S.L. 2021-180 reads as rewritten:

"**SECTION 40.1.(h1)** For project code UNC/BOG21-1, The University of North Carolina System Office shall enter into a lease agreement for space sufficient to relocate staff and operations located in the City of Raleigh. The lease term shall be for no less than three years and no more than ~~four~~ five years. The Board of Governors of The University of North Carolina shall be responsible for selection and approval of all lease terms not otherwise specified in this subsection. All staff and operations shall be relocated to the leased space on or before December 31, 2022."

SECTION 40.1.(p) Notwithstanding any provision of S.L. 2021-180, S.L. 2022-74, or any other provision of law to the contrary, for project code DOA22-1, the State Controller shall transfer unspent and unencumbered funds allocated for the project to the State Capital and Infrastructure Fund. The General Assembly intends to appropriate funds for this project code in future fiscal years. This subsection shall have no impact on the amount authorized for this project.

SECTION 40.1.(s) For project code TRAN23-1, the North Carolina Global TransPark Authority (Authority) shall be considered the funded agency, pursuant to G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the

contrary, shall have final authority over any aspect of the project. The Authority shall use up to five million dollars ($5,000,000) allocated in this Part for the 2023-2024 fiscal year for project planning. The Office of State Budget and Management shall disburse additional funding that has been allocated by the General Assembly for the project during the 2023-2025 fiscal biennium and subsequent fiscal years contingent upon the Authority entering into an intergovernmental services agreement with an agency of the United States for the use of the facility being constructed under this project code. The Authority shall repay the total amount of three hundred fifty million dollars ($350,000,000) intended to be allocated from the State Capital and Infrastructure Fund for the project in an amount of no less than fifteen million dollars ($15,000,000) annually, commencing on the first year the federal government agency takes occupancy of the facility under the terms of the intergovernmental services agreement. Reimbursement funds submitted by the Authority pursuant to this subsection shall be credited to the State Capital and Infrastructure Fund.

SECTION 40.1.(t) Section 1(e) of S.L. 2020-81, as amended by Section 40.1(*l*) of S.L. 2021-180, reads as rewritten:

"**SECTION 1.(e)** For project code UNC/CH20-1, notwithstanding G.S. 143C-4-5, the University of North Carolina at Chapel Hill is authorized to spend up to ~~one hundred fifty million dollars ($150,000,000)~~ one hundred ninety-four million two hundred fifty thousand dollars ($194,250,000) on the project, but shall commit to providing funding of at least seventy-five million dollars ($75,000,000) from non-State sources on or before June 30, 2022, as a match for the intended State allocations totaling seventy-five million dollars ($75,000,000) for the project."

SECTION 40.1.(u) With the funds allocated for project code DOA23-1 for the 2023-2024 fiscal year, the Department of Administration shall engage one or more third-party consultants to assist with architectural, engineering, site planning, real estate, and other services related to the development of a campus space template to accommodate motor fleet services. The campus space template shall address building space needs and land area required to support the campus space and future adaptability and growth. In addition, the Department shall use a portion of the funds described in this subsection to conduct a site location assessment to determine alternative geographic locations for comparison and to aid in determining an ideal location to best serve State government facilities. The Department shall complete the campus space template and the site location assessment described in this subsection and report its findings to the Legislative Services Officer on or before April 1, 2024.

SECTION 40.1.(v) For project code UNC/NCS23-6, North Carolina State University shall utilize the funds allocated in this Part to conduct a study to assess the feasibility of establishment of an advanced nuclear research reactor (reactor) at the University. The feasibility study may include all of the following matters:

(1) Assessment of site selection for a reactor.
(2) Study and analysis of potential environmental impacts.
(3) Analysis of licensing requirements for a reactor.
(4) Engineering and construction evaluation of a reactor and associated laboratories, including cost estimates.
(5) Utilization analysis, including capability development for advanced nuclear power generation in the State.
(6) Vendor and contractor evaluation.
(7) Identification of the potential for collaboration with industry, other academic institutions, and State and federal entities.

SECTION 40.1.(w) Of the funds received by the State and deposited to the ARPA Temporary Savings Fund, established in Section 1.3(a) of S.L. 2023-7, it is the intent of the General Assembly to use a portion of those funds in future fiscal years for project codes UNC/BOG23-1 and UNC/BOG23-3.

SECTION 40.1.(x) For project codes NCGA23-1 and NCGA23-2, the General Assembly shall be considered the funded agency, pursuant to G.S. 143-135.26(1), and, notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall initiate and have final authority over any activity related to project planning, contracting, and construction.

SECTION 40.1.(y) For project codes DOA23-4 and DOA23-5, the Department of Administration shall be considered the funded agency pursuant to G.S. 143-135.26(1) and, notwithstanding G.S. 143-341 or any other provision of law to the contrary, shall consult with the Legislative Services Office for any activity related to project planning, contracting, and construction.

SECTION 40.1.(z) Subsection (p) of this section is effective June 30, 2023. The remainder of this section is effective July 1, 2023.

SIX-YEAR INTENDED PROJECT ALLOCATION SCHEDULE

SECTION 40.2. It is the intent of the General Assembly to fund capital improvement projects on a cash flow basis and to plan for future project funding based upon projected availability in the State Capital and Infrastructure Fund. Nothing in this section shall be construed (i) to appropriate funds or (ii) as an obligation by the General Assembly to appropriate funds for the projects listed in future years. The following schedule lists capital improvement projects that will begin or be completed in fiscal years outside of the 2023-2025 fiscal biennium and estimated amounts (in thousands) needed for completion of those projects:

Project Code	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28	FY28-29
UNC/R&R21	280,503	250,000	200,000	200,000	200,000	200,000
R&R21	200,000	200,000	200,000	200,000	200,000	200,000
DACS21-2	N/A	2,000	1,500	N/A	N/A	N/A
DACS21-4	750	1,850	1,500	N/A	N/A	N/A
DACS23-3	N/A	3,000	2,000	4,000	4,000	N/A
DACS23-7	N/A	N/A	4,000	N/A	N/A	N/A
DACS23-8	N/A	N/A	2,000	1,000	1,000	1,000
DACS23-9	N/A	N/A	750	N/A	N/A	N/A
DACS23-10	N/A	N/A	2,000	2,000	2,200	N/A
DACS23-11	N/A	N/A	N/A	1,500	1,500	N/A
DACS23-12	N/A	N/A	N/A	4,000	N/A	N/A
DACS23-13	N/A	N/A	N/A	5,000	N/A	N/A
DEQ21-1	3,325	28,650	17,075	N/A	N/A	N/A
DNCR21-13	15,000	24,250	86,800	30,950	N/A	N/A
DNCR23-1	3,000	3,000	30,000	24,000	N/A	N/A
DNCR23-7	2,000	7,721.24	7,000	N/A	N/A	N/A
DOA22-1	N/A	N/A	8,800	22,000	35,200	22,000
DOA22-3	N/A	N/A	N/A	N/A	21,000	N/A
DOA23-1	500	N/A	N/A	N/A	1,000	20,244
DOA23-2	2,900	800	800	N/A	N/A	N/A
DOA23-3	N/A	N/A	N/A	N/A	N/A	11,000
DOA23-4	N/A	N/A	15,000	N/A	N/A	N/A
DOA23-5	2,000	3,000	40,000	N/A	N/A	N/A
DOI21-1	5,500	13,750	22,000	13,750	N/A	N/A
DAC23-1	4,776.39	9,607.8	9,607.8	N/A	N/A	N/A
DAC23-6	N/A	449	2,439	600	N/A	N/A
DPS21-6	N/A	836.88	2,658.75	N/A	N/A	N/A
DPS21-9	3,268.05	30,000	19,793.24	N/A	N/A	N/A

DPS23-1	N/A	600	10,000	29,850	N/A	N/A
DPS23-3	N/A	4,400	8,500	13,600	8,500	N/A
DPS23-4	N/A	N/A	N/A	N/A	N/A	19,000
DPS23-7	2,000	4,333.68	10,834.2	17,334.71	8,834.2	N/A
DPS23-9	1,000	2,024.4	2,024.4	N/A	N/A	N/A
DPS23-11	2,028.5	5,927.25	5,927.25	N/A	N/A	N/A
NG23-1	4,000	6,000	6,000	N/A	N/A	N/A
NG23-2	1,500	6,000	5,000	N/A	N/A	N/A
NG23-4	N/A	2,000	6,500	N/A	N/A	N/A
NG23-5	N/A	N/A	800	4,000	3,200	N/A
NG23-9	N/A	666.7	3,000	N/A	N/A	N/A
TRAN23-1	50,000	125,000	125,000	50,000	N/A	N/A
NCGA21-3	N/A	N/A	65,250	74,750	N/A	N/A
NCGA23-1	6,500	16,250	26,000	16,250	N/A	N/A
WRC23-1	8,000	6,000	6,000	N/A	N/A	N/A
UNC/ASU21-1	N/A	7,500	7,500	N/A	N/A	N/A
UNC/ASU22-1	N/A	4,100	12,300	14,350	10,250	N/A
UNC/ASU23-1	N/A	1,800	6,300	9,900	N/A	N/A
UNC/CLT23-1	N/A	3,600	N/A	12,600	19,800	N/A
UNC/CLT23-2	N/A	N/A	N/A	N/A	4,500	N/A
UNC/CH20-2	N/A	15,756.95	17,693.05	N/A	N/A	N/A
UNC/CH23-1	N/A	N/A	N/A	N/A	2,500	10,000
UNC/ECS21-4	N/A	30,827.27	9,172.73	N/A	N/A	N/A
UNC/ECS23-1	N/A	2,000	8,000	10,000	N/A	N/A
UNC/ECS23-2	N/A	N/A	N/A	N/A	1,250	N/A
UNC/ECU21-1	N/A	20,000	84,007.3	85,742.72	N/A	N/A
UNC/ECU23-1	N/A	4,600	13,800	16,100	11,500	N/A
UNC/ECU23-2	N/A	N/A	N/A	N/A	1,890	N/A
UNC/ECU23-3	8,750	17,500	8,750	N/A	N/A	N/A
UNC/FSU21-2	N/A	36,376.1	6,573.9	N/A	N/A	N/A
UNC/FSU23-1	N/A	N/A	N/A	N/A	2,075	N/A
UNC/FSU23-2	1,000	3,500	5,500	N/A	N/A	N/A
UNC/A&T23-1	970	3,395	5,335	N/A	N/A	N/A
UNC/A&T23-2	N/A	N/A	N/A	N/A	2,000	18,825
UNC/NCC23-1	1,207.4	N/A	4,829.5	6,036.9	N/A	N/A
UNC/NCC23-2	N/A	1,299.94	N/A	4,549.8	7,149.68	N/A
UNC/NCC23-3	N/A	850	N/A	2,975	4,675	N/A
UNC/NCS20-1	N/A	6,025.2	22,224.8	N/A	N/A	N/A
UNC/NCS23-1	N/A	3,000	27,000	N/A	N/A	N/A
UNC/NCS23-2	N/A	8,000	24,000	28,000	20,000	N/A
UNC/NCS23-3	N/A	6,300	18,900	22,050	15,750	N/A
UNC/NCS23-4	N/A	N/A	35,000	35,000	N/A	N/A
UNC/NCS23-5	N/A	N/A	N/A	20,000	60,000	60,000
UNC/SSM23-2	N/A	12,750	3,500	N/A	12,738.42	N/A
UNC/SSM23-4	N/A	N/A	N/A	N/A	1,000	N/A
UNC/AVL23-1	2,615	6,537.5	11,767.5	5,230	N/A	N/A
UNC/GBO23-1	N/A	2,420	N/A	8,470	13,310	N/A
UNC/PEM21-1	N/A	N/A	N/A	N/A	36,400	22,750
UNC/PEM23-1	N/A	6,100	24,400	30,500	N/A	N/A
UNC/SA23-1	5,100	12,750	22,950	10,200	N/A	N/A
UNC/SA23-2	N/A	N/A	N/A	N/A	2,450	8,575

UNC/WIL23-1	N/A	4,005	10,012.5	16,020	10,012.5	N/A
UNC/WIL23-2	N/A	2,160	5,400	8,640	5,400	N/A
UNC/WIL23-3	N/A	1,215	4,860	6,075	N/A	N/A
UNC/WCU23-1	N/A	2,000	N/A	9,530	33,355	50,415
UNC/WSS21-1	N/A	N/A	N/A	N/A	22,800	14,250
UNC/WSS23-1	N/A	800	1,080	N/A	3,780	5,140
UNC/WSS23-2	N/A	800	1,600	N/A	5,600	8,000
UNC/BOG21-1	3,750	3,750	3,750	3,750	N/A	N/A
UNC/BOG23-1	25,000	80,000	105,000	N/A	N/A	N/A
UNC/BOG23-3	143,864.4	72,382	103,500	N/A	N/A	N/A
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

NCFS Facility and Infrastructure Improvements	1,000,000	0
PTFM Facility and Infrastructure Improvements	1,000,000	0
Raleigh FM Facility and Infrastructure Improvements	1,000,000	0
RS Infrastructure Repairs and Renovations	1,250,000	0
State Fair Gate 8 Restroom Renovation	1,500,000	0
State Fair Infrastructure Improvements	20,000,000	0
State Fair Lunch Facility Renovation	25,500,000	0
Vet Infrastructure Repairs and Renovations	250,000	0
WNCAGCTR Facility and Infrastructure Improvements	1,250,000	0
Department of Public Safety		
Alcoholic Beverage Control–		
Warehouse Precast Repair	275,000	0
ABC New Campus–Advanced Planning	4,700,000	0
Department of Adult Correction		
Old Craggy Laundry Wastewater/Stormwater Repl.	742,000	0
Wildlife Resources Commission		
Land Acquisition	5,000,000	5,000,000
Game Land Improvements	2,000,000	0
Caswell Depot Expansion	2,460,000	0
Mills River Equipment Storage	355,000	0
Morganton Depot Equipment Storage	340,000	0
Rhems Depot Equipment Storage	415,000	0
Troy Depot Office/Shop & Storage	1,900,000	0
Shooting Range Office & Classroom Constr.	3,100,000	0
Mount Holly Depot	0	2,400,000
Marion Aquaculture Building	0	600,000
TOTAL AMOUNT OF NON-GENERAL FUND/NON-SCIF CAPITAL PROJECTS AUTHORIZED	**$78,857,000**	**$8,300,000**

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~~

~~revert to the principal fund from which it was appropriated.~~ The Director may, for good cause, allow a State agency to take up to an additional 12 months to take the actions required by this subsection.

(b) Lapse of Project Authorization. – Authorizations for capital improvement projects shall lapse if any of the following occur: (i) the appropriation for a capital improvement project reverts, (ii) the construction of a project does not begin during the first two fiscal years in which funds are appropriated, or (iii) the Director redirects funds appropriated for a capital improvement project in accordance with G.S. 143C-6-2. The Director may, for good cause, allow a State agency to take up to an additional 12 months to begin construction of a project; however, if the Director approves an extension of time under this subsection and construction of the project has not begun by the end of the extension, the authorization for the project shall lapse.

(c) Funds Remaining After Project Completion. – The State Controller shall transfer any balance of State funds appropriated for a capital project that remains unspent and unencumbered two years after completion of the project in accordance with this section. If applicable law requires a particular disposition of the funds, then the transfer shall be made in accordance with that requirement. Otherwise, the ~~transfer shall be made in accordance with the following requirements:~~

~~(1) If the funds were initially allocated from the Reserve for Repairs and Renovations, then the funds shall be transferred to that Reserve.~~

~~(2) All other funds~~ balance shall be transferred to the ~~Project Reserve Account~~ State Capital and Infrastructure Fund created by ~~G.S. 143C-8-10.~~G.S. 143C-4-3.1."

SECTION 40.5.(c) G.S. 143C-4-3.1 reads as rewritten:

"**§ 143C-4-3.1. State Capital and Infrastructure Fund.**

…

(g) Unexpended Funds. – Funds appropriated for a project that are unspent and unencumbered upon completion of the project shall revert to the Fund. For the purposes of this subsection, a project includes any allocation from the Fund to a State agency or The University of North Carolina.

…."

SECTION 40.5.(d) Section 40.6(g)(3) of S.L. 2022-74 reads as rewritten:

"(3) Third, to be deposited into the ~~Downtown Government Complex Reserve, established in Section 2.2 of this act.~~State Capital and Infrastructure Fund."

SECTION 40.5.(e) Section 40.3(f) of S.L. 2021-180, as enacted by Section 18.2 of S.L. 2022-6, reads as rewritten:

"**SECTION 40.3.(f)** Notwithstanding any other provision of law to the contrary, there shall be no local match required for the North Topsail Beach Shoreline Protection – Phases 1–4 project referenced in ~~subsection (b)~~ subsection (c) of this section."

SECTION 40.5.(f) Section 9.3 of S.L. 2023-11 reads as rewritten:

"**SECTION ~~9.3.~~ 9.3.(a)** Subdivision (65) of Section 40.17(a) of S.L. 2021-180, as enacted by Section 40.2(a) of S.L. 2022-74, reads as rewritten:

"(65) The funds for Ball's Creek Camp Ground in the sum of three hundred thousand dollars ($300,000) for the 2021-2022 fiscal year shall instead be provided to Ball's Creek Campground History & Learning Center, Inc., a nonprofit corporation, to be used for repairs and renovations to Ball's Creek Camp Ground."

"**SECTION 9.3.(b)** Section 40.2 of S.L. 2022-74 is amended by adding a new subsection to read:

""**SECTION 40.2.(i)** Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the allocation of two hundred thousand dollars ($200,000) from the State Capital and Infrastructure Fund to Ball's Creek Campground

for capital improvements or equipment shall instead be provided to Ball's Creek Campground History & Learning Center, Inc., a nonprofit corporation, for capital improvements or equipment.""

SECTION 40.5.(g) Part XXIV of S.L. 2022-74 is amended by adding a new section to read:

"**REPEAL GRANT ALLOCATION**

"**SECTION 24.5.** Notwithstanding any provision of law or the Committee Report referenced in Section 43.2 of this act to the contrary, the directed grant in the amount of fifty thousand dollars ($50,000) in nonrecurring funds for the 2022-2023 fiscal year shall not be provided to Ace Speedway Racing, Ltd., and the funds shall revert."

SECTION 40.5.(h) The State Controller shall transfer all funds remaining in (i) the Government Complex Reserve established in Section 2.2(r) of S.L. 2022-74 and (ii) the Capital Project Inflationary Reserve established in Section 40.7 of S.L. 2022-74 to the State Capital and Infrastructure Fund.

SECTION 40.5.(i) Section 2.2(r) and Section 40.7 of S.L. 2022-74 are repealed.

SECTION 40.5.(j) Section 40.17(a)(55) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, reads as rewritten:

"(55) The funds for Nikwasi Town Cherokee Settlement in the sum of seven hundred thirteen thousand four hundred dollars ($713,400) for the 2021-2022 fiscal year and the funds for Watauga Town Cherokee Settlement in the sum of one hundred thousand dollars ($100,000) for the 2021-2022 fiscal year shall instead be provided as ~~follows:~~

~~a.~~ ~~A~~ a grant in the sum of ~~six~~ eight hundred thirteen thousand four hundred dollars ~~($600,000)~~ ($813,400) to Mainspring Conservation Trust, Inc., a nonprofit corporation, for ~~the purchase of approximately 0.6 acres at the site of~~ land acquisition at the ~~Cherokee settlement of~~ Nikwasi Town ~~in the Town of Franklin in Macon County with a conservation and preservation easement to be held by the Department of Natural and Cultural Resources.~~and Watauga Town Cherokee mound sites.

~~b. A grant in the sum of one hundred thirteen thousand four hundred dollars ($113,400) to the Department of Natural and Cultural Resources for the purchase of a conservation and preservation easement of approximately 0.7 acres at the site of the Cherokee settlement of Nikwasi Town in the Town of Franklin in Macon County.~~"

SECTION 40.5.(*l*) Section 40.2(h)(2) of S.L. 2022-74, as enacted by Section 9.2 of S.L. 2023-11, reads as rewritten:

"(2) The funds for Foothills Conservancy of North Carolina in the sum of two hundred fifty thousand dollars ($250,000) in nonrecurring funds for the 2022-2023 fiscal year shall instead be provided in the form of a grant to Oak Hill ~~Ruritan Club,~~ Development Corporation, a nonprofit corporation, for ~~planning and development of Oak Hill Community Park.~~capital improvements."

SECTION 40.5.(m) Funds appropriated in Section 40.17(a)(61) of S.L. 2021-180, as enacted by Section 40.2 of S.L. 2022-74, from the State Capital and Infrastructure Fund to the Western Piedmont Council of Governments for various trail projects that remain unexpended and unencumbered on the effective date of this section shall not revert, but shall be reallocated as a directed grant to the Burke River Trail Association, a nonprofit corporation, to be used for the completion of those trail projects.

SECTION 40.5.(n) Section 40.17(a) of S.L. 2021-180, as enacted by Section 9.1(d) of S.L. 2021-189 and amended by Section 18.1 of S.L. 2022-6, is amended by adding the following new subdivisions to read:

"(75) The funds for the Town of Hemby Bridge in the sum of two hundred thousand dollars ($200,000) for the 2021-2022 fiscal year shall instead be provided in the form of a grant to the Town of Hemby Bridge Volunteer Fire Department, Inc., a nonprofit corporation, to be used for capital improvements.

(76) The funds for Haywood County Pedestrian Walkway in the sum of one million nine hundred thousand dollars ($1,900,000) shall not be provided to Haywood County and shall revert.

(77) The funds for Winterville Concerned Citizens and Development in the sum of fifty thousand dollars ($50,000) shall not be provided to Winterville Concerned Citizens and Development, Inc., and shall revert.

(78) The funds for East Burke Christian Ministries in the sum of twenty-five thousand dollars ($25,000) shall not be provided to East Burke Christian Ministries and shall revert."

SECTION 40.5.(o) Subsections (m) and (n) of this section are effective June 30, 2023.

GRANTS TO NON-STATE ENTITIES

SECTION 40.7. Requirements. – For purposes of this Part, nonrecurring funds allocated from the State Capital and Infrastructure Fund as grants to non-State entities, as defined by G.S. 143C-1-1(d), are subject to all of the following requirements:

(1) As soon as practicable after the effective date of this act, each State agency administering grants shall begin disbursement of funds to each grantee non-State entity when all applicable requirements are met. However, disbursement of grant funds allocated for the 2023-2024 fiscal year shall commence no later than 100 days after the date this act becomes law, and disbursement in full to all grantees shall be completed no later than nine months after the date this act becomes law. Disbursement of grants allocated for the 2024-2025 fiscal year shall be completed no later than 100 days after the beginning of the 2024-2025 fiscal year.

(2) G.S. 143C-6-23(b) through (f) and (f2) through (k) apply to the grants.

(3) Notwithstanding any provision of G.S. 143C-1-2(b) to the contrary, unless otherwise indicated, nonrecurring funds appropriated in this Part as grants shall not revert until expended or the particular project has been completed.

(4) Grants to each grantee non-State entity shall be used for nonsectarian, nonreligious purposes only.

(5) By January 1, 2024, and then quarterly thereafter, the Office of State Budget and Management shall report to the Fiscal Research Division on the schedule for and status of grant disbursement. At a minimum, the report shall include the following for each grant:

a. The date when the disbursing agency issued the initial contract.
b. The date when the contract was sent to the grantee non-State entity.
c. The date when the fully executed contract was returned to the disbursing agency.
d. The date when the contract was executed.
e. The date when a grant was disbursed in full.

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:

Item	**FY 2023-24**	**FY 2024-25**
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		

V Headquarters	3,500,000	
Hyde Maintenance Office and Equipment Shop	2,485,045	
Iredell Maintenance Engineer and Bridge Maintenance Office	1,628,865	
New Hanover DMV Office/Troop B District VI Headquarters	4,100,000	
Replace Rooftop HVAC Units – Century Center	449,500	200,000
Rowan District Engineer Office	627,426	
Statewide Americans with Disabilities Act Compliance	1,000,000	1,000,000
Statewide Asbestos Abatement	462,000	504,000
Statewide Roof Repair	7,027,638	7,623,363
Statewide Office Repairs and Renovations	1,244,500	1,244,500
Surry District Engineer Office	1,231,450	
Watauga District Engineer Office	1,070,041	
Total	**$29,819,819**	**$10,571,863**

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),

and the Fiscal Research Division. The report shall include the status of creating and filling positions, lease of trucks, purchase of rolling stock and other supplies, and methodology for allocation of operational funds for the local highway divisions and amount of funds spent. The FMD shall include a needs assessment for additional staffing and funding for routine building maintenance activities.

SECTION 41.6.(b) By August 1 of each year, the Facilities Management Division shall submit a report to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division. The report shall include the following information:

(1) Capital projects status to include each project undertaken, amount of funds expended, and planned completion and, if additional appropriations are required, include amount needed for completion of the project.

(2) Information on the contract, including whether the Department of Administration administered the contract and whether the contract was managed by DOT.

(3) Update of building replacement schedules for upcoming budget planning.

AED REPORT

SECTION 41.6A. By March 1, 2024, the Department of Transportation shall submit a report to the House Appropriations Committee on Transportation, the Senate Appropriations Committee on the Department of Transportation, and the Fiscal Research Division on the status of purchase and installation of the automated external defibrillator (AED) devices. The report shall include the number of AED devices purchased, location and building purpose of installation, number of replacement AED devices, amount of credit or rebate applied toward new purchases, and total amount spent for purchase and installation of AED devices.

EMERGENCY FUNDS EXEMPT FROM TRANSPORTATION INVESTMENT STRATEGY FORMULA

SECTION 41.6B. G.S. 136-189.11(c1) reads as rewritten:

"(c1) Emergency Funds With Alternative Criteria. – The following funds, obligated in support of emergency repair work necessary to restore essential travel, minimize the extent of damage, or protect remaining facilities, as a result of events that occurred during a federal- or State-declared emergency that significantly damaged the State-maintained transportation system to the extent that safe passage is jeopardized, shall not be subject to subsection (d) of this ~~section but shall not be subject to the prioritization criteria set forth in that subsection:~~section:

(1) Federal or State funds obligated for repairs for which federal Emergency Relief Funds are available pursuant to 23 U.S.C. § 125.

(2) State funds obligated for repairs to damage occurring as a result of an event that is lawfully declared to be a federal or State emergency."

ROAD AND BRIDGE NAMING

SECTION 41.7. Notwithstanding any provision of law to the contrary, the Department of Transportation shall designate as follows:

(1) A section of Interstate 40 in Catawba County named in honor of Cherie Killian Berry, the first female Commissioner of Labor in North Carolina.

(2) A pedestrian bridge to be constructed in Concord at the Charlotte Motor Speedway named in honor of Linda P. Johnson.

(3) The bridge on U.S. Highway 74 that crosses over the Catawba River at the Mecklenburg County and Gaston County line and is numbered 350091 by the Department as the "Dana Bumgardner Bridge."

(4) A bridge to be constructed on Interstate Highway 77 southbound that crosses over Interstate Highway 40 in Statesville as the "Sheriff Godfrey "Click" Kimball Bridge."

(5) The bridges on U.S. Highway 1 that cross over North Carolina Highway 2 in Moore County as the "George Little Bridges."

(6) The bridge on North Carolina Highway 49 that crosses over the Tuckertown Reservoir in Davidson County as the "Senator Stan Bingham Bridge."

ROADSIDE ENVIRONMENTAL

SECTION 41.8.(a) Of the funds appropriated to the Department of Transportation from the Highway Fund for the 2023-2025 fiscal biennium, the Department shall spend the following amounts for Roadside Environmental:

FY 2023-2024	$120,000,000
FY 2024-2025	$120,000,000

SECTION 41.8.(b) Article 2 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"**§ 143B-135.59. State Parks System native plant requirement and preference.**

In consultation with university system and community college horticulture programs and the North Carolina Forestry Association, the Department of Natural and Cultural Resources shall require the use of seeds and plants the U.S. Department of Agriculture has classified as native to a state or county in the Southeastern United States, including cultivars and varieties thereof that were not bred to have reduced reproductive structures, with a strong preference for plants the U.S. Department of Agriculture has classified as native to North Carolina, on all lands that are part of the State Parks System as defined in G.S. 143B-135.44. Exempt from this requirement are (i) nonnative seeds and plants used in landscaping for locations where the primary purpose is crop cultivation, crop and horticulture research, science, botanical gardens, plantings for wildlife by the Wildlife Resources Commission, and zoos and (ii) nonnative turf grass. For purposes of this section, the Southeastern United States means the states of Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia, and the following counties in Florida: Bay, Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington."

SECTION 41.8.(c) G.S. 136-18(9) reads as rewritten:

"(9) ~~To employ appropriate means for properly selecting, planting, and protecting acceptable trees, shrubs, vines, grasses, or legumes~~ In consultation with university system and community college horticulture programs and the North Carolina Forestry Association, the Department shall use seeds and plants the U.S. Department of Agriculture has classified as native to a state or county in the Southeastern United States, including cultivars and varieties thereof that were not bred to have reduced reproductive structures, with a strong preference for plants the U.S. Department of Agriculture has classified as native to North Carolina, in the highway right-of-way in the promotion of erosion control, landscaping, and general protection of the ~~highways;~~ highways, except that the Department may use (i) nonnative grasses, plants, and seeds for the purpose of soil and slope stabilization for erosion control and (ii) nonnative turf grasses. For purposes of this subdivision, the Southeastern United States means the states of Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia, and the following counties in Florida: Bay, Calhoun, Escambia, Gulf, Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington. The Department shall also have the power to acquire by gift or otherwise land for and to construct, operate, and maintain roadside parks, picnic areas, picnic tables, scenic overlooks, and other appropriate turnouts for the safety and convenience of highway users; and to

cooperate with municipal or county authorities, federal agencies, civic bodies, and individuals in the furtherance of those objectives. ~~For purposes of this subdivision, the term "acceptable" means plants the Department of Transportation determines will maintain a stable and aesthetic roadside, with a strong preference for using plants the U.S. Department of Agriculture has classified as native to North Carolina.~~ None of the roadside parks, picnic areas, picnic tables, scenic overlooks, or other turnouts, or any part of the highway right-of-way shall be used for commercial purposes except for any of the following:

a. Materials displayed in welcome centers in accordance with G.S. 136-89.56.

b. Vending machines permitted by the Department of Transportation and placed by the Division of Services for the Blind of the Department of Health and Human Services, as the State licensing agency designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act (20 U.S.C. 107a(a)(5)). The Department of Transportation shall regulate the placing of the vending machines in highway rest areas and shall regulate the articles to be dispensed.

c. Activities permitted by a local government pursuant to an ordinance meeting the requirements of G.S. 136-27.4.

Every other use or attempted use of any of these areas for commercial purposes constitutes a Class 1 misdemeanor, and each day's use constitutes a separate offense."

SECTION 41.8.(d) Subsections (b) and (c) of this section become effective December 31, 2024, and apply to contracts entered into on or after that date. The remainder of this section is effective when it becomes law.

RIGHT-OF-WAY CONDEMNATION JUST COMPENSATION INTEREST RATE

SECTION 41.9.(a) G.S. 136-113 reads as rewritten:

"**§ 136-113. Interest as a part of just compensation.**

~~To~~ Notwithstanding G.S. 24-1, to said amount awarded as damages by the commissioners or a jury or judge, the judge shall, as a part of just compensation, add interest at the legal rate on said amount from the date of taking to the date of satisfaction of the judgment; but interest shall not be allowed from the date of deposit on so much thereof as shall have been paid into court as provided in this Article. For purposes of this section, the term "legal rate" means the prime lending rate, as published by the Board of Governors of the Federal Reserve System on the first business day of the calendar month immediately preceding the date of taking. ~~The~~ However, the legal rate established under this section shall not be less than five percent (5%) per annum and shall not exceed ~~the legal rate set in G.S. 24-1.~~ eight percent (8%) per annum. An amount awarded as damages shall bear simple, not compounding, interest."

SECTION 41.9.(b) This section is effective October 31, 2023, and applies to causes of action filed on or after that date.

CONTRACT TO MANAGE FERRY CONSTRUCTION

SECTION 41.10.(a) For the 2023-2025 fiscal biennium, and notwithstanding any other provision of law, the Department of Transportation shall contract with a qualified vendor to manage ferry vessel construction.

SECTION 41.10.(b) Beginning January 1, 2024, and quarterly thereafter until the end of the biennium, the Department shall report to the Joint Legislative Transportation Oversight 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. –

…

g. Low-speed vehicle. – A four-wheeled ~~electric vehicle~~ vehicle that is either electrically powered or propelled by a gasoline engine whose top speed is greater than 20 miles per hour but less than 25 miles per hour.

…."

SECTION 41.11H.(b) This section becomes effective October 1, 2023.

S-LINE ANNUAL REPORT

SECTION 41.12. Beginning October 1, 2023, the Department of Transportation, Rail Division, shall report annually on the status of the S-Line rail corridor reconstruction project between Raleigh and Ridgeway to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division. This report shall include the status of the acquisition of the project; the total allocations of any funds to the project and their source, including Highway Fund, Highway Trust Fund, and federal funds; and the amount of funds disbursed, including the recipients of those funds. The report shall include any details of lease agreements made with any property owners along the corridor after acquisition is completed. The report shall include an estimated time line, or dates of work completed, of the major project phases, including acquisition, preconstruction, construction, and project closeout. The report shall show the amount of federal funds associated with each State appropriation for the project and detail the award or awards associated with that appropriation.

PASSENGER RAIL FLEET PLAN AND COST ESTIMATES

SECTION 41.13. The Department of Transportation, Rail Division, shall submit a report on its passenger rail fleet plan to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division by December 31, 2023. The report shall include all of the following information regarding new passenger rail rolling stock:

(1) The source of funds for purchasing the new passenger rail rolling stock.
(2) The cost to purchase the new passenger rail rolling stock.
(3) The delivery time line for the new passenger rail rolling stock.
(4) The expected annual cost for maintenance and contractor services for the new passenger rail rolling stock.
(5) The annual total cost for the existing passenger rail fleet.
(6) A comparison of the annual total cost for the existing passenger rail fleet to the expected annual total cost for the new passenger rail rolling stock.

EXTEND DURATION OF LICENSES AND ALLOW UNLIMITED REMOTE LICENSE RENEWALS

SECTION 41.14.(a) G.S. 20-7 reads as rewritten:

"**§ 20-7. Issuance and renewal of drivers licenses.**

…

(f) Duration and Renewal of Licenses. – Drivers licenses shall be issued and renewed pursuant to the provisions of this subsection:

…

(2) Duration of original license for persons at least 18 years of age or older. – A drivers license issued to a person at least 18 years old but less than 66 years old expires on the birthday of the licensee in the ~~eighth~~ sixteenth year after issuance. A drivers license issued to a person at least 66 years old expires on the birthday of the licensee in the fifth year after issuance. A commercial drivers license expires on the birthday of the licensee in the fifth year after 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.

(2) The effect that routing incoming mail destined for the Division's Rocky Mount office through the Division's Raleigh office has on the Division's provision of services and other business.
(3) The current routing and flow of outgoing mail the Division uses to (i) provide vehicle services, (ii) issue drivers licenses, and (iii) conduct other business.
(4) The current costs, including transportation costs, associated with mail service between the Division's Raleigh and Rocky Mount offices.
(5) The processing time for the Division's outgoing mail that is routed through the Division's Raleigh office.
(6) Potential new mail routing options that would increase efficiency and reduce costs.
(7) Potential new routing for mail services that originate and terminate at the Division's Rocky Mount office.
(8) Any cost-saving measures the Division could implement to realize cost-savings with respect to its flow and routing of mail.
(9) Any legislative changes necessary to implement a more efficient and cost-effective routing of the Division's mail.
(10) The impact any potential change to the Division's mail flow and routing would have on the Department of Administration's provision of mail services to State agencies under G.S. 143-341.

The Division shall report the findings of this study, including any legislative recommendations, to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House and Senate Transportation Appropriations Committees, the chairs of the House and Senate General Government Appropriations Committees, and the Fiscal Research Division no later than January 15, 2024.

SECTION 41.14A.(b) Effective Date. – This section is effective when it becomes law.

DMV PRIVATIZATION STUDY

SECTION 41.14C.(a) Intent. – The General Assembly finds that the further privatization and modernization of services provided by the Division of Motor Vehicles of the North Carolina Department of Transportation, beyond those services already provided by commission contractors under G.S. 20-63(h), would provide a more citizen-friendly service model for the taxpayers of the State. Therefore, it is the intent of the General Assembly to study viability and feasibility of further privatizing and modernizing the Division or its component parts.

SECTION 41.14C.(b) Request for Proposal. – The Legislative Services Officer (LSO), in conjunction with the Joint Legislative Transportation Oversight Committee (JLTOC), shall issue a request for proposals (RFP) and select a consultant to study the feasibility and advisability of further privatizing and modernizing the Division.

SECTION 41.14C.(c) Study. – The consultant selected by the LSO and JLTOC shall study the feasibility and desirability of further privatizing the Division. The study shall consider all of the following:

(1) Potential improvements to the services provided by the Division that could be achieved through further privatization.
(2) How further privatization of the Division would interact with the current use of commission contractors under G.S. 20-63(h).
(3) Any legislation or rulemaking necessary to enact further privatization.
(4) Reliable economic data on the financial impact of further privatization.
(5) Potential strategies and frameworks for transitioning the Division into further privatization.

(6) How the State would maintain effective oversight as its direct role in the delivery of services is reduced through further privatization.

(7) The market interest of qualified vendors in assuming responsibility for services currently provided by the Division.

(8) Potential methods for selecting vendors or contractors if further privatization is enacted.

(9) Any modernization efforts, other than privatization, that would improve the Division's provision of services.

SECTION 41.14C.(d) Time Line. – The LSO and JLTOC shall issue an RFP for the study by November 1, 2023, and select a consultant by January 1, 2024. The consultant shall report the findings of this study, including any legislative recommendations, to the chairs of the JLTOC, the chairs of the House and Senate Transportation Appropriations Committees, and the Fiscal Research Division no later than May 1, 2024.

SECTION 41.14C.(e) Transfer of Funds. – Of the funds appropriated from the Highway Fund to the Department of Transportation, the Department shall transfer one hundred twenty-five thousand dollars ($125,000) to the General Assembly to select and retain a consultant to conduct the study required by subsection (b) of this section. Funds allocated by this subsection shall remain available until the conclusion of the study, and any funds unused at that time shall revert to the Highway Fund.

SECTION 41.14C.(f) Effective Date. – This section is effective when it becomes law.

INCREASE ELECTRIC AND HYBRID VEHICLE FEES

SECTION 41.14D.(a) G.S. 20-87 reads as rewritten:

"**§ 20-87. Passenger vehicle registration fees.**

These fees shall be paid to the Division annually for the registration and licensing of passenger vehicles, according to the following classifications and schedules:

…

(13) Additional fee for certain electric vehicles. – At the time of an initial registration or registration renewal, the owner of a plug-in electric vehicle that is not a low-speed vehicle and that does not rely on a nonelectric source of power shall pay a fee in the amount of ~~one hundred forty dollars and twenty-five cents ($140.25)~~ one hundred eighty dollars ($180.00) in addition to any other required registration fees.

(13a) Additional fee for plug-in hybrid vehicles. – At the time of an initial registration or registration renewal, the owner of a plug-in hybrid vehicle shall pay a fee in the amount of ninety dollars ($90.00) in addition to any other required registration fees.

…."

SECTION 41.14D.(b) This section becomes effective January 1, 2024, and applies to vehicles registered on or after that date.

AUTHORIZE DMV TO IMPLEMENT TRANSACTION FEES ON ELECTRONIC PAYMENTS

SECTION 41.14E.(a) The Division of Motor Vehicles of the Department of Transportation shall develop a plan for adding a fee to transactions where it accepts electronic payment, as that term is defined in G.S. 147-86.20, to offset any service charge the Division pays for electronic payment service. The plan shall do all of the following:

(1) Determine the processes the Division will use to implement an electronic payment transaction fee.

(2) Determine the percentage transaction fee necessary to impose on parties using electronic payment to offset any service charges the Division pays.
(3) Estimate the costs the Division would incur implementing the changes required by the plan, if any.
(4) Estimate the cost-savings the Division will realize by charging an electronic payment transaction fee.

The Division shall submit this plan to the chairs of the Joint Legislative Transportation Oversight Committee, the chairs of the House and Senate Transportation Appropriations Committees, and the Fiscal Research Division no later than January 1, 2024.

SECTION 41.14E.(b) Article 1 of Chapter 20 of the General Statutes is amended by adding a new section to read:

"**§ 20-4.05. Authority of Division to charge transaction fee on electronic payments.**

When the Division accepts electronic payment, as that term is defined in G.S. 147-86.20, for any cost, fee, fine, or penalty imposed pursuant to this Chapter, the Division may add a transaction fee to each electronic payment transaction to offset the service charge the Division pays for electronic payment service. The Division's transaction fee shall not exceed two percent (2%) of the electronic payment."

SECTION 41.14E.(c) The Office of State Budget and Management shall add receipts to the base budget for transaction fees to be collected through electronic payments pursuant to G.S. 20-4.05 and adjust the receipts for fiscal year 2024-2025.

SECTION 41.14E.(d) Subsection (a) of this section is effective when it becomes law. The remainder of this section becomes effective July 1, 2024.

AUTHORIZE ISSUANCE OF OVERSIZE PERMITS FOR MOVEMENT OF SHEDS AND OTHER STRUCTURES UP TO SIXTEEN FEET WIDE

SECTION 41.14G.(a) G.S. 20-356(2) reads as rewritten:

"(2) House. – A dwelling, building, or other structure in excess of ~~15~~ 16 feet in width. Mobile homes, manufactured homes, or modular homes, or portions thereof, are not within this definition when being transported from the manufacturer or from a licensed retail dealer location to the first set-up site."

SECTION 41.14G.(b) G.S. 20-358(3) reads as rewritten:

"(3) The applicant must furnish proof that all of the vehicles, excluding "beams and dollies" and "hauling units," to be used in the movement of buildings, structures, or other extraordinary objects wider than ~~15~~ 16 feet have met the requirements of G.S. 20-183.2 pertaining to the equipment inspection of motor vehicles; provided that the "beams and dollies" and "hauling units" are excluded from inspection under G.S. 20-183.2 and, further, are not required to be equipped with brakes."

SECTION 41.14G.(c) This section becomes effective October 1, 2023.

INCREASE COMPENSATION TO COMMISSION CONTRACT AGENTS AND INCREASE PORTION OF TITLE & REGISTRATION FEES CREDITED TO HIGHWAY FUND

SECTION 41.15.(a) G.S. 20-63(h1) reads as rewritten:

"(h1) Commission contracts entered into by the Division under this subsection shall also provide for the payment of an additional ~~one dollar ($1.00)~~ two dollars ($2.00) of compensation to commission contract agents for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of G.S. 20-85."

SECTION 41.15.(b) G.S. 20-85(a1) reads as rewritten:

"(a1) ~~One dollar ($1.00)~~ Two dollars ($2.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be

credited to the North Carolina Highway Fund. The Division shall use the fees derived from transactions with commission contract agents for the payment of compensation to commission contract agents. An additional twenty cents (20¢) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Pollution Prevention Fund in the Department of Environmental Quality."

SECTION 41.15.(c) This section becomes effective October 1, 2023, and applies to certificates of title issued or renewed on or after that date.

TRANSFER VACANT POSITIONS TO DIVISION OF AVIATION

SECTION 41.19. Notwithstanding any other provision of law to the contrary, of the full-time equivalent (FTE) positions assigned to the Department of Transportation, the Department shall reclassify nine FTE positions to be assigned to the Division of Aviation according to the following schedule:

(1) Program Analyst II
(2) Program Analyst II
(3) Program Analyst I
(4) Administrative Officer II
(5) Engineering Manager I
(6) Engineer II
(7) Engineer II
(8) Engineer I
(9) Pilot

PART XLII. FINANCE

PERSONAL INCOME TAX RATE REDUCTIONS

SECTION 42.1.(a) G.S. 105-153.7 reads as rewritten:

"**§ 105-153.7. Individual income tax imposed.**

(a) Tax. – A tax is imposed for each taxable year on the North Carolina taxable income of every individual. The tax shall be levied, collected, and paid annually. ~~The~~ Except as otherwise provided in subsection (a1) of this section, the tax is a percentage of the taxpayer's North Carolina taxable income computed as follows:

Taxable Years Beginning	Tax
In 2022	4.99%
In 2023	4.75%
In 2024	~~4.6%~~4.5%
In 2025	~~4.5%~~4.25%
~~In 2026~~	~~4.25%~~
After ~~2026~~2025	3.99%.

(a1) Rate Reduction Trigger. – Notwithstanding the tax rates set out in subsection (a) of this section, if total General Fund revenue in a fiscal year set out below exceeds the trigger amount indicated for that fiscal year, then the applicable tax rate for the indicated and subsequent tax years shall be equal to the greater of (i) the prior taxable year's rate decreased by one-half percentage point (0.50%) or (ii) two and forty-nine hundredths percent (2.49%). For purposes of this subsection, total General Fund revenue is the amount stated in the final accounting of total General Fund Reverting Net Tax and Non-Tax Revenues for the fiscal year, as reported by the Office of State Controller in August following the end of the fiscal year.

Fiscal Year	Trigger Amount	Taxable Year Beginning
FY 2025-2026	$33,042,000,000	In 2027
FY 2026-2027	$34,100,000,000	In 2028
FY 2027-2028	$34,760,000,000	In 2029

FY 2028-2029	$35,750,000,000	In 2030
FY 2029-2030	$36,510,000,000	In 2031
FY 2030-2031	$38,000,000,000	In 2032
FY 2031-2032	$38,500,000,000	In 2033
FY 2032-2033	$39,000,000,000	In 2034

…."

SECTION 42.1.(b) This section is effective when it becomes law.

CAP THE FRANCHISE TAX ON FIRST ONE MILLION DOLLARS OF C CORP TAX BASE

SECTION 42.6A.(a) G.S. 105-122(d2) reads as rewritten:

"(d2) Tax Rate. – For a C Corporation, as defined in G.S. 105-130.2, the tax rate is five hundred dollars ($500.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of ~~the corporation's tax base as determined under subsection (d) of this section.~~ its tax base that exceeds one million dollars ($1,000,000). For an S Corporation, as defined in G.S. 105-130.2, the tax rate is two hundred dollars ($200.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (d) of this section and one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of its tax base that exceeds one million dollars ($1,000,000). In no event may the tax imposed by this section be less than two hundred dollars ($200.00)."

SECTION 42.6A.(b) G.S. 105-120.2(b) reads as rewritten:

"(b) Tax Rate. – Every corporation taxed under this section shall annually pay to the Secretary of Revenue, at the time the return is due, a franchise or privilege tax at the rate of five hundred dollars ($500.00) for the first one million dollars ($1,000,000) of the corporation's tax base as determined under subsection (a) of this section and one dollar and fifty cents ($1.50) per one thousand dollars ($1,000) of ~~the amount determined under subsection (a) of this section,~~ its tax base that exceeds one million dollars ($1,000,000), but in no case shall the tax be more than one hundred fifty thousand dollars ($150,000) nor less than two hundred dollars ($200.00)."

SECTION 42.6A.(c) This section is effective for taxable years beginning on or after January 1, 2025, and applicable to the calculation of franchise tax reported on the 2024 and later corporate income tax return.

REPEAL STATE PRIVILEGE TAX ON PROFESSIONALS

SECTION 42.7.(a) G.S. 105-41 and G.S. 93-12(12) are repealed.

SECTION 42.7.(b) G.S. 53-191 reads as rewritten:

"**§ 53-191. Businesses exempted.**

Nothing in this Article shall be construed to apply to any person, firm or corporation doing business under the authority of any law of this State or of the United States relating to banks, trust companies, savings and loan associations, cooperative credit unions, agricultural credit corporations or associations organized under the laws of North Carolina, production credit associations organized under the act of Congress known as the Farm Credit Act of 1933, pawnbrokers lending or advancing money on specific articles of personal property, industrial banks, the business of negotiating loans on real ~~estate as defined in G.S. 105-41,~~ estate, nor to installment paper dealers as defined in G.S. 105-83 other than persons, firms and corporations engaged in the business of accepting fees for endorsing or otherwise securing loans or contracts for repayment of loans."

SECTION 42.7.(c) G.S. 105-88(b) reads as rewritten:

"(b) This section does not apply to banks, industrial banks, trust companies, savings and loan associations, cooperative credit unions, the business of negotiating loans on real ~~estate as 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

SECTION 42.16.(a) G.S. 105-164.3 reads as rewritten:

"**§ 105-164.3. Definitions.**

The following definitions apply in this Article:

…

(22) Breast pump. – An electrically or manually controlled pump device designed or marketed to be used to express milk from a human breast during lactation. The term includes the electrically or manually controlled pump device and any battery, AC adapter, or other power supply unit packaged and sold with the pump device at the time of sale to power the pump device.

(#) Breast pump collection and storage supplies. – Items of tangible personal property designed or marketed to be used in conjunction with a breast pump to collect milk expressed from a human breast and to store collected milk until it is ready for consumption. The term includes breast shields and breast shield connectors, breast pump tubes and tubing adapters, breast pump valves and membranes, backflow protectors and backflow protector adaptors, bottles and bottle caps specific to the operation of the breast pump, breast milk storage bags, and other items that may be useful to initiate, support, or sustain breast-feeding using a breast pump during lactation that may be sold separately, but are generally sold as part of a breast pump kit. The term does not include (i) bottles and bottle caps not specific to the operation of the breast pump, (ii) breast pump travel bags and other similar carrying accessories, including ice packs, labels, and other similar products, (iii) breast pump cleaning supplies, (iv) nursing bras, bra pads, breast shells, and other similar products, and (v) creams, ointments, and other similar products that relieve breastfeeding-related symptoms or conditions of the breasts or nipples, unless sold as part of a breast pump kit pre-packaged by the breast pump manufacturer or distributor.

(#) Breast pump kit. – A kit that contains a breast pump and one or more of the following items: breast pump collection and storage supplies and other taxable items of tangible personal property that may be useful to initiate, support, or sustain breast-feeding using a breast pump during lactation, so long as the other taxable items of tangible personal property sold with the breast pump kit at the time of sale are less than ten percent (10%) of the total sales price of the breast pump kit.

…."

SECTION 42.16.(b) G.S. 105-164.13 reads as rewritten:

"**§ 105-164.13. Retail sales and use tax.**

The sale at retail and the use, storage, or consumption in this State of the following items are specifically exempted from the tax imposed by this Article:

…

(74) Sales of breast pumps, including repair and replacement parts, breast pump kits, and breast pump collection and storage supplies."

SECTION 42.16.(c) The Revisor of Statutes is authorized to renumber the subdivisions of G.S. 105-164.3 to ensure that the subdivisions are listed in alphabetical order and in a manner that reduces the current use of alphanumeric designations, to make conforming changes, and to reserve sufficient space to accommodate future additions to the statutory section.

SECTION 42.16.(d) This section becomes effective November 1, 2023, and applies to sales occurring on or after that date.

CHANGE METHOD OF TAXING SNUFF FROM COST-BASED TO WEIGHT-BASED AND EXPAND BASE TO INCLUDE ALTERNATIVE NICOTINE PRODUCTS

SECTION 42.18.(a) G.S. 105-113.4 reads as rewritten:

"**§ 105-113.4. Definitions.**

The following definitions apply in this Article:

(1) Affiliate. – A person who directly or indirectly controls, is controlled by, or is under common control with another person.

(1a) Affiliated manufacturer. – A manufacturer licensed under G.S. 105-113.12 who is an affiliate of a manufacturer licensed under G.S. 105-113.12.

(1b) Alternative nicotine product. – A noncombustible product that contains nicotine, whether natural or synthetic, but does not contain tobacco and is intended for human consumption, whether chewed, absorbed, dissolved, ingested, or by other means. This term does not include a vapor product or any product regulated by the United States Food and Drug Administration under Chapter V of the federal Food, Drug, and Cosmetic Act.

(1c) Cigar. – A roll of tobacco wrapped in a substance that contains tobacco, other than a cigarette.

~~(1c)~~(1d) Cigarette. – Any of the following:

a. A roll of tobacco wrapped in paper or in a substance that does not contain tobacco.

b. A roll of tobacco wrapped in a substance that contains tobacco and that, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to or purchased by a consumer as a cigarette described in subpart a. of this subdivision.

…

(10d) Snuff. – A tobacco product consisting of finely cut, ground, or powdered tobacco that is not intended to be smoked.

…

(11a) Tobacco product. – A cigarette, a cigar, a vapor product, an alternative nicotine product, or any other product that contains tobacco and is intended for inhalation or oral use. ~~The term includes a vapor product.~~

…."

SECTION 42.18.(b) G.S. 105-113.36A reads as rewritten:

"**§ 105-113.36A. Tax rates; liability for tax.**

(a) Tax Imposed. – An excise tax is levied on the sale, use, consumption, handling, or distribution of tobacco products at the following rates:

(1) On vapor products, the rate of five cents (5¢) per fluid milliliter of consumable product. All invoices for vapor products issued by manufacturers must state the amount of consumable product in milliliters.

(2) On cigars, the rate of twelve and eight-tenths percent (12.8%) of the cost price, subject to a cap of thirty cents (30¢) per cigar.

(3) On snuff, the rate of forty cents (40¢) per ounce and a proportionate rate on all fractional parts of an ounce. The tax shall be computed based on the net weight as listed by the manufacturer on the package in accordance with federal law.

(4) On alternative nicotine products, the rate of ten cents (10¢) per container containing up to 20 units, and at the rate of one-half cent (1/2¢) per unit for any amount in a container containing over 20 units.

(5) On all other tobacco products, the rate of twelve and eight-tenths percent (12.8%) of the cost price.

…

(f) Documentation. – If a person liable for the tax imposed by this Part cannot produce to the Secretary's satisfaction documentation of the cost ~~price~~ price, weight, count, or volume of

the items subject to tax, based on the applicable tax imposed, the Secretary may determine a value based on the cost ~~price~~ price, weight, count, or volume of comparable items."

SECTION 42.18.(c) G.S. 105-113.38B reads as rewritten:

"**§ 105-113.38B. Records.**

In addition to the records required to be kept under G.S. 105-113.4G, a remote seller must maintain the following:

(1) A list, updated annually, showing the cost price paid by the remote seller for each stock keeping unit of ~~tobacco products.~~cigars.

(2) Invoices documenting remote or delivery sales to consumers in this State.

(3) Records necessary to document the cost ~~price~~ price, weight, or count based on the applicable tax imposed, of purchases of all tobacco products sold to consumers in this State."

SECTION 42.18.(d) G.S. 105-113.4D reads as rewritten:

"**§ 105-113.4D. Tax with respect to inventory on effective date of tax increase.**

Every person subject to the taxes levied in this Article who, on the effective date of a tax increase under this Article, has on hand any tobacco products must file a complete inventory of the tobacco products within 20 days after the effective date of the increase, and must pay an additional tax to the Secretary when filing the inventory. The amount of tax due is the amount due based on the difference between the former tax rate and the increased tax rate. For purposes of this section, a "tax increase" includes a new tax or a change to the methodology for calculating a tax that results in additional tax being due."

SECTION 42.18.(e) This section becomes effective July 1, 2025, and applies to sales or purchases occurring on or after that date.

ENACT NEW TAX ON FOR-HIRE GROUND TRANSPORT SERVICES

SECTION 42.19.(a) Subchapter I of Chapter 105 of the General Statutes is amended by adding a new Article to read:

"Article 5J.

"Transportation Commerce Tax.

"**§ 105-187.90. Definitions.**

The following definitions apply to this Article:

(1) Reserved for future codification purposes.

(2) Reserved for future codification purposes.

(3) Exclusive-ride service. – A for-hire ground transport service requested by a passenger who requests exclusive use of the vehicle.

(4) Reserved for future codification purposes.

(5) For-hire ground transport service. – Ground transportation in a passenger vehicle provided by a for-hire ground transport service provider for which a passenger is charged a fee.

(6) For-hire ground transport service provider. – A transportation network company as defined in G.S. 20-280.1 or a taxi service regulated under G.S. 160A-304.

(7) Reserved for future codification purposes.

(8) Reserved for future codification purposes.

(9) Shared for-hire ground transport service. – A for-hire ground transport service for which an individual has been matched with another individual by a for-hire ground transport service provider.

(10) Reserved for future codification purposes.

"**§ 105-187.91. Tax imposed.**

(a) Levy and Rates. – An excise tax at the rates listed in this subsection is imposed on the gross receipts derived from each for-hire ground transport service if the passenger boards the vehicle in this State and regardless of whether the service is completed. The rates are:

(1) For an exclusive-ride service, one and one-half percent (1.5%).

(2) For a shared-ride service, one percent (1%).

(b) Trust Tax. – The tax imposed by this Article is intended to be passed on to and borne by the purchaser of the for-hire ground transport service. The for-hire ground transport service provider, and not the vehicle driver, must collect the tax due. The tax is a debt from the purchaser to the for-hire ground transport service provider until paid and is recoverable at law by the for-hire ground transport service provider in the same manner as other debts. A for-hire ground transport service provider is considered to act as a trustee on behalf of the State when it collects tax from the purchaser on a taxable transaction. The tax must be stated and charged separately on any documentation provided to the purchaser by the for-hire ground transport service provider at the time of the transaction.

"**§ 105-187.92. Registration.**

(a) Requirement and Application. – A for-hire ground transport service provider that is not otherwise registered with the Department pursuant to G.S. 105-164.29 must register with the Department.

(b) Issuance. – A certificate of registration is not assignable and is valid only for the person in whose name it is issued. A copy of the certificate of registration must be displayed at each place of business.

(c) Term. – A certificate of registration is valid unless it is revoked for failure to comply with the provisions of this Article or becomes void. A certificate issued to a person who makes taxable sales or a person liable for tax under this Article becomes void if, for a period of 18 months, the person files no returns or files returns showing no sales.

(d) Revocation. – The failure of a retailer to comply with this Article is grounds for revocation of the person's certificate of registration. Before the Secretary revokes a person's certificate of registration, the Secretary must notify the person that the Secretary proposes to revoke the certificate of registration and that the proposed revocation will become final unless the person objects to the proposed revocation and files a request for a Departmental review within the time set in G.S. 105-241.11 for requesting a Departmental review of a proposed assessment. The notice must be sent in accordance with the methods authorized in G.S. 105-241.20. The procedures in Article 9 of this Chapter for review of a proposed assessment apply to the review of a proposed revocation.

"**§ 105-187.93. Administration.**

Except as otherwise provided in this Article, the tax imposed by this Article shall be collected and administered in the same manner as the State sales and use taxes imposed by Article 5 of this Chapter. The provisions of Article 9 of this Chapter that are not inconsistent with this Article, including administration, auditing, making returns, promulgation of rules and regulations by the Secretary, additional taxes, assessments and assessment procedure, imposition and collection of taxes and the lien thereof, and penalties, are made a part of this Article and shall be applicable thereto.

"**§ 105-187.94. Exemptions and refunds.**

The exemptions and refunds allowed in Article 5 of this Chapter do not apply to sales that the State cannot constitutionally tax.

"**§ 105-187.95. Use of tax proceeds.**

Each quarter, the Secretary shall credit the net tax proceeds of the taxes collected under this Article to the Highway Fund. The Secretary may retain the cost of administering this Article as reimbursement to the Department."

SECTION 42.19.(b) This section becomes effective July 1, 2025, and applies to for-hire ground transport services occurring on or after that date.

PROHIBIT REGIONAL TRANSPORTATION AUTHORITIES FROM LEVYING SHORT-TERM CAR RENTAL TAX IN A COUNTY THAT HAS WITHDRAWN FROM AUTHORITY

SECTION 42.20.(a) G.S. 105-551 reads as rewritten:

"**§ 105-551. Tax on gross receipts authorized.**

(a) Tax. – The board of trustees of an Authority may levy a privilege tax on a retailer who is engaged in the business of leasing or renting U-drive-it vehicles or motorcycles based on the gross receipts derived by the retailer from the short-term lease or rental of these vehicles. The tax rate must be a percentage and may not exceed five percent (5%). A tax levied under this section applies to short-term leases or rentals made by a retailer whose place of business or inventory is located within the territorial jurisdiction of the Authority. This tax is in addition to all other taxes.

…

(d) Effect of Withdrawal. – The board of trustees of a regional transportation authority created under Article 27 of Chapter 160A of the General Statutes may not levy a tax in a special tax district created under subsection (c) of this section that consists solely of a county that has withdrawn from the Authority."

SECTION 42.20.(b) This section applies to Surry County only.

SECTION 42.20.(c) This section becomes effective November 1, 2023, and applies to the gross receipts derived from short-term leases or rentals billed on or after that date. This section does not affect the rights or liabilities of an Authority, a taxpayer, or another person arising in a county that has withdrawn from a regional transportation authority prior to the effective date of this section.

ALLOW CERTAIN TRUSTS AND CORPORATIONS TO BE PARTNERS OF A TAXED PARTNERSHIP

SECTION 42.21.(a) G.S. 105-154.1(a), as amended by Section 1.5(b) of S.L. 2023-12, reads as rewritten:

"(a) Taxed Partnership Election. – A partnership may elect, on its timely filed annual return required under G.S. 105-154(c), to have the tax under this Article imposed on the partnership for any taxable period covered by the return. A partnership may not revoke the election after the due date of the return, including extensions. This election cannot be made by a publicly traded partnership that is described in section 7704(c) of the Code or by a partnership that has at any time during the taxable year a partner who is not one of the following:

(1) An individual.
(2) An estate.
(3) Any of the following:
  a. A trust described in section 1361(c)(2) of the Code.
  b. A trust if such trust does not have as a beneficiary any person other than an individual, an estate, a trust, or an organization described in section 1361(c)(6) of the Code.
(4) An organization described in section 1361(c)(6) of the Code.
(5) A ~~partnership~~ partnership, including an entity that is classified as a partnership for federal income tax purposes, or ~~an S Corporation as defined in G.S. 105-131(b).~~an entity that is classified as a corporation for federal income tax purposes."

SECTION 42.21.(b) G.S. 105-154.1 is amended by adding a new subsection to read:

"(a1) Extension of Time to Make Election for 2022. – For the 2022 taxable year, a partnership that could not make the election under subsection (a) of this section on its timely filed tax return may make the election by filing an amended return on or before October 15, 2023. For

the purposes of this subsection, the 2022 taxable year means the taxable year beginning on or after January 1, 2022."

SECTION 42.21.(c) This section is effective for taxable years beginning on or after January 1, 2022.

CLARIFICATION OF MOTOR FUEL TAX FORMULA

SECTION 42.22.(a) G.S. 105-449.80 reads as rewritten:

"**§ 105-449.80. Tax rate.**

(a) Rate. – For the period that begins on January 1, 2016, and ends on June 30, 2016, the motor fuel excise tax rate is a flat rate of thirty-five cents (35¢) per gallon. For the period that begins on July 1, 2016, and ends on December 31, 2016, the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon. For the calendar years beginning on January 1, 2017, the motor fuel excise tax rate is a flat rate of thirty-four cents (34¢) per gallon, multiplied by a percentage. For calendar years beginning on or after January 1, 2018, the motor fuel excise tax rate is the amount for the preceding calendar year, multiplied by a percentage. The percentage is one hundred percent (100%) plus or minus the sum of the following:

(1) The percentage change in population for the ~~applicable~~ prior calendar year, as estimated under G.S. 143C-2-2, multiplied by seventy-five percent (75%).

(2) The annual percentage change in the Consumer Price Index for All Urban Consumers, multiplied by twenty-five percent (25%). For purposes of this subdivision, "Consumer Price Index for All Urban Consumers" means the United States city average for energy index contained in the detailed report released in the ~~October~~ November prior to the applicable calendar year by the Bureau of Labor Statistics of the United States Department of Labor, or data determined by the Secretary to be equivalent.

(b) Repealed by Session Laws 2015-2, s. 2.2(a), effective January 1, 2016.

(c) Notification. – The Secretary must notify affected taxpayers of the tax rate to be in effect for each calendar year beginning January 1."

SECTION 42.22.(b) This section is effective retroactively to January 1, 2017.

PROPERTY TAX EXCLUSION FOR PROPERTY LOCATED AT A LEGACY AIRPORT

SECTION 42.23.(a) G.S. 105-275 is amended by adding a new subdivision to read:

"(50) Fifty percent (50%) of the appraised value of real and personal property located at a qualifying airport that is customarily used for aviation purposes at the airport or for commercial activities typically located at and associated with airport activities. Aircraft located at the qualifying airport must be situated at the airport for purposes of G.S. 105-304. A qualifying airport is an airport that meets the following criteria:

a. Is designated as a legacy airport by the North Carolina Department of Transportation under G.S. 63-59.

b. Is a general aviation airport, as defined in 49 U.S.C. § 47102.

c. Is located within the corporate limits of a municipality.

d. Had an economic output of eight hundred fifty million dollars ($850,000,000) or more, as published in the Division of Aviation of the North Carolina Department of Transportation's biennial economic impact study dated January 2023."

SECTION 42.23.(b) This section is effective for taxes imposed for taxable years beginning on or after July 1, 2024.

PART XLIII. MISCELLANEOUS

STATE BUDGET ACT APPLIES

SECTION 43.1. The provisions of the State Budget Act, Chapter 143C of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

COMMITTEE REPORT

SECTION 43.2.(a) The Joint Conference Committee Report on the Current Operations Appropriations Act of 2023, House Bill 259, dated September 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.

In the General Assembly read three times and ratified this the 22nd day of September, 2023.

s/ Phil Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

_____
Roy Cooper
Governor

Approved _____.m. this _____ day of _____, 2023